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PD-ACE-044

MUTUAL SECURITY PROGRAM

FISCAL YEAR 1959
ESTIMATES

NON-REGIONAL PROGRAMS

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Regulations

MUTUAL SECURITY PROGRAM

TABLE OF CONTENTS

NON-REGIONAL PROGRAMS

Page No.

MILITARY ASSISTANCE

Special Materiel Programs:

Far East Vehicle Programs 3
Modernization - Missles and Aircraft 5
Spare Parts 9
Packing, Crating, Handling and Transportation . . . 10
Repair and Rehabilitation 11
Programs Under Negotiation 12

Cost-Sharing Programs:

Facilities Assistance 13
Infrastructure 15
International Military Headquarters 16
Mutual Weapons Development 17

Other Non-Country Programs:

Administration - Defense 19
Sales and Loans 20
Nutritional Surveys 23
Internal Security Program 24
Training 25
U.N. Support - Korea 30
Miscellaneous 31

Page No.

ECONOMIC ASSISTANCE

Development Loan Fund 33

Technical Cooperation:

U.N. Expanded Technical Assistance Program and Special Projects Fund 35
Interregional Expenses 41

Other Programs:

Contingency Fund 45
Migrants, Refugees and Escapees 47
Intergovernmental Committee for European Migration 49
U.N. High Commissioner for Refugees 55
U.S. Escapee Program 61
United Nations Children's Fund 65
Ocean Freight (Voluntary Relief) 69
Control Act Expenses 71
Administrative Expenses - ICA 73
Administrative Expenses - State 75
Atoms for Peace Programs 79
Malaria Eradication Program 81
Special Programs Other than Military 87
Foreign Investment Guarantee Fund 89
Miscellaneous
Military Assistance Personnel Table 91
ICA Personnel Table 93
ICA Participant Schedule 95

February 20, 1958

NON-REGIONAL PROGRAM

Comparative Summary of Programs by Function

(In thousands of dollars)

	Program		
	Actual FY 1957	Estimate FY 1958	Proposed FY 1959
NON-REGIONAL PROGRAM AND SPECIAL JUSTIFICATION STATEMENTS			
MILITARY ASSISTANCE			
Special Materiel Programs:			
Far East Area Programs	42,024	92,217	54,483
Modernization - Missiles and Aircraft	55,032	365,527	288,246
Spare Parts	135,200	85,470	56,171
Packing, Crating, Handling, and Transportation	125,836	119,500	119,500
Repair and Rehabilitation	53	16,196	15,762
Programs Under Negotiation	-	-	49,000
Cost-Sharing Programs:			
Facilities Assistance Program	5,022	20,000	20,000
Infrastructure	57,756	65,000	60,000
International Military Headquarters	5,350	6,550	7,500
Mutual Weapons Development Program	35,337	40,000	40,000
Other Non-Country Programs:			
Administration	20,665	23,500	25,000
Loans	55,874	97,000	80,000
Nutritional Surveys	202	210	275
Overseas Internal Security Programs	2,174	10,000	10,000
Training	9,426	14,296	29,337
U.N. Support - Korea	13,664	12,000	12,000
Miscellaneous	23,139	5,450	6,825
Total - Military Assistance	586,754	972,916	874,099
ECONOMIC ASSISTANCE			
Development Loan Fund	-	200,000	500,000
Technical Cooperation			
U.N. Expanded Technical Assistance Program and Special Projects Fund	15,500	15,500	20,000
Interregional Expenses	11,386	13,500	15,000
Total - Technical Cooperation	26,886	29,000	35,000
Other Programs			
Contingency Fund	100,000	225,950	200,000
Less: Funds Distributed to Programs Reflected under Other Items in this Presentation	-95,357	-165,153	
Unobligated Balance no Longer Available	-4,643		
Undistributed Contingency Fund	-	60,797	200,000
Migrants, Refugees and Escapees:			
Intergovernmental Committee for European Migration	12,500	12,500	12,500
U.N. High Commissioner for Refugees	1,900	2,233	1,200
Escapee Program	5,989	5,850	8,600
Hungarian Refugee Program	31,723	7,500	-
Algerian Refugees		25	-
Egyptian Refugees	763	-	-
United Nations Children's Fund	10,000	11,000	11,000
Ocean Freight - Voluntary Relief Shipments	2,040	2,200	2,100
Control Act Expenses	1,136	1,040	1,000
Administrative Expenses, ICA (Sec. 411(b))	28,261	30,504	33,000
Administrative Expenses, State (Sec. 411(c))	6,402	6,665	6,693
Atoms for Peace Programs	1,050	4,450	5,500
Malaria Eradication Program	-	22,093	25,600
Special Programs, Other than Military	30,107	4,000	-
Total - Other Programs	131,871	170,857	307,193
Total - Economic and Technical Cooperation	158,757	399,857	842,193
TOTAL - NON-REGIONAL PROGRAMS	745,511	1,372,773	1,716,292

FAR EAST AREA PROGRAM

Far East Vehicle Programs

One of the major problems currently being resolved by the military assistance program involves the rehabilitation or replacement of the general purpose vehicle fleet in the Far East Area. Approximately a year and a half ago there were over 91,400 general purpose vehicles on hand in the MAP supported countries in that area, of which a disproportionate number (21,500) were unserviceable. After thorough study, a five-year plan of positive action was initiated in FY 1957 to rectify this unsatisfactory condition.

Slightly over 50% of the total vehicle fleet in the Far East is in Korea, Viet-Nam, Cambodia and Laos and 70% of the total unserviceable vehicles were in those same locations. The majority of the vehicles in these countries have gone through several years of combat over difficult terrain. In addition, many of the vehicles had also undergone strenuous usage by US forces in World War II before being rehabilitated and furnished to our allies.

Over half of the total fleet in the Far East consists of vehicles obtained from sources other than the military assistance program. Most of these vehicles were on hand in the countries prior to the initiation of the MAP and came chiefly from World War II surpluses of the US, France, UK and Japan. Obviously such vehicles have an extremely high atrrition rate and constitute a substantial portion of the unserviceable fleet. The number of vehicles recommended by CINCPAC for the MAP supported forces in this area is 89,900. This figure results from studies made by responsible US military staffs, on a country-by-country basis, and reflects a reduction of 1,500 in the number of vehicles which were originally to be supported under the five-year plan.

To accomplish this rehabilitation program a MAP depot has been established in Japan. This depot will provide certain services, particularly in the supply of spare parts, to all of the countries in the Far East. The depot was established by taking over a US Army facility which was closing down. Many of the items being stocked are being obtained through transfer of items from US Army stocks no longer required in Japan.

A second step is the reopening and expansion of rebuild capability at Tokoraza, Japan. This facility had previously been operating for some years performing rebuild of vehicles for the US Army. Due to the reduction of US forces in Japan and Korea the facility was about to close when it was decided to utilize it for rebuilding MAP vehicles. The facility has been reactivated, some improvements have been made, and it is now in full operation. All work is performed by Japanese labor under the supervision of US personnel of the MAP Depot.

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
	42,024	92,217	54,483

The improvement of in-country maintenance capabilities is gradually being accomplished. The US is furnishing technical assistance in the training of indigenous personnel, both on-the-job and in US army schools. The US is also supplying tools, shop equipment and spare parts. At the present time all of the countries except Cambodia, Laos, and Thailand have a vehicle rebuild facility in operation. In most cases, however, the capability is quite limited. Thailand, although not able to perform complete rebuild, possesses a far better maintenance capability than Cambodia or Laos.

This plan calls for the rebuild of approximately 20,000 vehicles per year. Initially about 75% will be accomplished in the Japan facility and the remainder by the various countries having a rebuild facility. The plan calls for a yearly shift of emphasis from the central rebuild facility to the separate in-country facilities, with a view toward eventual self-sufficiency in maintenance and rebuild in each country where feasible. In order to achieve 20,000 rebuild units on an economical basis, experience has shown that approximately 30,000 vehicles must be processed. In other words, about one-third will be "washed out" as uneconomically reparable.

In order to replace the vehicles "washed out" in the rebuild operations, the plan is to procure an average of 10,000 new vehicles per year in Japan. Japan provides vehicles which are entirely adequate for the intended purposes and simpler to operate and maintain than the current US models. There is also a substantial saving in forms of the overall cost of vehicle and transportation to destination. In addition, development of production capability in Japan provides a readily available source of future spare parts supply to each country and further strengthens the Japanese economy.

The FY 1957 and FY 1958 programs totalling $62,000,000 have provided funds for the procurement of 9,165 vehicles from Japan and the rebuild of 33,700 vehicles in the Far East area.

The proposed FY 1959 program in the amount of $54,483,000 includes funds for the procurement of 10,294 vehicles from Japan

MILITARY ASSISTANCE (In Thousands Dollars)	PROGRAMMED	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	42,024	7,009	35,015
Estimate F.Y. 1958	92,217	28,273	XXX
Cumulative 6/30/58	134,241	35,282	98,959

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at an approximate cost of $41 million and the rebuild of 6,687 vehicles at a cost of approximately $14 million including the cost of operation of the Logistical Depot.

Far East Materiel Program

The reduction of forces in Japan is requiring the US Army to close storage depots and dispose of large quantities of equipment either by sale or by return to the continental US. Since the latter action would engender large transportation costs, the Army has offered to sell items required by MAP at a greatly reduced price.

It is therefore, proposed to use $72.1 million of FY 1958 military assistance appropriations to purchase from the US Army items required in the military assistance program and stockpile them in Japan against requirements of the immediate future in Far East and Near East countries. This will meet requirements over and above those included in the country programs and will result in substantial savings to MAP. This use of FY 58 funds will serve to reduce procurement costs for MAP and transportation costs for the Department of the Army. No program is planned for FY 1959.

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

MODERNIZATION - MISSILES & AIRCRAFT
(Value in Thousands of Dollars)

	1950-56	1957	1958	1959	Total	Number of Battalions
I. NON-REGIONAL - TENTATIVE COUNTRY DISTRIBUTION	$ 91,780	$ 55,032	$365,527	$288,246	$800,585	-
Nike*	72,723	28,600	221,800	-	323,123	20
Belgium	9,090	-	22,600	-	31,690	2
Denmark	9,090	5,720	33,800	-	48,610	3
France	9,090	-	37,600	-	46,690	3
Italy	27,273	17,160	5,900	-	50,333	3
Netherlands	9,090	-	22,600	-	31,690	2
Norway	9,090	5,720	18,700	-	33,510	2
Greece	-	-	16,900	-	16,900	1
Turkey	-	-	33,700	-	33,700	2
Taiwan	-	-	30,000	-	30,000	2
Honest John*	-	12,432	56,527	-	68,959	26
Belgium	-	1,243	6,968	-	8,211	3
Denmark	-	1,243	3,810	-	5,053	2
France	-	2,486	13,700	-	16,186	6
Italy	-	1,243	7,000	-	8,243	3
Netherlands	-	1,243	3,783	-	5,026	3
Norway	-	1,243	3,700	-	4,943	1
Greece	-	1,243	6,883	-	8,126	3
Turkey	-	2,488	10,683	-	13,171	5
F-84F Conversion Kits	6,557	-	-	-	6,557	-
Belgium	1,100	-	-	-	1,100	-
France	2,300	-	-	-	2,300	-
Italy	1,400	-	-	-	1,400	-
Netherlands	1,100	-	-	-	1,100	-
Greece	657	-	-	-	657	-
Matador*	12,500	14,000	-	-	26,500	2
France	-	14,000	-	-	14,000	1
Denmark	12,500	-	-	-	12,500	1
Corporal/Sergeant (See also UK Country Programs)	-	-	1,500	16,600	18,100	3
Belgium	-	-	500	5,500	6,000	1
France	-	-	500	5,600	6,100	1
Italy	-	-	-	5,600	5,600	1
Netherlands	-	-	500	5,500	6,000	1
Portion not within current production capacity	-	-	-	-5,600	-5,600	-1
P2V-7 Production	-	-	45,200	-	45,200	-
Japan	-	-	45,200	-	45,200	-
SS-10	-	-	5,000	10,000	15,000	-
Stockpile "A"	-	-	-	700	700	-
Greece	-	-	2,100	2,100	4,200	-
Turkey	-	-	2,900	2,900	5,800	-
Iran	-	-	-	700	700	-
Pakistan	-	-	-	700	700	-
Korea	-	-	-	2,900	2,900	-

* Country distribution of units is not yet firm for all the FY 1958 funded portion owing to incomplete priority and allocation action and/or lack of formal acceptance by recipient countries at this time.

MODERNIZATION - MISSILES & AIRCRAFT
(Value in Thousands of Dollars)

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

	1950-56	1957	1958	1959	Total	Number of Battalions
Sidewinder	-	-	$ 27,500	$ 42,500	$ 70,000	-
Belgium	-	-	700	1,400	2,100	-
Denmark	-	-	700	1,400	2,100	-
France	-	-	7,200	9,700	16,900	-
Italy	-	-	3,000	4,600	7,600	-
Netherlands	-	-	2,400	3,500	5,900	-
Norway	-	-	2,000	2,600	4,600	-
Portugal	-	-	400	600	1,000	-
Spain	-	-	1,300	2,100	3,400	-
Greece	-	-	1,000	1,900	2,900	-
Turkey	-	-	1,900	3,600	5,500	-
Pakistan	-	-	1,300	2,100	3,400	-
Korea	-	-	1,800	3,000	4,800	-
Taiwan	-	-	3,800	6,000	9,800	-
LaCrosse	-	-	-	18,600	18,600	2
France	-	-	-	18,600	18,600	2
Italy	-	-	-	9,300	9,300	1
Greece	-	-	-	9,300	9,300	1
Turkey	-	-	-	27,900	27,900	3
Portion not within current production capacity	-	-	-	-46,500	-46,500	-5
Hawk	-	-	-	98,300	98,300	9
Italy	-	-	-	21,800	21,800	2
Greece	-	-	-	10,900	10,900	1
Turkey	-	-	-	21,900	21,900	2
Japan	-	-	-	43,675	43,675	4
Taiwan	-	-	-	10,925	10,925	1
Portion not within current production capacity	-	-	-	-10,900	-10,900	-1
Terrier	-	-	-	48,000	48,000	3 Btys.
France	-	-	-	109,000	109,000	7
Italy	-	-	-	109,000	109,000	7
Japan	-	-	-	16,000	16,000	1
Netherlands	-	-	-	93,500	93,500	6
Portion not within current production capacity	-	-	-	-279,500	-279,500	-18
Aircraft Modernization	-	-	8,000	54,246	62,246	-
Denmark	-	-	3,000	-	3,000	-
Greece	-	-	3,500	54,246	57,746	-
Turkey	-	-	1,500	-	1,500	-
II. IN COUNTRY PROGRAMS	$130,500	$143,937	-	47,706	322,143	-
Corporal	30,500	-	-	-	30,500	-
United Kingdom	30,500	-	-	-	30,500	-
F-100's	-	143,937	-	47,706	191,643	-
Denmark	-	15,994	-	31,804	47,798	-
France	-	79,964	-	-	79,964	-
Turkey	-	47,979	-	15,902	63,881	-
IRBM	100,000	-	-	-	100,000	4 Sqns.
United Kingdom	100,000	-	-	-	100,000	4

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MODERNIZATION - MISSILES AND AIRCRAFT

MISSILES

Military authorities have stated that the provision of advanced missiles weapons systems to meet the growing Soviet capability should have a very high priority within the military assistance program. These requirements include surface-to-air, surface-to-surface and air-to-air guided missiles and free flight rockets. Accordingly, MAP funds have been utilized since FY 1956 to provide an increasing number and variety of modern missiles systems and other advanced weapons to allied nations who have the ability to absorb and utilize them. Programs for this purpose presently being carried out or planned through FY 1958 total over three-fourths of the billion dollars. It is proposed to continue this program of modernization in FY 1959 in order that our allies will be armed with the latest weapons available. The importance of maintaining and expanding the progressive build-up of allied forces with advanced weapons has, of course, been dramatically emphasized in recent months by the demonstrations of Soviet technological achievements which have obvious military applications.

Presently identified requirements for missiles in allied forces, however, exceed the number of such missiles which are available within current manufacturing capability under present policies governing the allocation of weapons between US and allied forces. Within this limitation and the MAP fund availabilities after meeting essential maintenance and accessorial costs, prior year programs have financed NIKE, CORPORAL, MATADOR, HONEST JOHN, SIDEWINDER and SS-10 missiles. (The latter is a French anti-tank missile developed with US assistance under the Mutual Weapons Development Program). In addition, funds from prior year U.K. programs have been applied toward meeting the costs of providing the IRBM to the U.K. Since the further requirements for the IRBM in NATO and elsewhere are still indefinite funds have not been earmarked within the proposed FY 1959 program for financing additional IRBMs. Funds to meet certain of the requirements for LACROSSE, HAWK, TERRIER missiles are requested for the first time in FY 1959 as well as funds to continue prior programs for certain other missiles.

In view of the limited availability of missiles, final allocations to countries will be made on a priority basis taking into account country capabilities effectively to utilize the weapons. The illustrative country distribution of missiles and other modern weapons for both FY 1958 and FY 1959 shown in the accompanying table, therefore, must be considered tentative and subject to change.

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
	55,032	365,527	288,246

The lead time for production of these weapons and the time required to train crews properly vary widely. The program has been planned to take these factors into account, and it is expected that countries will be ready to receive these weapons as soon as deliveries are possible. Certain weapons provided under the 1950-56 program will be available for delivery before the end of FY 1958. Other missiles will be delivered in FY 1959, 1960 and 1961.

AIRCRAFT MODERNIZATION

Although missiles will significantly increase the defensive capabilities of our allies, they will not be available in sufficient types or quantities to meet completely the military requirements now established. Accordingly, it will be necessary for some time to come to continue to employ high performance, manned aircraft to counter increasing Soviet capabilities. For this reason a program for the progressive modernization of allied air forces with supersonic tactical aircraft capable of atomic delivery has been underway since FY 1957. These aircraft will be used to replace older types provided over the last seven years. Coordinated requirements for the modernization of MAP supported tactical air forces have been established for the period beginning in 1959. The first steps in meeting these requirements were taken with the programming of nine squadrons of F-100 aircraft in FY 1957 and with the assistance provided under the Mutual Weapons Development Program for the development of a European lightweight ground support fighter aircraft. The FY 1958 program, as presented to Congress, requested funds to provide an additional nine squadrons of the F-100 aircraft. A delay in the anticipated availability of this aircraft for the military assistance program, however, resulted in the deferment of this requirement and use of the funds for guided missiles, increased support in the Near East and other high priority requirements. It is proposed to resume the planned modernization with the F-100 in the FY 1959 program and two squadrons are tentatively proposed in the country program for Denmark and one for Turkey. In addition, $54.2 million is requested for aircraft modernization

MILITARY ASSISTANCE (In Thousands Dollars)	PROGRAMMED	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	146,812	-	146,812
Estimate F.Y. 1958	365,527	1,936	XXX
Cumulative 6/30/58	512,339	1,936	510,403

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Modernization - Missiles & Aircraft (cont)

in the non-regional program. This amount has been provisionally attributed to additional F-100 aircraft. Consideration is being given to allocation of such aircraft to Greece. However, by the time funds are available for commitment to final programs the NATO lightweight fighter or other similar aircraft may have demonstrated sufficient capability to warrant use of these funds for their procurement. The latter possibility will have to be considered fully in the light of further developments, taking into account the anticipated advantages of easier, less costly maintenance and improved flexibility in deployment of the lighter aircraft, on the one hand, and the possible disadvantage of somewhat lower performance, on the other hand.

As in the case of missiles, the aircraft will be finally allocated to countries to meet the highest priority requirements, taking into account the military advice of SACEUR and the Joint Chiefs of Staff as well as the willingness and capability of the recipient countries to utilize and maintain the aircraft effectively.

Deliveries of the F-100 aircraft from the FY 1957 program are scheduled to begin in the last quarter of 1958 and continue into 1959. The aircraft to be procured with funds requested in the FY 1959 program are to be delivered beginning in FY 1961.

WORLD-WIDE SPARE PARTS

Procedures were initiated in FY 1958 which base the follow-on (maintenance) spare parts program on actual country consumption rather than average consumption factors applied world-wide. The new procedures have the following features: (1) they avoid orders for large quantities of spare parts for equipment that might become obsolete before the spares are used, (2) smaller investments in spare parts reserve stocks are required, (3) pipeline requirements are calculated on the basis of actual lead time data rather than average pipeline figures which are usually conservative, (4) initial spares are limited to those deliveries for which the associated end-item is new and initial spares are actually required, and (5) periodic review is made on unrequisitioned items and the allocation of funds for such items is cancelled where appropriate. Under these procedures, funding and procurement of spare parts are administered world-wide by each military service rather than on a country-by-country basis. Deliveries of spares will continue to be included in the value of deliveries to the individual recipient countries.

Funds required for maintenance spare parts have been reduced from $85.5 million in FY 1958 to $56.1 million in the proposed FY 1959 program. This reduction is a result of several factors:

1. Improved knowledge of country consumption rates and the tighter procedures noted above.

2. Complete cessation of spare parts support proposed for several countries in FY 1959.

3. Beginning with the FY 1959 program, programming of maintenance support is reduced appreciably for several countries which the respective country teams consider capable of partial self-support notwithstanding the absence of specific bilateral agreement.

MILITARY ASSISTANCE

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
	135,200 *	85,470 *	56,171

* Data shown for prior year programs are incomplete in that they refer only to programmed but undelivered spare parts of the Department of the Army. The Navy and Air Force have not shifted the value of prior year programmed but undelivered maintenance spare parts from country programs to the world-wide spare parts program.

MILITARY ASSISTANCE * (In Thousands Dollars)	PROGRAMMED	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	135,200	-	135,200
Estimate F.Y. 1958	85,470	145,389	XXX
Cumulative 6/30/58	220,670	145,389	75,281

OBJECTIVES: This program includes all direct costs of packing, crating, handling and transportation 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:

1. Transportation Costs: inland, ocean (including Military Sea Transportation Service) and air (including Military Air Transport Service) transportation.

2. 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.

3. Port Loading and Unloading Costs: direct costs incurred for civilian labor, material or contractual services for on-loading, unloading and handling at the ports of embarkation and destination.

4. 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.

5. Other Related Costs: field procurement and inspection, including duty travel, receiving, warehousing, inventory control and related station operation and maintenance costs.

ADMINISTRATION: 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.

GENERAL POLICIES: In computing amounts needed for PCH&T, cost factors are used which are based upon a compilation of experience data accumulated over the past several years. Cost factors necessarily take into consideration shipments to different geographical areas and shipments by major types of equipment and supplies, such as aircraft and petroleum products. Transportation costs take into account methods of transport, 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).

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
	125,836	119,500	119,500

Accessorial cost factors are under continuous review, for the purpose of increasing standardization and simplifying cost accounting. Rates are reviewed annually and adjusted as necessary.

ACCOMPLISHMENTS: Through the end of FY 1957, a total of $16 billion (including $2.3 billion obtained offshore) in military assistance equipment and supplies had been delivered. The total expenditure for PCH&T, at June 30, 1957 was $841,781,000. For FY 1958 an estimated $119,500,000 was programmed for PCH&T.

1959 PROGRAM: The estimate of 1959 fund requirements for PCH&T is $119,500,000. This compares with actual obligations of $125,836,000 in FY 1957, and a current estimate of $119,500,000 to be obligated during FY 1958. The 1959 estimate for PCH&T is based on the assumption that materiel deliveries (excluding offshore procurement) during FY 1959 will approximate the same level as estimated for FY 1958 - $1.5 billion.

MILITARY ASSISTANCE (In Thousands Dollars)	PROGRAMMED	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	872,211	841,781	30,430
Estimate F.Y. 1958	119,500	114,700	XXX
Cumulative 6/30/58	991,711	956,481	35,230

REPAIR AND REHABILITATION

Funds for this program are required to finance the cost of repair, and in some cases, complete rehabilitation of small craft, special purpose vehicles, specialized training equipment, construction equipment, and various other types of miscellaneous equipment now excess to U.S. military needs. Much equipment which for various reasons has become excess to U.S. needs still has definite military usefulness in many countries of the free world. If it can be economically restored to useable condition, this equipment can satisfy some of the requirements of the armed forces of our allies. Such equipment is transferred under the military assistance program without charge to military assistance appropriations except for the cost of repair, rehabilitation and transportation. The funds requested for repair and rehabilitation in FY1959 will be used to repair equipment with an original acquisition cost of approximately $40 million.

Repair and rehabilitation costs were reported in country programs through FY 1957 and part of FY 1958. The estimates for the balance of FY 1958 and all of FY 1959 have been developed on the basis of the world-wide total of items to be furnished from excess stocks. They are here reported on this basis rather than distributing them to country programs, thus providing greater efficiency in distribution and simplification of bookkeeping, without adversely affecting control of the program.

MILITARY ASSISTANCE

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
	53	16,196	15,762

MILITARY ASSISTANCE (In Thousands Dollars)	PROGRAMMED	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	53	53	-
Estimate F.Y. 1958	16,196	-	XXX
Cumulative 6/30/58	16,249	53	16,196

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PROGRAMS UNDER NEGOTIATION

"Programs under Negotiation" represent sums needed to meet requirements beyond those shown in the regular country programs. In each case the need for additional military assistance has been firmly established as a high priority requirement which must be met in FY 1959. They are listed separately here, however, because it is not possible, at this time, to list and price in detail the various items which may be included in these programs. The amounts requested represent the best current estimates of the funds that will be needed in each of the following cases for the reasons stated:

Brazil - $15 million

In negotiating the base rights for the establishment of a US missile tracking station on the Brazilian island of Fernando de Noronha, the US agreed to undertake discussions with Brazil to examine the extent of Brazil's increased responsibilities in connection therewith. These discussions have not yet been completed. The Departments of State and Defense recognize that additional assistance to Brazil is necessary as a result of obtaining the base rights agreement. At the time of the negotiations with Brazil for facilities on Fernando de Noronha, the DOD determined that an alternative to this island site would cost approximately $100 million and would not be as satisfactory. It is therefore estimated that $15 million additional military assistance will be required in FY 1959 to support U.S. objectives in Brazil.

Iraq - $8 million

The JCS have recently recommended that U.S. military objectives would be promoted through the development of one fighter bomber squadron and one tactical reconnaissance squadron in Iraq. The U.K. is furnishing equipment and training to Iraq today but at a level which is unsatisfactory from both the Iraqi and U.S. points of view. U.S. military and political interests will be served by the early programming of support for these two units. The particular type of support will depend upon the result of discussions now in progress between the US, UK and Iraq. It is estimated, however, that an amount of $8 million will be necessary in FY 1959 to finance this additional program for Iraq.

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
	-	-	49,000

Japan - $10 million

An additional program covering certain static air defense requirements for Japan is presently under consideration. Pending finalization of this program, it is contemplated at this time that $10 million will be required in FY 1959 to finance this requirement.

Lebanon & Jordan - $6 million

It is presently contemplated that requirements covering 6 fighter aircraft (jet) for Lebanon and 12 fighter aircraft (jet) for Jordan will develop within the very near future. It is anticipated that these aircraft will be provided in order to support these pro-western governments and that an estimated $6 million will be required to finance these requirements in FY 1959.

Spain - $10 million

It is considered that retention of Spanish cooperation in connection with U.S. bases in Spain will require military assistance in FY 1959 beyond the minimum force maintenance and modernization requirements included within the proposed country program. The exact type and quantity of additional items to be supplied for this purpose will be determined after further discussions between U.S. and Spanish authorities as to priorities. $10 million represents the best current estimate of the level of the additional program which may be required.

MILITARY ASSISTANCE (In Thousands Dollars)	PROGRAMMED	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	-	-	-
Estimate F.Y. 1958	-	-	XXX
Cumulative 6/30/58	-	-	-

FOREIGN MILITARY FACILITIES ASSISTANCE PROGRAM

The Foreign Military Facilities Assistance Program (FAP) assists friendly countries in the establishment and expansion of overseas facilities for the manufacture and maintenance of military equipment. The US furnishes approximately 50 percent of the cost of the facilities in the form of tools, equipment and technical services. This cost sharing program requires that the selection of projects and the amounts of contributions in individual projects be agreed upon by the country concerned with the United States. Approval of projects is subject to prior evaluation to ensure that weapons will meet the required military characteristics. Program development is based on preliminary engineering surveys, but no individual project is undertaken until detailed engineering has been completed and carefully reviewed by specialized American engineers.

Major objectives of the program are to:

1. assist European countries to become less dependent upon military equipment and services of US origin by helping them to establish their own facilities for the production or maintenance of such equipment;

2. encourage European countries to cooperate among themselves through the establishment of "regional" facilities which provide equipment or services to the forces of several countries in a given region;

3. assist in the establishment of a defense production base in Europe which can contribute to the modernization of NATO forces with weapons which are specifically designed for use in Europe, the cost and maintenance of which are within the means of European countries, and which will be sufficiently advanced technologically.

When this cost sharing program was initiated in FY 1954, attention was concentrated on projects for the production of propellants and explosives. These initial projects are only now nearing completion, since long leadtime construction of buildings and specialized production equipment was involved. A number of maintenance projects subsequently were undertaken, in order to assure the capability of friendly countries to keep operable the complex military materiel furnished through the military assistance program. Recently attention has been devoted to production capacity for advanced weapons and such projects will receive major attention in the future.

As of December 31, 1957, all Facilities Assistance Program

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
	5,022	20,000	20,000

projects already programmed involved the obligation of approximately $76.1 million by the United States, with foreign countries agreeing to contribute about $91 million. Of the 74 projects, three are in the Near East, Africa, and South Asia area, one in Korea and the remainder in Europe. Twenty-nine projects involving ammunition production facilities in Europe have been completed and an additional 10 will have been substantially completed by July this year. The resulting capacity is now available to NATO and other free nations without discrimination as to price, quality, or delivery schedules.

The proposed FY 1959 program will be directed primarily toward the initiation of production capability for new weapons; further development of regional maintenance capabilities; and production capacity of those types of conventional weapons for which a long life can be anticipated and which are deemed necessary for the conduct of warfare as presently conceived. As is indicated in the attached table, most of the projects are for advanced weapons.

In order to assist in the pooling of scientific and technical resources for production of advanced weapons, it was necessary to obtain assurances concerning the protection of classified military information by our NATO allies and to ascertain their technological capabilities. The "sample weapons" program instituted during the past year on a bilateral basis with a number of Western European countries had enabled us to make a good start in this direction.

Projects currently being considered for Facilities Assistance amount to $85 million. It is estimated that the US share of these costs will be $42 million, about half of which is expected to be ready for funding during FY 1958. The requirements for funding in FY 1959 are therefore estimated at $20 million, based on the total cost of projects now under consideration.

At the NATO Heads of Government meeting in December,

MILITARY ASSISTANCE (In Thousands Dollars)	PROGRAMMED	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	79,966	12,419	67,547
Estimate F.Y. 1958	20,000	22,400	XXX
Cumulative 6/30/58	99,966	34,819	65,147

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

FAP (cont)

Secretary Dulles, in discussing the need for a coordinated program of research, development and production of a selected group of modern weapons systems, stated that the US was willing to utilize the Facilities Assistance Program to support this effort more directly. The full extent to which this program will be utilized for this purpose is under study within the Executive Branch, and it is impossible to say with certainty at this time whether there will be any need for additional funds during FY 1959.

TENTATIVE PROJECTS FROM WHICH FY 1959 FACILITIES ASSISTANCE PROGRAMS WILL BE CONSTITUTED (Dollars in Millions)

	Estimated U.S. Cost
Advanced Weapons Projects	
Surface-to-air, ship-to-air and air-to-air missiles	$16.8
Missile Components and fuels	8.0
Technical Assistance	1.5
Maintenance & Repair Facilities for electronics, fire control, artillery, helicopters, missiles, jet engines, engineer and naval equipment	6.7
New types naval gun ammunition	3.7
Chemicals required for propellants & explosives	3.1
Communications Equipment production	.8
Small arms and small arms ammunition plans (Mideast)	.6
	$41.2

OBJECTIVES: Infrastructure means in general terms the fixed physical installations necessary for military operations. The NATO infrastructure program is designed to provide, under a commonly financed plan, airfields, communications and radar facilities, POL transmission and storage facilities, naval bases, war headquarters and military training installations for the use of the military forces committed to NATO under the treaty agreements. The estimated total cost to the NATO nations of the programs authorized to date is approximately $2.6 billion.

ADMINISTRATION: The commonly financed infrastructure projects are planned and financed under annual programs called slices, the identifying numbers of which, starting with slice I, correspond to calendar years starting with 1950. The formulation of infrastructure requirements is a cooperative effort by the host countries, the international military establishment (SHAPE and SACLANT), technical staffs and national advisors. The annual programs are approved by the North Atlantic Council. The US has participated, or proposes to participate, in the development and financing of the program under the following cost sharing formulas:

Slice	Percent	Slice	Percent
I	0	IVb	38.62
II	41.82	V	39.89
III	38.40	VI	39.81
IVa	38.79	VII	39.72
		VIII-XI	34.92

ACCOMPLISHMENTS: The following illustrates the progress to date:

Facility	Authorized (in thousands)	Estimated Total Cost (in thousands)
Air Fields	$ 810,566	$1,258,300
Communications	335,905	550,100
POL Storage and Dist.	282,551	377,600
Naval Bases	91,064	298,400
War Headquarters	20,877	61,200
Training Installations	17,399	53,400
Total	$1,558,362	$2,599,000

NOTE: The authorized amounts are based upon authorizations to commit funds approved by the NATO Infrastructure Payments and Progress Committee as of September 30, 1957.

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
	57,756	65,000	60,000

1959 PROGRAM: Section 104(a) of the Mutual Security Act of 1954, as amended, authorizes contributions of up to $1 billion to meet the US share of this commonly financed program. Approximately $681 million will be obligated by the end of FY 1958. The FY 1959 fund requirements for US participation are estimated at $60 million, or $5 million less than 1958. The US contribution is net of tax. The reduction in the 1959 program results from the fact that the program is currently being re-evaluated in the light of new strategic concepts arising from the introduction into NATO of missiles with a nuclear capability. During this re-evaluation, certain projects are being deferred until the exact type and location of future facility requirements become clearer. Present evidence suggests, however, the need for substantial additional facilities in future years in connection with introduction of missiles in Europe.

MILITARY ASSISTANCE (In Thousands Dollars)	PROGRAMMED	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	527,561	392,052	135,509
Estimate F.Y. 1958	65,000	70,000	XXX
Cumulative 6/30/58	592,561	462,052	130,509

INTERNATIONAL MILITARY HEADQUARTERS AND AGENCIES

OBJECTIVES: Funds requested for international military headquarters and agencies are required to meet the commitment of the U.S. to share in the support and operating costs of the military organizations of the North Atlantic Treaty Organization, the South East Asia Treaty Organization, and other possible international military organizations during FY 1959.

NATO INTERNATIONAL MILITARY HEADQUARTERS:

Organization: This organization consists of the two primary military commands known as SHAPE (Supreme Headquarters, Allied Powers Europe) and SACLANT (Supreme Allied Commander, Atlantic); the Channel Command; the Standing Group and several subsidiary military agencies such as the NATO Defense College and the Advisory Group for Aeronautical Research and Development. 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 buildings and equipment, and capital items. The pay and allowances of military personnel and supporting military equipment are the responsibility of the individual government furnishing the personnel and equipment.

Administration: Each headquarters and agency budget is reviewed by the Supreme Command involved, submitted to the Standing Group for approval from the military viewpoint and to the NATO 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 in accordance with the existing cost-sharing formula. U.S. interest is expressed at each successive stage of 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. The U.S. share of the support and operating costs of the NATO military headquarters is 24.2 per cent. The U.S. contribution required for NATO military headquarters and related agencies during FY 1959 is estimated to be the same as in FY 1958, or approximately $6,400,000, which includes an allowance for the increasing maintenance and operational costs of the early warning system of NATO.

In the interest of simplifying administration and hastening funding operations, a study is being made within NATO, with

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
	5,350	6,550	7,500

active U.S. support, to combine into one the cost sharing formula for infrastructure and the formula for international military headquarters. Should a common formula be adopted, the fund requirements for the U.S. share of infrastructure costs would be reduced with a corresponding increase in the support cost of the international military headquarters and agencies.

SEATO PERMANENT MILITARY PLANNING STAFF: This staff was established in March of 1957 and the first US contribution toward the support and operational costs (including capital costs) were made in FY 1957. There is only one headquarters at present, the cost being shared on an equal basis. The budget policy of SEATO regarding internationally shared expenses is similar to that of NATO in that the international budget does not include pay, allowances, or other support of the individuals assigned. Such costs are paid by each member country for the personnel it has assigned. The final cost sharing formula for SEATO is still under negotiation. The U.S. share of the support cost of this international activity for FY 1959 is estimated at $200,000.

OTHER INTERNATIONAL MILITARY ACTIVITIES: During FY 1959 the POL pipeline system constructed as a part of the NATO infrastructure program is expected to be substantially completed. The initial working capital for this network will be contributed by the using nations. These contributions will be credited to the account of each country and reimbursable to each if operating revenues reach the level that would make reimbursement possible. The pipeline operation is planned to be on a self-sustaining basis with no additional financial support other than the initial working capital. The U.S. share of this fund is estimated at $850,000 and will be required in FY 1959. Should revenues sufficiently exceed operating costs to permit the liquidation of this initial working capital fund, this $850,000 will be reimbursed to the US.

The total FY 1959 estimate of fund requirements includes an allowance of $50,000 for the support of the combined Military Planning Organization of the Baghdad Pact.

MILITARY ASSISTANCE (In Thousands Dollars)	PROGRAMMED	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	28,038	24,555	3,483
Estimate F.Y. 1958	6,550	6,300	XXX
Cumulative 6/30/58	34,588	30,855	3,733

MUTUAL WEAPONS DEVELOPMENT PROGRAM (MWDP)

The Mutual Weapons Development Program aims at improving the common defense through provision of assistance for selected, highly promising projects for weapons of advanced designs in the research and development programs of friendly countries. The program has been conducted almost entirely within the NATO membership since the countries of Western Europe offer the greatest potential in this field. This program benefits both allied and US research and development through coordination and exchange of information. It is helping to develop new items especially suited to the needs of our European allies and which in most instances will be more economical to manufacture, operate and maintain than corresponding items from the United States. Under the bilateral MWDP agreements with other countries the United States is assured the use of any new technical knowledge coming from these projects. If they desire, our armed forces and those of our allies may use any item developed in the program.

The program now comprises some 125 projects covering all fields of research and development. More than thirty new weapons or items of military equipment have reached the stage of field testing and are approaching the production stage. Many other will reach the testing stage this year. These results are especially significant in view of the usually long period of time required for military research and development projects and the fact that the program wasinitiated only in FY 1954. Considerable interest has been shown by the US Armed Forces in possible procurement of a number of the items for their own use.

The program is developed through the combined efforts of the Office of the Assistant Secretary of Defense for Research and Engineering, and a special group known as the Mutual Weapons Development Team which is located in Paris as part of the US Mission to NATO and European Regional Organization (USRO). Following annual surveys, the MWD Team in Paris recommends for possible assistance those foreign research and development projects which meet the established criteria and which appear to warrant financial and technical support beyond that which the country of origin is able at the time to provide. Projects selected generally are (1) for applied research and development on items of advanced design which are markedly superior to standard items available to the country of origin and which hold considerable promise of adding materially to the effectiveness of NATO forces; (2) of such nature that additional financial and technical assistance will accelerate their completion; (3) directed toward the fulfillment of a military requirement.

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
	35,337	40,000	40,000

Projects recommended by the team in Paris are studies within the Department of Defense. The Office of the Assistant Secretary of Defense for Research and Engineering, with the assistance of a steering group comprised of highly competent research and development technical and managerial experts from industry and government, reviews the projects. This procedure is intended to ensure that the MWDP projects receive evaluation no less careful than that given to military programs of our own services.

As a result of this review process, projects for approximately $63 million US support are being considered for the FY 1958 program. From these projects it is expected that at least $40 million will be selected for contracting. For FY 1959 a program of $40 million is proposed. This amount represents a level which had already been planned at the time of the NATO Heads of Government meeting, at which considerable stress was placed upon the necessity for NATO to develop more effective cooperation in the research, development and production of modern weapons. While it is anticipated that the MWDP will play a role in this increased effort, the extent to which the program may need to be revised upward during FY 1959 has not yet been determined.

The following tabulation indicates the categories of new projects we now anticipate will be considered during FY 1959 and the extent to which existing projects will require further funding. These funding estimates are the results of a survey conducted by the MWD Team of current projects, project extensions, potential projects, country requirements and country capabilities, and numerous conferences with representatives of the countries concerned and United States personnel. From the total of $65,200,000 shown, approximately $40 million will be programmed.

MILITARY ASSISTANCE (In Thousands Dollars)	PROGRAMMED	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	114,809	37,435	77,374
Estimate F.Y. 1958	40,000	29,200	XXX
Cumulative 6/30/58	154,809	66,635	88,174

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

MUTUAL WEAPONS DEVELOPMENT PROGRAM DETAIL

a. New Projects by Country and Field of Endeavor
(In Thousands of Dollars)

Field of Endeavor	Belgium	France	Italy	Nether-lands	Norway	United Kingdom	Total
Air Defense	$ 500	$11,250	$2,000	$2,800	$ -	$ 8,000	$24,550
Land Combat	100	2,500	1,000	100	300	1,000	5,000
CBR Defense	100	-	-	100	-	350	550
Anti-Submarine Defense	300	500	500	250	100	2,000	3,650
Air Combat	-	7,500	-	-	-	-	7,500
Supporting Research	-	7,700	1,150	2,500	-	2,500	13,850
TOTALS	$1,000	$29,450	$4,650	$5,750	$400	$13,850	$55,100

b. Project Extensions $10,100

TOTAL $65,200

GENERAL BACKGROUND AND POLICIES: The costs of administering and operating the military assistance program are met from the military department appropriations and from mutual security appropriation. The military department appropriations bear a large share of the costs, covering such expenses as (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 welfare and recreational facilities for personnel, and (5) furnishing of certain equipment and other facilities. Mutual security funds are used to pay for those administrative and operational requirements generated by the Military Assistance Advisory Groups (MAAGs) and other overseas and departmental military assistance program activities which are clearly identifiable as additional to the facilities and services furnished from military appropriations through the normal service programs. In addition, in some countries, a portion of the administrative support of the MAAGs is furnished by the host government as assistance-in-kind.

PRESENT YEAR PROGRAM: Mutual security funds pay for administrative activities concerned exclusively with the military assistance program in the Office of the Secretary of Defense, the military departments, the Air Materiel Command and Air Training Command in continental US, and four regional groups, 36 MAAGs, and the US element of one international organization overseas. The regional groups include the Office of Defense Affairs of the United States Mission to NATO and European Regional Organizations (USRO) in Paris, and the military assistance elements of the Unified Commands of CINCEUR, CINCPAC, and CINCARIB. One new MAAG has been established in Libya in FY 1958.

In many countries, administrative support of the MAAGs and other military assistance activities is furnished largely by the US Embassies, thereby avoiding duplication of functions. The Department of State is reimbursed for the costs of this support. Similarly, administrative support in one country is furnished through the International Cooperation Administration.

FY 1959 ESTIMATES: The estimated requirements for administrative expenses in the military assistance appropriation for FY 1959 cover the operation of the departmental and field activities in the United States, the four regional organizations, 36 MAAGs, and the U.S. elements of three international organizations: NATO, SEATO and Baghdad Pact. Administrative support will continue to be furnished to overseas activities by the Department of State

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
	20,665	23,500	25,000

and the International Cooperation Administration, and estimates of the costs of such support are included.

The FY 1959 estimates reflect the over-all reductions in personnel being accomplished in FY 1958, but despite these reductions a net increase in funds is required for the following reasons:

1. Departmental: The decrease in costs of personnel services for FY 1959 compared to FY 1958 is more than offset by the increase in travel costs resulting from increased rates to be charged by the Military Air Transport Service (MATS) which will be operating under Industrial Fund Accounting in FY 1959. The increased MATS charges, although representing an increased charge to the military assistance appropriation, do not reflect an increased charge to the U.S. Government since the increased rates will be reflected in the receipts of the operating appropriation or fund. Additional funds are also required to cover the costs of machine records established for better control of military assistance materiel programs.

2. Overseas: The increase in the estimates for overseas operation are attributable to: (1)increased costs of travel resulting from increased MATS rates; (2) shift of MAAG emphasis from Europe to the Near and Far East where support costs are relatively higher; (3) absorption of the costs of support in Taiwan which had previously been financed from the local currency generated by defense support; (4) the costs of procuring passenger carrying vehicles for MAAG use, expenses which have not been chargeable to MAP administrative expenses in the past; and (5) the addition of the costs of maintenance and operation of MAAG housing in Korea. The current estimate does not include any provision for the administrative support of AMAS Yugoslavia.

MILITARY ASSISTANCE (In Thousands Dollars)	PROGRAMMED	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	164,795	158,632	6,163
Estimate F.Y. 1958	23,500	23,200	XXX
Cumulative 6/30/58	188,295	181,832	6,463

MILITARY SALES AND LOANS

Through grant military assistance the US provides military equipment and training to fill certain of the deficiencies of allied military forces which the allies are unable to provide for themselves. In those cases where our allies have the economic and political capability to buy the materiel and services needed to achieve mutual security objectives, the US facilitates such purchases through a program of military sales and loans. Under this program mutual security objectives are advanced without cost to the U.S.

Sixty-five countries and six international organizations are currently eligible to purchase military materiel and services from the US Government. In the past approximately sixty of these countries purchased materiel to some extent from the US, the most active being those countries in a relatively favorable financial condition and therefore requiring little or no grant aid or credit assistance. Canada and Germany together have accounted for almost two-thirds of the approximate total sales through December 1957 of $1.3 billion. The major part of these sales have been for cash and it is expected that substantial cash sales will continue in the future.

Prior to FY 1958, planning for and the development of expended military sales were limited by several factors, including:

Lack of funds for advance investment in depot stocks;

Lack of funds to finance sales on credit terms, and;

Lack of authority to re-use in the military assistance program local currency payments for materiel which might otherwise have been sold to countries having dollar shortages.

To remedy these shortcomings, an amendment of Section 103(c) of the Mutual Security Act was enacted last year which authorized the use of up to $175 million of MAP funds to finance local currency and credit sales. Repayments received within three years are available for further financing of such sales.

FY 1958 Program

Revisions to Section 103(c) of the MSA have been an important stimulus for additional sales and for planning future military sales. Program planning now envisages a greater potential for military sales with countries previously receiving only grant aid, since the ability of these countries to purchase requirements from the US will be facilitated by a greater US ability to:

MILITARY ASSISTANCE

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
	55,874	97,000	80,000*

Offer credit terms which will allow countries to amortize procurement programs over a three-year period, and;

Accommodate foreign exchange shortages by acceptance of local currency. Reinvestment in participating countries of local currencies to meet other US requirements should increase country willingness and ability to purchase needed materiel from the US.

Out of the reduced appropriations made available for military assistance for FY 1958, $97 million has been allocated to provide credit for purchases of military equipment by Australia, Belgium, France, Mexico, the Netherlands, and Venezuela. Approximately one-third of this amount made possible a sale of aircraft to Australia, an important member of the SEATO defense organization. Without such assistance the US plane manufacturer would not have received the benefits of the sale nor is it likely that Australia would have been able to purchase the materiel in the United States.

FY 1959 Program

It is difficult to forecast with precision the volume of future sales (cash or credit) since they are, in the final analysis, dependent on the decisions of foreign countries to buy.

To the maximum extent possible military sales will be made for cash. It appears probable, however, that about $120 million of potential sales to countries such as Australia, New Zealand, Venezuela and other Latin American countries, as well as to certain European countries, will be possible if the US can assist by providing foreign exchange accommodation or credit assistance.

* The requirement for the FY 1959 program as planned is actually $100 million, of which $20 million will become available for re-use from repayments on FY 1958 sales, under the re-use authority of Section 103(c).

MILITARY ASSISTANCE (In Thousands Dollars)	PROGRAMMED	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	71,773	14,498	57,275
Estimate F.Y. 1958	97,000	11,200	XXX
Cumulative 6/30/58	168,773	25,698	143,075

An estimated $20 million of repayments on credit sales made in FY 1958 will be available to finance such sales. In addition, it is estimated that the Military Departments be able to extend some credit in the amount of about $20 million under Section 106(b) of the Mutual Security Act for which no MAP financing is required. Therefore, an amount of $80 million is being specifically requested in FY 1959 to finance credit and local currency sales.

Potential Additional Sales

The program described above which requires $80 million of new funds in FY 1959 is planned in advance entirely on a credit sales basis. In addition, there is a possibility that certain individual country programs, for which funds are requested as grant aid, may provide a potential for further sales. (See military assistance narratives for France, Belgium, Netherlands.) While it is hoped that some of the items shown in these programs can be sold to the countries concerned, these items are presented in the grant portion of the program for the following reasons:

a. There are at present no specific agreements with these countries concerning purchase of this materiel.

b. The items represent requirements which are of such importance in terms of US security interest as to warrant grant aid if countries are unable to buy them.

c. To the extent the US is successful in making such additional sales, MAP funds will still be needed to finance local currency or credit terms in the same fashion as in the pre-planned FY 1959 sales program.

MILITARY SALES PROGRAM - EQUIPMENT & SUPPLIES

From Beginning of Program Thru 30 September 1957
(All Values in Thousands of Dollars)

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

Recipient Country	Purchases	Deliveries
TOTAL	$1,194,465	$742,127
Argentina	11,010	8,630
Australia	62,168	26,318
Belgium	7,480	5,156
Bolivia	361	361
Brazil	13,399	9,429
Burma	57	5
Canada	547,074	465,548
Ceylon	1	1
Chile	6,980	6,444
China (Taiwan)	951	763
Colombia	9,017	8,299
Costa Rica	857	808
Cuba	3,814	2,952
Denmark	1,707	1,509
Dominican Republic	552	500
Ecuador	1,175	1,153
Egypt	555	214
El Salvador	542	476
Ethiopia	488	488
France	21,584	17,609
Germany	244,650	39,152
Greece	328	247
Guatemala	523	468
Haiti	42	34
Honduras	1,010	859
Iceland	*	*
India	33,707	28,789
Indochina	8,752	7,524
Indonesia	31	7
Iraq	190	31
Israel	413	386
Italy	5,717	4,535
Japan	3,322	2,010
Korea	262	255
Lebanon	266	246
Liberia	889	744
Luxembourg	42	40
Malaya	919	919
Mexico	6,561	317
Netherlands	8,967	6,409
New Zealand	149	101
Nicaragua	1,696	1,575
Norway	2,085	1,885
Pakistan	20,072	15,129
Panama	*	*
Paraguay	388	50
Peru	30,809	29,958
Philippines	1,815	1,341
Portugal	537	425
Saudi Arabia	67,163	18,766
Spain	104	104
Sweden	325	210
Switzerland	1,380	584
Thailand	1,085	1,018
Turkey	47	14
Union of South Africa	272	238
United Kingdom	7,678	5,266
Uruguay	1,202	1,200
Venezuela	49,902	13,618
Yugoslavia	1,386	1,006
UNKRA	9	1

* Less than $500.

NUTRITION PROGRAM

The ultimate objective of this program is to assist friendly countries in the establishment of permanent nutrition services within their armed forces. This will involve the training of local personnel in modern techniques of study and analysis in the field of nutrition technology and subsequently the transfer to them of basic laboratory equipment and supplies used in the surveys.

Since January 1956, nutrition surveys have been completed in Iran, Pakistan, Korea, Philippines, Turkey and Libya. As a part of the FY 1958 program, full surveys will be made in Spain and Greece, the first stage survey will be conducted in Ethiopia and follow-up work will be undertaken in Iran and Libya. These projects, together with other plans not yet finalized, will amount to $208,000.

Continuance of the nutrition program for FY 1959 will cost $275,000 for initial surveys in two additional countries and follow-up work in the Philippines, Pakistan, Libya, Spain, Greece and Ethiopia. This program represents a comparatively small expenditure in order to help insure through technical advice that the users of MAP equipment, which represents an investment many times as great, will be physically qualified to carry out their assigned missions.

MILITARY ASSISTANCE

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
	202	210	275

MILITARY ASSISTANCE (In Thousands Dollars)	PROGRAMMED	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	252	51	201
Estimate F.Y. 1958	210	-	XXX
Cumulative 6/30/58	462	51	411

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

OVERSEAS INTERNAL SECURITY PROGRAM

The Overseas Internal Security Program has as its objective to assist countries, where the internal security situation has made this appear advisable, to develop the capabilities of their internal security forces and agencies to enable them to counter Communist subversion; and to assist in promoting conditions which may ultimately be factors in contributing to economies in U.S. military assistance programs. This program is conducted by both the Department of Defense and the ICA. The program discussed here consists of the portion administered by the Department of Defense and does not include ICA programs in support of certain police forces. In many countries, the regular military establishment plays a major role in maintaining internal security and regular military assistance programs contribute to internal security by strengthening those forces. The Department of Defense portion of OISP provides assistance needed for special military activities such as counterintelligence which normally is not aided under the regular military assistance program.

Under this program, assistance is provided to foreign military and para-military forces to develop their capabilities for countering Communist subversion in the following ways:

1. Counterintelligence training in the United States or overseas.

2. Training materiel for counterintelligence schools and units.

3. Technical materiel for counterintelligence units.

4. Equipment, supplies and training for militarized police in the Philippines and Iran which work closely with the regular military establishments in those countries.

5. In countries which have no other military assistance programs, to provide training in U.S. military schools for selected officers so that they may improve the country's will and ability to maintain internal security.

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
	2,174	10,000	10,000

Accomplishments:

The Overseas Internal Security Program was initiated in fiscal year 1956 and is fulfilling an important need in assisting countries to strengthen their ability to combat subversion. Its effectiveness can be measured only by the degree to which the subversive threat diminishes in the countries concerned. At this time reports from the field are encouraging. The following countries have participated in the Defense-administered portion of this program:

Afghanistan,
Bolivia
Cambodia
Greece
Indonesia
Iran
Pakistan
Philippines
Thailand
Viet-Nam

MILITARY ASSISTANCE (In Thousands Dollars)	PROGRAMMED	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	2,174	72	2,102
Estimate F.Y. 1958	10,000	1,257	XXX
Cumulative 6/30/58	12,174	1,329	10,845

The Military Assistance Training Program is essential to increase the military effectiveness of forces receiving US equipment. The objectives of this program are to:

1. Assist in the attainment of combat effective forces at earliest possible time;

2. Insure proper maintenance and operation of US provided equipment;

3. Assist in the establishment of self-sufficient country training programs, with emphasis on training personnel qualified subsequently to serve as instructors in their own country forces.

The training program achieves its objectives through the following types of instruction:

1. Formal training in service schools in the US and overseas.

2. Mobile training teams composed of military and civilian personnel who provide on-the-job instruction in the maintenance and operation of equipment or assist in the establishment of more efficient maintenance, supply and training systems.

3. Technical representatives who are civilian specialists that provide instruction on highly complicated or newly developed equipment.

4. Orientation visits to the US of senior foreign officers to acquaint them with the latest practices and techniques used by the US military services.

Accomplishments:

Through September 30, 1957, allied military personnel had completed or were attending 127,000 courses of instruction in US military schools. At the end of this period, 2,112 technical representatives and 2,337 mobile training teams had completed or were engaged in providing instruction and technical assistance to foreign personnel in participating countries.

The large scale training effort under the military assistance program has resulted in satisfactory progress in training allied personnel to meet US standards in the maintenance and operation of equipment. Countries such as those in the Near and Far East that have had little previous experience with

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
	9,426	14,296	29,337

modern military equipment and doctrine are developing a nucleus of US trained personnel which will enable them to expand and modernize their training establishments.

Most European countries have attained a degree of self-sufficiency whereby MAP training in US schools is required only to increase the quality of their forces or to assist them in adopting to new weapons. To insure maximum utilization of indigenous schools and training centers, countries are encouraged to share training facilities with other countries. Favorable progress is being made toward this end and by continuing efforts more will be accomplished. Italy and the Netherlands, for example, are capable of providing training in certain skills to meet their own needs, and are making available a portion of their training capacity to other countries.

Training for allied students for the NIKE missile was initiated on a limited scale in FY 1957. Currently, there are over 300 students from Belgium, Denmark, Italy, France, Norway, and Turkey receiving NIKE training in the US. Training for other missiles as well as for modern aircraft is also being arranged with these and other NATO countries.

The military assistance training program, in all its phases and aspects, makes a unique contribution in the promotion of better understanding of the American people, principles, and institutions. The importance of this contribution to a common sense of purpose and deeper mutual understanding is one of the program's significant accomplishments.

The program and expenditure data shown in the table above represent only that portion of the program not specifically related to a recipient country. They include expenses incurred for certain advanced weapons training, technical representatives, State-mission expenses, training of US MAP supervisory personnel and the Program Evaluation Office. Funds in the amount of $29.3 million will be required during FY 1959 for these purposes.

MILITARY ASSISTANCE (In Thousands Dollars)	PROGRAMMED	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	35,386	32,242	3,144
Estimate F.Y. 1958	14,296	3,058	XXX
Cumulative 6/30/58	49,682	35,300	14,382

Program and expenditure data for country training activities are shown in the regional books. The proposed FY 1959 country training programs total $57 million and cover the following courses:

Worldwide	Z/I Courses	O/S Courses	Teams	Tech Reps
	19,015	4,770	171	553
Army	8,067	2,864	99	120
Navy	8,028	-	49	26
Air Force	2,920	1,906	23	407

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

(As of 30 September 1957)

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

Number of MAP Formal Training Courses

	Completed	Attrition a/	In Training
TOTAL	122,515	5,893	4,902
Geographic Source			
Training in U. S.	96,615	2,608	3,481
Training Overseas	25,900	3,285	1,421
Recipient Area & Country			
Europe	49,988	2,219	729
Austria	-	-	8
Belgium	4,744	359	14
Denmark	2,838	89	61
France	15,793	1,111	38
Germany	710	45	119
Italy	6,424	194	150
Luxembourg	120	-	-
Netherlands	6,543	182	31
Norway	3,843	69	89
Portugal	2,332	45	4
Spain	4,451	52	177
United Kingdom	1,187	61	12
Yugoslavia	1,003	12	26
Africa	107	3	13
Ethiopia	107	3	13
Near East and South Asia	15,481	193	1,041
Greece	4,825	10	108
Iran	2,208	19	104
Iraq	119	3	43
Pakistan	1,297	3	150
Saudi Arabia	14	-	9
Turkey	7,018	158	627

	Completed	Attrition a/	In Training
Far East	50,002	3,307	2,580
Burma	13	-	-
Cambodia	35	-	1
China (Taiwan)	13,834	22	190
Indochina	543	-	-
Indonesia	52	-	-
Japan	11,776	2,734	1,145
Korea	13,381	451	613
Laos	6	-	5
Philippines	3,780	55	194
Thailand	4,258	14	107
Viet-Nam	2,324	31	325
Latin America	6,937	171	539
Brazil	549	6	60
Chile	699	17	42
Colombia	1,454	38	105
Cuba	394	14	44
Dominican Republic	166	2	28
Ecuador	1,081	33	53
Guatemala	179	12	43
Haiti	51	-	11
Honduras	185	5	24
Nicaragua	936	29	64
Peru	1,045	13	43
Uruguay	198	2	22
Mobile Training Teams (WW) (not included in above totals)	2,268	-	69
Technical Representatives (WW) (not included in above totals)	1,939	-	173

a/ Represents man-courses occupied by students who started a specific course of training and for academic, technical, physical or other reasons were 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)

	FY 1950-58	FY 1957	FY 1958	FY 1959
WORLD-WIDE TOTAL	$502,192	$62,610	$68,475	$86,306
NON-REGIONAL PROGRAMS	49,682	9,426	14,296	29,337
COUNTRY PROGRAMS				
EUROPE	259,455	14,542	10,570	8,440
Austria	83	35	48	98
Belgium	27,386	240	216	208
Denmark	18,536	786	416	701
France	91,251	718	1,357	804
Germany	18,655	3,504	3,601	2,528
Italy	23,031	2,091	1,504	1,140
Luxembourg	64	7	11	5
Netherlands	27,513	163	114	95
Norway	17,555	724	484	579
Portugal	4,638	347	185	192
Spain	16,080	5,575	2,402	2,035
United Kingdom	12,449	38	93	55
Yugoslavia	2,214	314	139	-
AFRICA	1,546	339	693	1,101
Ethiopia	1,356	321	521	779
Liberia	18	18	-	-
Libya	172	-	172	322
NEAR EAST AND SOUTH ASIA	57,593	9,287	12,122	14,277
Greece	7,799	1,081	1,264	1,298
Iran	12,391	2,302	4,838	5,238
Iraq	957	721	163	161
Jordan	-	-	-	-
Lebanon	-	-	-	-
Pakistan	6,415	1,876	1,616	1,320
Saudi Arabia	1,209	66	1,143	2,969
Turkey	28,822	3,241	3,098	3,290

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

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

	FY 1950-58	FY 1957	FY 1958	FY 1959
FAR EAST	$121,034	$26,577	$25,150	$25,621
Burma	27	-	-	-
Cambodia	300	75	172	375
China (Taiwan)	38,996	7,035	6,771	6,506
Indochina	474	-	-	-
Indonesia	75	-	-	-
Japan	17,416	4,400	3,927	2,640
Korea	29,446	4,873	5,771	7,527
Laos	237	16	221	244
Philippines	6,207	1,004	909	821
Thailand	10,869	2,252	2,382	2,096
Viet-Nam	16,987	6,922	4,997	5,412
LATIN AMERICA	12,882	2,439	5,644	7,530
Brazil	1,516	399	632	1,187
Chile	1,628	274	647	756
Colombia	2,524	453	1,202	1,510
Cuba	1,744	158	615	1,219
Dominican Republic	616	101	391	381
Ecuador	1,539	235	840	738
Guatemala	281	105	85	126
Haiti	49	18	24	13
Honduras	154	72	26	77
Nicaragua	558	198	166	90
Peru	1,462	267	611	1,072
Uruguay	811	159	405	361

MILITARY ASSISTANCE

UNITED NATIONS LOGISTICAL SUPPORT IN KOREA

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
	13,664	12,000	12,000

These funds will be used to reimburse the appropriations of the Military Departments for logistical support provided to the UN Forces in Korea during FY 1959. Since the beginning of the Korean War in June 1950 and through June of 1956, the U.S. has furnished logistical support to the other UN forces operating in Korea. The appropriations of the Military Departments provided this logistical 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 appropriations made available to the military assistance program. Since 1950, the value of this support has totalled approximately $400 million while reimbursements from the participating countries have amounted to $94 million.

The Armistice Agreement remains in effect in Korea as the basis for maintenance of peace with Communist forces in North Korea opposing those of the United Nations Command across the Demilitarized Zone. Logistic support to the other UN forces in Korea (Turkish, Thai, United Kingdom, French, Ethiopia, Greek) continues to be furnished by the U.S. The cost of furnishing this support during FY 1959 is estimated at $12.0 million. This estimate, based on a force level of approximately 5,740 men being maintained during FY 1959, has been developed from experiences in the maintenance of personnel and equipment during fiscal years 1957 and 1958.

MILITARY ASSISTANCE (In Thousands Dollars)	PROGRAMMED	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	13,664	13,664	-
Estimate F.Y. 1958	12,000	12,000	XXX
Cumulative 6/30/58	25,664	25,664	-

MISCELLANEOUS - Non-Regional

For FY 1959 a total of $6,825,000 is requested for offshore procurement (OSP) office expense and miscellaneous materiel programs. Of this amount $4,100,000 is for the OSP office expenses which will be used for administrative support in connection with OSP purchasing and contracting, including the obtaining of necessary manufacturing data and production items. The estimate for FY 1959 is somewhat less than for the preceding years and reflects a reduction in administrative expenses despite increased labor and travel cost. The remaining $2,725,000 is for common civilian type organization and base maintenance items such as batteries, aircraft tires, etc. Such items are to be supplied from a world-wide stockpile and are used primarily in aircraft repair and rehabilitation operations. This item of repair and rehabilitation expense is programmed and shown here separately because of its common use nature.

Special Prior year Programs

This item is a composite of a number of programs for which there are no new requirements in FY 1959 and for which there were only relatively small ones in the preceding year. These programs are not entirely completed. Funds for this purpose are programmed in the main for meeting costs of contract terminations and cancellations; for the completion of specialized production equipment and facilities for the production of aircraft for MAP; for operation of a logistical depot in the Far East; and for the completion of certain modification of aircraft or guided missiles resulting in improved military capabilities, operational performance, or configuration to permit them to perform a mission other than the one for which originally procured.

MILITARY ASSISTANCE

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
	23,139	5,450	6,825

MILITARY ASSISTANCE (In Thousands Dollars)	PROGRAMMED	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	429,156	299,681	129,475
Estimate F.Y. 1958	5,450	79,531	XXX
Cumulative 6/30/58	434,606	379,212	55,394

DEVELOPMENT LOAN FUND

This exhibit is placed in this Section of the Book for reference purposes and to complete the accounting for programs contained in the Non-Regional program totals.

The narrative and principal justification material are included in the document entitled "World Wide Summaries" under a separate tab for the Development Loan Fund.

Program Summary ($ in thousands)		
F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
	200,000	500,000

Relationship of Program to Appropriations

	FY 1958	FY 1959
Appropriation	300,000	625,000
Comparative Adjustment for Administrative Expenses Provided from Other Funds	118 a/	
Unobligated Balance Brought Forward		100,118
Total Availability	300,118 b/	725,118 b/
Estimated Obligations	200,000	500,000
Estimated Unobligated Balance	100,118	225,118

a/ This amount which was provided in FY 1958 from the Section 411(b) Administrative Expense Appropriation is shown for comparison purposes since it is proposed in FY 1959 to finance the administrative expenses of the Fund from the assets of the Fund.

b/ Excludes any receipts which may accrue from interest or repayments on loans, fees, etc.

Obligations and Expenditures $ in thousands

ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57			
Estimate F.Y. 1958	200,000	10,000	XXX
Cumulative 6/30/58	200,000	10,000	190,000

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UNITED NATIONS EXPANDED TECHNICAL ASSISTANCE PROGRAM
AND SPECIAL PROJECTS FUND

NON-REGIONAL

United States Interest: Providing assistance for the economic development of less developed countries is one important objective of United States foreign policy. Since the enactment of the Act for International Development in 1950 the United States has provided technical assistance both bilaterally and multilaterally. It is advantageous for the United States to utilize both the bilateral and multilateral channels of assistance. The multilateral approach has a number of advantages for the United States:

- Experts are recruited from 60 other countries, thereby lessening the demand on United States manpower in fields where 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.
- Countries frequently 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 United States from its strong support of the technical assistance activities of international organizations.

The Present Program: The present UN Technical Assistance Program covers a wide range of activities reflecting the needs and requests of recipient countries. Aid is given in the fields of agriculture, public health, education, community development, industrial production, public administration, labor productivity, and civil aviation. The program operates through assignment of experts, the granting of training fellowships, and the provision of a limited quantity of supplies and equipment. These present types of technical assistance will continue to be carried on by the United Nations and the seven specialized agencies listed in the accompanying chart.

The extensive geographical scope of the program is evidenced by the fact that nationals of 131 countries and territories were granted fellowships in the period 1950-56; these fellows were trained in 114 different host countries. Experts were sent to over 91 countries and territories; they were recruited for 80 different countries and territories. The 1958 program calls for assistance to 94 countries. Increasing emphasis is being placed on assistance to newly independent countries, such as Ghana, Malaya, Morocco and Tunisia--a trend which the United States has encouraged.

Technical assistance is essentially long-range in nature. In the past the program has helped virtually to eliminate malaria in

Program Summary ($ in thousands)

F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
15,500	15,500	20,000

DETAIL OF PROGRAM ($ in thousands)

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	11,200	13,900	25,100	55
1955	12,700	15,000	27,700	54
1956	14,400	14,400	28,800	50
1957	15,600	15,300	30,900	49.5
1958	15,700 a/	15,500 b/	31,200	45
1959 Est.	32,600 a/	20,000 a/	52,600	38

a/ Estimated.
b/ Will not exceed 45% of total contributions.

Obligations and Expenditures $ in thousands

ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	83,029	73,053	9,976
Estimate F.Y. 1958	15,500	15,976	XXX
Cumulative 6/30/58	98,529	89,029	9,500

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Formosa and yaws in Haiti. It has also had many such solid achievements as the training of 455 aviation students in Iran, the inauguration of an installment-purchase plan in Burma to provide industrial equipment to private businessmen, and the organization of a school of public administration in Central America which has trained over 140 students, including officials who are now high in their respective governments.

The New Program: There has been growing pressure in recent years from underdeveloped countries for an international development fund to be administered by the U.N. In the summer of 1957 the Economic and Social Council passed a resolution urging the General Assembly to proceed with the establishment of a Special United Nations Fund for Economic Development (SUNFED). The United States has consistently opposed such a move on grounds that adequate funds would not be available to make a multilateral economic development fund worthwhile until such time as there had been substantial progress towards international disarmament. At the 12th General Assembly, which convened in September 1957, the United States was faced with the alternative of having SUNFED established over United States opposition or of proposing some other concrete and feasible measure which would aid the economic development of the less developed countries, but would be more capable of realization than SUNFED. The United States took the initiative in proposing a substantial enlargement of the U.N. Expanded Technical Assistance Program from its present level of about $30 million to about $100 million, including the establishment of a special projects fund, designed to extend technical assistance in depth.

The special projects fund, as proposed by the United States, would be integrally related to the Expanded Technical Assistance Program and earmarked for such technical development projects as would provide concentration in depth on surveys, research, and training projects of basic importance to successful economic growth. This fund would help finance such projects as intensive surveys of water, mineral, and potential power resources, the establishment, including staffing and equipping, of training institutes in public administration, statistics, and technology, and of agricultural and industrial research and productivity centers. The U.N. Expanded Technical Assistance Program now operates in these fields in a limited way. Although the needs of the less developed countries requesting assistance from the U.N. are great, it has not been possible to provide more than a few experts and fellowships in response to any individual country's request. The new fund will enable the U.N. to give more systematic assistance in the fields listed and to support projects that require larger and more sustained assistance.

The proposed special fund is not an international capital development fund. It will not build bridges, dams, roads, power plants, or houses. The capital required for that kind of job is considerably beyond the resources which governments are prepared to make available. Rather it will do the more basic work of helping countries in a systematic way to train their manpower and assist them in using their resources more productively.

The General Assembly resolution provides that the existing administrative machinery will be used to the maximum extent possible in the administration of the special projects fund. A preparatory commission was established to report to the Economic and Social Council at its session in the summer of 1958 on the organization and administrative arrangements which would be required for the program, the precise type of projects which the special projects fund could carry out, and the resources which governments might be prepared to make available to the fund.

United States Contribution: It is proposed that the United States delegation to the pledging conference, which will be held during the 13th General Assembly, be authorized to offer to the calendar year 1959 program the amount of $38 million toward the total goal of $100 million, with the condition that the United States contribution will not exceed the percentage authorized by law. The Mutual Security Act of 1957 provided with regard to the United Nations Expanded Program of Technical Assistance that "the United States contribution to this program may constitute for the calendar year 1958 as much as, but not to exceed 45 per centum of the total amount contributed to the program for that period, for calendar year 1959 as much as but not to exceed 38 per centum of the total amount contributed to the program for that period, and for the calendar year 1960 as much as but not to exceed 33.33 per centum of the total amount contributed to the program for that period."

In view of the fact that the special projects fund will not undertake operations until January 1, 1959, it is presently estimated that the United States contribution to the expanded program plus the special projects fund, in implementation of the above-mentioned pledge, would be about $20 million. After pledges from other governments are determined, any additional funds which might be needed to meet the U.S. share of total contributions would be secured from the contingency funds. As initiator of the program's enlargement and of the special projects fund, it is important for the United States to be able to meet other government's pledges if they make possible a United States contribution larger than the $20 million figure. Only in this way can we retain the initiative and political benefits thus far achieved.

UNITED NATIONS EXPANDED TECHNICAL ASSISTANCE PROGRAM

The U.S. Delegation to the 12th General Assembly unanimously concluded that the percentage limitation on the U.S. contribution to the U.N. Technical Assistance Program, as provided for in the Mutual Security Act of 1957, would unduly restrict the size of these U.N. programs. It is hoped that the Congress will, as a result, give favorable consideration to a revision of the existing legislation, in order to make possible a United States contribution at a somewhat higher percentage.

UNITED NATIONS EXPANDED PROGRAM OF TECHNICAL ASSISTANCE

Program for Calendar Year 1958

Summary by Agency and Major Cost Components

(Dollars in thousands)

	Technicians		Fellowships		Supplies and	Total
	No.	Cost	No.	Cost	Equipment	Cost
Food and Agriculture Organization	490	5,387	538	1,130	290	6,807
World Health Organization	346	3,804	350	735	200	4,739
International Labor Organization	166	1,824	375	787	115	2,726
United Nations Educational, Scientific and Cultural Organization	312	3,430	187	393	170	3,993
International Civil Aviation Organization	69	763	127	267	45	1,075
International Telecommunication Union	20	220	32	67	12	299
World Meteorological Organization	17	187	43	90	12	289
United Nations Technical Assistance Administration	396	4,360	380	798	225	5,383
Total	1,816	19,975	2,032	4,267	1,069	25,311
Operational Services						2,538
Administrative Costs						1,896
Technical Assistance Board and Resident Representatives						1,967
Total Program						31,712

NON-REGIONAL

UNITED NATIONS EXPANDED PROGRAM OF TECHNICAL ASSISTANCE

Approved Program for Calendar Year 1958

Summary by Specialized Agency and Geographic Region

(Dollars in thousands)

Agency	Africa	Asia and Far East	Europe	Latin America	Middle East	Inter-Regional	Total
Food and Agriculture Organization	893	1,898	443	2,034	1,388	151	6,807
World Health Organization	961	1,780	131	1,078	769	20	4,739
International Labor Organization	246	878	308	815	461	18	2,726
United Nations Educational, Scientific and Cultural Organization	506	1,628	146	979	734		3,993
International Civil Aviation Organization	98	236	44	227	470		1,075
International Telecommunication Union	38	79	15	55	112		299
World Meteorological Organization	84	22	17	87	79		289
United Nations Technical Assistance Administration	429	1,881	549	1,424	1,080	20	5,383
Total	3,255	8,402	1,653	6,699	5,093	209	25,311

UNITED NATIONS EXPANDED TECHNICAL ASSISTANCE PROGRAM

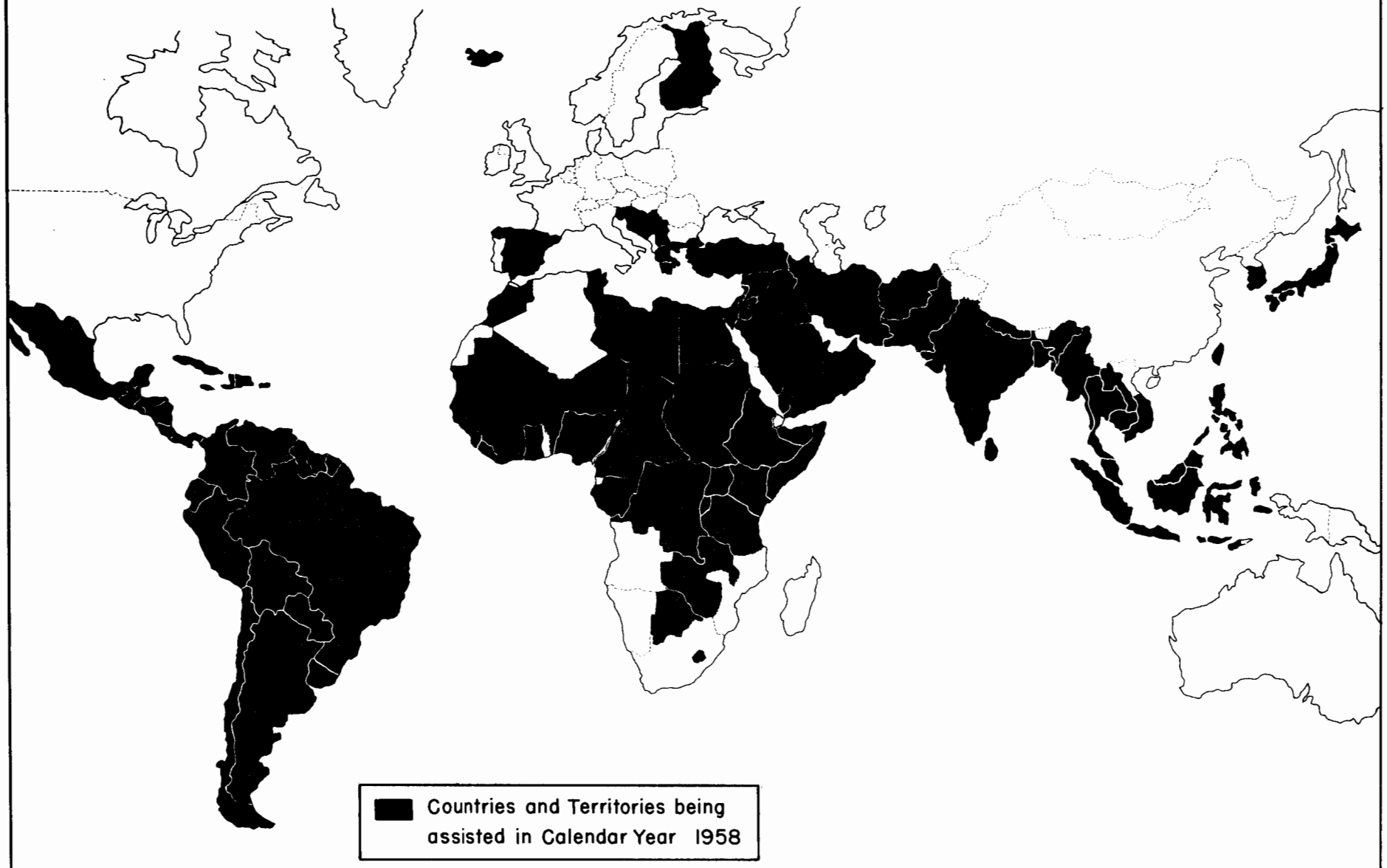
Pledges to Central Fund by Calendar Year

(In dollars)

Country	CY 1950-51	CY 1952	CY 1953	CY 1954	CY 1955	CY 1956	CY 1957	CY 1958 a/
Argentina	200,000	200,000	200,000	300,000	83,333	360,000	360,000	360,000
Australia	400,921	190,000	400,000	400,000	500,000	500,032	500,000	625,000
Belgium	270,000	270,000	297,000	337,500	337,500	437,500	437,500	437,500
Brazil	459,459	459,459	374,551	219,135	270,270	751,351	751,351	832,432
Canada	772,727	750,000	800,000	1,500,000	1,500,000	1,800,000	2,000,000	2,000,000
Denmark	95,555	108,585	434,342	434,342	550,166	579,123	579,123	579,123
France	1,207,500	1,064,643	1,207,500	1,207,500	1,450,357	1,450,357	1,450,357	1,542,857
Germany, Fed.Rep.		119,048	148,810	148,810	148,810	297,619	447,619	447,619
India	250,000	275,000	275,000	300,000	400,000	450,000	500,000	525,000
Netherlands	400,000	400,000	421,053	600,000	660,000	760,000	974,000	1,092,500
Norway	34,999	55,999	69,999	97,998	380,792	380,792	380,792	
Sweden	96,525	357,336	386,623	483,279	579,934	695,921	792,577	792,577
Switzerland	233,645	218,862	231,852	233,372	233,372	233,645	350,467	350,467
United Kingdom	2,128,255	1,260,151	1,400,168	1,820,218	2,240,000	2,240,000	2,240,000	2,240,000
U.S.S.R.			1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Subtotal	6,549,586	5,729,083	7,646,898	9,082,154	10,334,534	11,936,340	12,763,786	12,825,075
Other Governments	1,479,084	1,668,149	1,906,682	2,077,093	2,332,173	2,483,090	2,808,221	2,908,578
Subtotal	8,028,670	7,397,232	9,553,580	11,159,247	12,666,707	14,419,430	15,572,007	15,733,653
United States	12,007,500	11,400,000	12,767,145	13,861,809	15,000,000	14,419,430	15,286,188	15,500,000 b/
Total	20,036,170	18,797,232	22,320,725	25,021,056	27,666,707	28,838,860	30,858,195	31,233,653

a/ Pledged as of December 31, 1957.
b/ Maximum pledge; pledged subject to the condition that the United States contribution will not exceed 45% of total contributions.

UNITED NATIONS EXPANDED TECHNICAL ASSISTANCE PROGRAM



NON-REGIONAL

INTERREGIONAL PROGRAM EXPENSES

Interregional Program Expenses cover the costs of necessary supplementary and backstopping services for ICA technical cooperation and other programs where it would be uneconomical from an accounting standpoint, or otherwise impracticable, to charge such services directly to individual projects or country or regional assistance funds. They do not constitute a separate request for funds as they are already included in the totals requested for technical cooperation and other categories of aid.

The amounts included are closely related to the numbers of participants, technicians and other activities for which services must be provided and thus cannot be adjusted significantly except as a result of corresponding adjustments in the size of the general technical cooperation and other programs which they serve.

The costs involved differ from ICA administrative costs in that the purpose of the expenditures is to provide services to cooperating countries, directly or indirectly, rather than to the U.S. Government as such. They differ from regular ICA program expenses in that they are not directly requested by cooperating countries but rather are requested by implication in the request for the basic assistance which these services support. Thus, for example, a country which requests ICA assistance in training a certain group of participants in a particular technical field will sign a request covering the transportation, per diem, and direct tuition expenses of the participants involved. This request should logically also cover the costs of providing a project manager to arrange the training; interpreters, where necessary; etc. However, it would be a complex and expensive cost accounting operation to allocate such costs directly to each group of participants. These supporting costs are therefore charged to the interregional fund.

For purposes of internal ICA handling, these interregional program expenses are subdivided into two categories: "interregional project expenses" and "interregional program support expenses." The former covers primarily expenses which are made through contracts with private firms, universities, etc., while the latter involves services performed by U.S. Government-employed personnel, either directly in ICA or in other government agencies on behalf of ICA.

Expenses chargeable to Technical Cooperation funds are not reflected in 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.

Program Summary ($ in thousands) a/

F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
11,386	13,500	15,000

DETAIL OF PROGRAM ($ in thousands)

	FY 1957	FY 1958	Proposed FY 1959
Interregional Project Expense	3,274	3,101	3,240
Interregional Program Support Expenses	9,364	10,829	11,900
Total Interregional Program Expenses	12,638	13,930	15,140
Deduct amounts financed from appropriations other than Tech. Coop. and included in appropriate regional program totals:			
Special Assistance		-300	-140
Joint Control Areas	-149	-130	
Defense Support	-1,103		
Balance financed from Technical Cooperation (Non-Regional)	11,386	13,500	15,000

a/ Includes obligations of Technical Cooperation funds only. Information related to obligations of other appropriations listed in "Detail of Program" is included in appropriate regional program totals.

Obligations and Expenditures $ in thousands a/

ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	29,911	25,821	4,090
Estimate F.Y. 1958	13,500	12,590	XXX
Cumulative 6/30/58	43,411	38,411	5,000

Under the provisions of Section 522(f) of the Mutual Security 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.

Types of Services Provided

Services to foreign participants receiving training in the United States or elsewhere: Bringing an individual or group from a cooperating country to the United States or elsewhere, for training in or observation of advanced techniques in their particular field of interest, is a key element in all technical cooperation activities and is also an important aspect of some defense support and special assistance projects. To arrange a suitable training program, and carry it out effectively, necessarily requires an extensive array of supporting services. These include the time of project managers and training supervisors in ICA and other government agencies or on contracts with private institutions; orientation; provision of interpreters, where necessary; refresher courses in English; accident and health insurance coverage, etc.

Thus, under an agreement with the State Department, its Receiption Centers meet incoming participants at ports of entry, 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 being immediately plunged into his technical training, the newly-arrived foreigner is given a period of orientation at the Washington International Center which is operated by the American Council on Education. 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 team.

The total amount of the interregional program expenses which are expected to be utilized for such services to participants in FY 1959 is $7.23 million. It is estimated that ICA and participating agencies will handle more than 7,000 participants in the U.S. (more than 5,000 arrivals and more than 2,700 carry-overs from prior years) and that there will be more than 2,000 participants in third country training locations in FY 1959.

It should be pointed out that the numbers for which services are required differ from the numbers of participants reflected in FY 1959 general estimates for technical cooperation and other funds since there is a time lag of several months between the provision of funds for a training project and the actual arrival of the participants. Thus, the bulk of the participants arriving in FY 1959 will have been funded from FY 1958 appropriations, except for the service costs under discussion.

Backstopping and support services for U.S. technicians in the field: The second major element in the technical cooperation program is the sending of U.S. technicians abroad to advise and assist cooperating countries in improving their technology in various fields. In FY 1959 ICA expects to have approximately 3,350 such technicians in the field on a direct employment basis and a further 2,500 who are working under ICA-financed contracts with American universities, institutions and business firms. To make the work of these technicians effective also requires a number of support and backstopping services.

Thus, they utilize the normal administrative services of the U.S. embassies in the various countries on such matters as payroll, transportation arrangements, personnel services, communications, disbursing, etc., thereby eliminating to the maximum extent possible the establishment of separate ICA facilities for these purposes. On the substantive side of their work, a technician in agriculture needs to have access to the vast storehouse of technical information and knowledge in his field which is available in the U.S. Department of Agriculture and the land grant college system. Similar backstopping services are rendered by most all major agencies of the U.S. Government. The normal budgets of these agencies, of course, do not contain provisions for these services and it is therefore necessary for ICA to reimburse such agencies for the expenses involved.

Again, there are certain "stand-by costs" which are essential to maintaining a corps of technicians in various fields ready and able to meet the requests of cooperating countries on short notice. ICA and its predecessor agencies have been handicapped in the past by the necessity of recruiting all technicians on an ad hoc basis, starting when a request came in from a country. With several years of experience of program requirements behind it, it was possible in FY 1958 for ICA to institute an overseas personnel program which provides for certain measures of advanced

recruitment to anticipate needs and arrangements for maintaining technicians on the rolls for a limited period between assignments, recruiting and training junior technicians, and some retraining for technicians after a number of years in the field. It is planned to increase these services slightly in FY 1959. The costs of these arrangements are also charged to the interregional program expenses account.

Finally, the technician in the field requires access to printed and audiovisual materials of various types to use in his major role of training local personnel and transmitting his "know-how" to them. The interregional program expense account also covers basic costs of providing such training materials to technicians.

The total amount which it is anticipated will be required for services to technicians in FY 1959 is $6.88 million.

Other Interregional Program Expenses: The interregional program expense account is also utilized to finance certain other activities and services which contribute to the over-all effectiveness of ICA assistance to cooperating countries.

Thus, for example, major survey and construction projects proposed for financing from defense support or special assistance may require intensive technical review to assure the proposing country and ICA that they are sound from a technical and engineering standpoint. The cost of ICA staff time and certain general contract engineering services used for this purpose are charged to the interregional program expenses account.

Again, there are a number of forms of "non-personal" technical assistance to cooperating countries which involve such small units of service that it is not feasible to document them as individual projects and charge them to each country's allotment of U.S. aid. These include such matters as the handling of requests for information about various technical processes; the making of various studies of advanced agricultural techniques; and the preparation of analytical information on a variety of matters from low cost housing construction methods to U.S. labor practices. Such activities make up the final component in the interregional program expenses account.

Altogether, these activities will require approximately $1 million in FY 1959.

Obligation Trends

Interregional program expenses as proposed will total approximately $15,140,000 in FY 1959 ($15,000,000 Technical Cooperation and $140,000 Special Assistance) as compared with a program of $13,930,000 in FY 1958 under the reduced ICA appropriations. The major elements in this increase on the interregional projects side of the estimate are primarily for increased costs of providing interpreter services for participants. This is required because of the increase in the proportion of participants requiring interpreter services.

On the side of interregional program support expenses, the anticipated increases compared with FY 1958 are largely attributable to:

1. An increase of $285,000 in the overseas personnel program. This amount provides for approximately 28 man-years of employment plus travel and other expenses.

2. An increase of $666,000 is required for State support to provide for the rising level of ICA programs, implementation of the vehicle replacement program, dependents medical care program, annualization of costs at USOMs opened in FY 1958 local wage and other price increases.

3. An increase of $100,000 is estimated for services performed by participating agencies.

A functional summary of Inter-Regional Program Expenses proposed for FY 1959 follows:

	Project Expense	Program Support Expense	Total
Participant Services	$2,261.6	$ 4,974.1	$ 7,235.7
Technician Services	399.8	6,476.6	6,876.4
Special Projects	578.6	449.3	1,027.9
Total	$3,240.0	$11,900.0	$15,140.0

NON-REGIONAL CONTINGENCY FUND

This exhibit is placed in this Section of the book for reference purposes to complete the Accounting for programs contained in the Non-Regional program totals.

The narrative and principal justification material are included in the document entitled "World Wide Summaries" under a separate tab for the Contingency Fund.

Program Summary ($ in thousands)		
F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
	60,797	200,000

DETAIL OF PROGRAM ($ in thousands)

Obligations and Expenditures $ in thousands

ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57			
Estimate F.Y. 1958	60,797	5,000	XXX
Cumulative 6/30/58	60,797	5,000	55,797

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NON-REGIONAL

MIGRANTS, REFUGEES AND ESCAPEES

U.S. Interests: The United States has a continuing interest in efforts to reduce the numbers of refugees in the Free World, because refugees remaining in an unsettled state aggravate the economic and political problems of their countries of asylum. This is particularly true when the numbers of refugees are out of proportion to the populations of the countries which have afforded them asylum since they create burdens beyond the capacities of these countries to bear without external assistance.

Many of the countries of first asylum - Austria, Greece and Italy, particularly - must seek opportunities for emigration abroad for their own nationals if their economies are to remain in balance. They lack the resources to maintain additional refugees on their territories for more than temporary periods of time. Germany has been receiving over 250,000 refugees from East Germany annually and has consequently been unable to absorb all the refugees from Soviet-controlled countries in Eastern Europe remaining in Germany since the war. The numbers of these older unsettled refugees are constantly augmented by the escapees currently fleeing Communist countries in Eastern Europe.

Though the great majority of the Hungarian refugees of 1956 and early 1957 have found permanent homes abroad, some 19,000 remain in Austria awaiting permanent resettlement and many, given temporary asylum in Western European countries, must still seek permanent settlement overseas. The response of the West to the Hungarian revolution was immediate and dramatic. As interest has waned, however, the Hungarian refugees still awaiting resettlement have been added to the residual refugees of earlier years remaining unsettled. An increased flow of over two thousand refugees from Yugoslavia monthly into Austria and Italy has substantially aggravated the existing problems of reception, care and emigration in those two countries.

As long as these conditions prevail, the United States, which is concerned with the strength and defensive posture of friendly allied countries in Europe, has an interest in providing leadership and assistance in reducing the numbers of unsettled refugees to manageable proportions. The United States is also interested in maintaining effective asylum for those who constantly flee Communist countries to seek freedom in the West. The maintenance of asylum dramatically refutes Soviet propaganda that the western world is disinterested in escapees who reject Communism and seek an opportunity to live in dignity and self-dependence, and gives concrete expression of the concern and friendship of the western world for the captive peoples of Eastern Europe.

Program Summary ($ in thousands)

F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
52,875	28,108	22,300

DETAIL OF PROGRAM ($ in thousands)

Activity	FY 1957	FY 1958	Proposed FY 1959
Migrants, Refugees and Escapees:	52,875	28,108	22,300
ICEM a/	12,500	12,500	12,500
UNREF	1,900	2,233	
UN High Commissioner for Refugees a/			1,200
Escapee Program a/	5,989	5,850	8,600
Hungarian Refugee Program	31,723	7,500	
Algerian Refugees		25	
Egyptian Refugees	763		

a/ Shown as separate program on following separate statements.

Obligations and Expenditures $ in thousands

ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	121,500	92,494	29,006
Estimate F.Y. 1958	28,108	39,064	XXX
Cumulative 6/30/58	149,608	131,558	18,050

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MIGRANTS, REFUGEES AND ESCAPEES

The Continuing Programs: There are three agencies through which the United States acts to achieve its objectives in this area of interest; the Intergovernmental Committee for European Migration (ICEM), the Office of the United Nations High Commissioner for Refugees (UNHCR), and the United States Escapee Program (USEP). All work closely together and coordinate their activities on the international and country level. Each agency concentrates on a specific aspect of the total problem: ICEM on the overseas movement of refugees who have secured visas to immigration countries, the United Nations High Commissioner on establishing on a permanent basis the older refugees who must remain in their present countries of residence permanently, and USEP on the more recent escapees from Communism who have political significance in the struggle against Communism. Each organization has a different supporting constituency which supplies the funds for operations. The Office of the High Commissioner draws support from members of the United Nations. ICEM pools the contributions of twenty-seven member governments especially interested in migration in order to secure the movement of persons who would not otherwise be moved. USEP is a U.S. program supported by Congressional appropriations and serving specific United States interests. By participating in and contributing to the UNHCR and ICEM, the United States gives leadership to the combined efforts of other governments and encourages the application of their resources and contributions to the relief of the total refugee problem. The supplementary assistance supplied by USEP to refugees in the first years after escape from their oppressors encourages the countries of first asylum to maintain hospitality for refugees in the name of all the governments of the Free World.

Hungarian Refugee Program: During 1957, the Free World was generous in offering asylum and assistance to the refugees who fled from Hungary following the revolt of October 1956. Out of 200,000 who had arrived in Austria and Yugoslavia by December 31, 1957, a total of 169,861 Hungarian refugees had moved onward to second countries of asylum. Of this number nearly 38,000 had been accepted by the U.S., 22,600 by Canada, 20,600 by the U.K., 14,300 by Germany, 11,900 by Switzerland and 10,200 by France. It is reported that 19,000 Hungarian refugees were still present in Austria on December 31, 1957; all of the Hungarian refugees have now left Yugoslavia. The remainder either voluntarily returned to Hungary or decided to settle in Yugoslavia.

The Free World in a little over one year has thus absorbed successfully the major portion of the Hungarian refugees. Unfortunately, there still remains a large group of these refugees who will require assistance before they may be considered self-sufficient and productive citizens. In addition to the Hungarians remaining in Austria, it is estimated that nearly 22,000 Hungarians in other countries of Western Europe will require some form of international assistance. Approximately 15,000 Hungarian refugees will be resettled overseas and 2,400 will be integrated into the Western European economy by the end of 1958. However, during 1958 and 1959 reestablishment of Hungarians cannot be accomplished with the same ease as during 1957 when countries of asylum made extraordinary efforts to accept Hungarian refugees in the first days after the revolt. The large number of Hungarians already resettled have absorbed most of the immigration opportunities and the resettlement of individual cases will become increasingly difficult. For this reason, during 1959, Hungarians will be treated on the same basis as other Iron Curtain escapees and will be assisted through the normal operations of USEP and ICEM rather than through special mass resettlement schemes. Under these circumstances, no special separate presentation for FY 1959 has been prepared on Hungarian refugees. Requirements for assistance to this group are included in the regular presentations for USEP and ICEM.

Other Special Refugee Programs: Two other recent refugees problems have been of direct concern to the United States. Late in 1956, the Egyptian Government adopted measures aimed to enhance the position of the indigenous population which seriously jeopardized the possibility for a future livelihood of the foreign minorities long resident in Egypt. Greeks, Italians and Jews were particularly affected and were forced to seek emigration to other countries. Arriving in France, Italy and Greece they required temporary assistance, provided under the auspices of the UN High Commissioner for Refugees, before they could be moved on, with the aid of ICEM, to Israel and overseas countries such as Argentina, Brazil and Australia. The movement, which involved over 15,000 persons requiring assistance in 1957, is continuing in 1958 and may persist in 1959.

As a result of disorder and strife in Algeria, by October, 1957, about 53,000 Algerians had sought refuge in Tunisia, a country ill-prepared to cope with an influx of such magnitude. Of the total number, the UN High Commissioner estimated that 7,000 old men, 14,000 women, and 14,000 children were prime facie within his mandate. On their behalf he issued an appeal to various governments for assistance in meeting critical needs for food and clothing. In response, the U.S. made a contribution as an indication of this country's humanitarian interest in the refugees and to encourage other contributions. The funds for Algerian refugees are to be treated, expended, and accounted for separately from the UN Refugee Fund. Additional assistance in the form of foodstuffs is planned under the provisions of Title II of P.L. 480.

INTERGOVERNMENTAL COMMITTEE FOR EUROPEAN MIGRATION

U.S. Interests: Activities undertaken by the Intergovernmental Committee for European Migration (ICEM) serve United States interests by (1) promoting political and economic stability by moving surplus populations out of certain European countries; (2) assisting developing economies overseas by providing needed manpower; and (3) moving refugees from Communism to countries of settlement.

Background and Development: The United States took the initiative in organizing ICEM at the Brussels Conference on Migration in 1951. Now composed of 27 government members, ICEM is an international agency which collaborates closely with United Nations bodies but is not a part of the U.N. system.

The purpose of ICEM is to facilitate and increase the movement of migrants and refugees out of Europe and simultaneously to supply needed manpower to the developing economies of overseas immigration countries, such as Australia, Canada, Latin American countries, New Zealand, South Africa and Rhodesia. Austria, Italy, Spain, The Netherlands and Greece are overpopulated countries in Europe. Selected emigration must still take place from Germany, because of her unbalanced population structure and the continuing arrival of German refugees from Soviet-controlled areas. The United States is interested in securing economic and political viability in these friendly allied countries in Europe. This continuing effort will be vitiated or retarded in realization as long as these countries in Europe remain overburdened by more nationals and refugees than their economies, in terms of space and capital investment, can absorb.

ICEM's program also aids in maintaining effective initial asylum in the Western European countries for the refugees constantly arriving from Soviet-controlled areas in Eastern Europe. Such asylum cannot be provided unless those who need to emigrate, indigenous migrants and refugees alike, are able to do so in sufficient numbers to relieve the population pressures in their countries of residence. Failure to maintain a commensurate outflow from Europe will intensify conditions in which Communist philosophies thrive and spread. The full benefits of earlier United States economic assistance to these countries in Europe cannot be realized as long as substantial numbers of unemployed constitute a drag upon the economies of these countries. The transfer of these manpower resources to overseas areas where they can be utilized also adds to the strength of the western democracies.

Section 405(a) of the Mutual Security Act of 1954 provided continuing authority for appropriations and for U.S. participation in

Program Summary ($ in thousands)

F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
12,500	12,500	12,500

Movement of Migrants a/

	Estimate CY 1957	Estimate CY 1958	Proposed CY 1959
Number of Migrants	130,590	159,440	145,100

From: Austria, Germany, Greece, Italy, Netherlands, Spain and others

To: Argentina, Australia, Brazil, Canada, Chile, Colombia, Rhodesia, Nyasaland, Israel, New Zealand, U.S.A., Union of South Africa, Uruguay, Venezuela and others

a/ Numbers of migrants relate to movements financed from ICEM appropriation. Movements of Hungarian Refugees financed from Sec. 401 funds not included.

Obligations and Expenditures $ in thousands

ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	58,694	52,962	5,732
Estimate F.Y. 1958	12,500	12,732	XXX
Cumulative 6/30/58	71,194	65,694	5,500

ICEM on the basis of ICEM's Constitution which came into force in October 1954.

ICEM organizes and provides transport for migrants and refugees on migrant routes where commercial transport is inadequate or non-existent. By pooling the financial contributions of governments, migrants and voluntary agencies, more migrants are assisted to move at lower costs than would otherwise be possible. ICEM also assists the Latin American countries to improve their public administrative agencies dealing with immigration and provides processing facilities for emigration and reception and placement services for migrants on arrival in the countries of destination.

Accomplishments: ICEM moved 709,568 migrants and refugees out of Europe between February 1, 1952 and November 30, 1957, including 60,508 Hungarian refugees. Well over one-third of ICEM movements have consisted of refugees. Another third has been composed of wives and children joining family breadwinners who have preceded them to countries of immigration. This latter movement contributes substantially to the stability of current immigration movements in the countries of reception.

It is estimated that ICEM will have moved approximately 178,500 persons out of Europe in 1957, including 51,000 Hungarian refugees. In addition to the Hungarian refugees actually moved, ICEM assisted in organizing the assembly and departure of some 60,000 Hungarian refugees for whom transport facilities were supplied directly by the governments receiving them. Hungarian refugees, of necessity, have been moved without cost to themselves. Normal migrants and other refugees are required either to make payments in advance of movement or repayments on loans after arrival in the country of destination, to the extent of their capacities. Loans for transport are made from revolving funds supplied jointly by ICEM and interested voluntary agencies. The payments of migrants to the costs of their transportation have shown a steady increase year by year.

The costs of some movements accomplished by ICEM are fully reimbursed by the joint payments of sending and receiving governments. Otherwise, governments either contribute to ICEM's free funds for operations or on a per capita basis for persons moved by ICEM to or from their territories. These per capita payments by governments have also increased year by year. For instance, Australia now contributes $100 per migrant from Europe, Italy $60 per emigrant moving to the Western Hemisphere and $70 for one moving to Australia, and The Netherlands $60 to the Western Hemisphere and $100 to Australia. The Latin American countries contribute from $45 to $57 per immigrant received. The present United States contributions to ICEM's operational expenditures of $74.90 per person moved out of Europe supplies in main the additional funds required for transport beyond the contributions of other governments and the payments of the migrants themselves.

Problems: In the past three years movements under ICEM auspices have been increasingly heavy to Australia, entailing increased transport costs. Shipping costs have also increased. Movements to Latin American countries have required more and better organized reception and placement services at the ports of arrival. The number of ships available in the world shipping market for migrant passage has been constantly shrinking and ICEM has found it necessary to organize increasing air transport on a corresponding scale to keep migrants moving. There is growing demand in the receiving countries for better balance in their total immigration intake between skilled and non-skilled migrants. In response to this demand ICEM has supplied technicians to assist emigration countries such as Italy and Greece to organize and administer language, orientation and vocational training courses for emigrants selected for overseas movement. Attention has also been given to improving procedures in the selection, trade testing and medical examinations of potential migrants. ICEM has supplied technical assistance to the Latin American countries and Rhodesia in planning projects for the settlement of immigrants and nationals on the land. New outlets for emigration from Europe to countries in Africa are constantly being explored and developed.

Proposed FY 1959 Program

The present estimate of total movement out of Europe under ICEM auspices in calendar year 1959 is 145,000, including 10,000 Hungarian refugees temporarily resident in European countries. The movement of normal migrants from The Netherlands, Spain, Italy and Greece is expected to increase as the numbers of Hungarian refugees remaining in Europe to be moved overseas are reduced. The largest movements will be from Italy, The Netherlands and Spain. Australia is expected to be the most important receiving country.

The request for appropriation for FY 1959 to cover the United States contribution to ICEM for the calendar year 1959 is in the amount of $12,500,000--$925,511 for administrative costs and $11,574,489 for operational costs of the movement of an estimated 145,000 persons from Europe. The contribution toward the administrative costs is obligatory on members. The United States share, $925,511, is 29.76% of the estimated total of $3,109,917. Contributions of member governments toward the operational costs are voluntary. A condition imposed on the United States

contribution to operations by administrative action since 1955 is that such contribution shall not exceed 45% of all government contributions in cash to such expenditures.

The Mutual Security Appropriation Act, 1958 (Public Law 85-279, 85th Congress) repeated earlier legislation by including a provision in the appropriation for ICEM to the effect that none of the funds appropriated could be used directly in the movement to the Western Hemisphere of any person 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 provision of legislation. These procedures are constantly under review, have been found effective, and will be maintained in 1959.

INTERGOVERNMENTAL COMMITTEE FOR EUROPEAN MIGRATION

Relationship of United States Contributions to Total Contributions of all Members to Administrative Costs

(In dollars)

	Actual CY 1956	Percent	Estimate CY 1957	Percent	Program CY 1958	Percent	Proposed CY 1959	Percent
Contributions in cash:								
United States	771,647	30.87	775,807	29.67	944,705	29.76	925,511	29.76
Other Governments	1,772,052	70.90	1,838,702	70.33	2,229,707	70.24	2,184,406	70.24
Total contributions of member governments	2,543,699	101.77 a/	2,614,509	100.00	3,174,412	100.00	3,109,917	100.00

Relationship of United States Contributions to Total Contributions of all Members to Operational Costs

Contributions in cash:								
United States	10,834,656	45.59	15,005,825	36.86	12,678,795	41.76	11,574,489	37.27
Other Governments	12,982,073	54.41	25,698,219	63.14	17,675,432	58.24	19,478,736	62.73
Total contributions of member governments	23,816,729	100.00	40,704,044	100.00	30,354,227	100.00	31,053,225	100.00

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

Contributions in cash:								
United States	11,606,303	44.02	15,781,632 b/	36.43	13,623,500 c/	40.63	12,500,000	36.58
Other Governments	14,754,125	55.98	27,536,921	63.57	19,905,139	59.37	21,663,142	63.42
Total contributions of member governments	26,360,428	100.00	43,318,553	100.00	33,528,639	100.00	34,163,142	100.00

a/ Total exceeds 100% because additional governments joined during the year and existing percentages could not be adjusted downward.
b/ Of total U.S. contribution, $15,781,632; $12,500,000 appropriated for contribution to ICEM; $3,281,632 from MSA, Sec. 401 funds.
c/ Of total U.S. contribution, $13,623,500; $12,500,000 appropriated for contribution to ICEM; $1,123,500 from MSA, Sec. 401 funds.

NON-REGIONAL

INTERGOVERNMENTAL COMMITTEE FOR EUROPEAN MIGRATION

MOVEMENT OF MIGRANTS

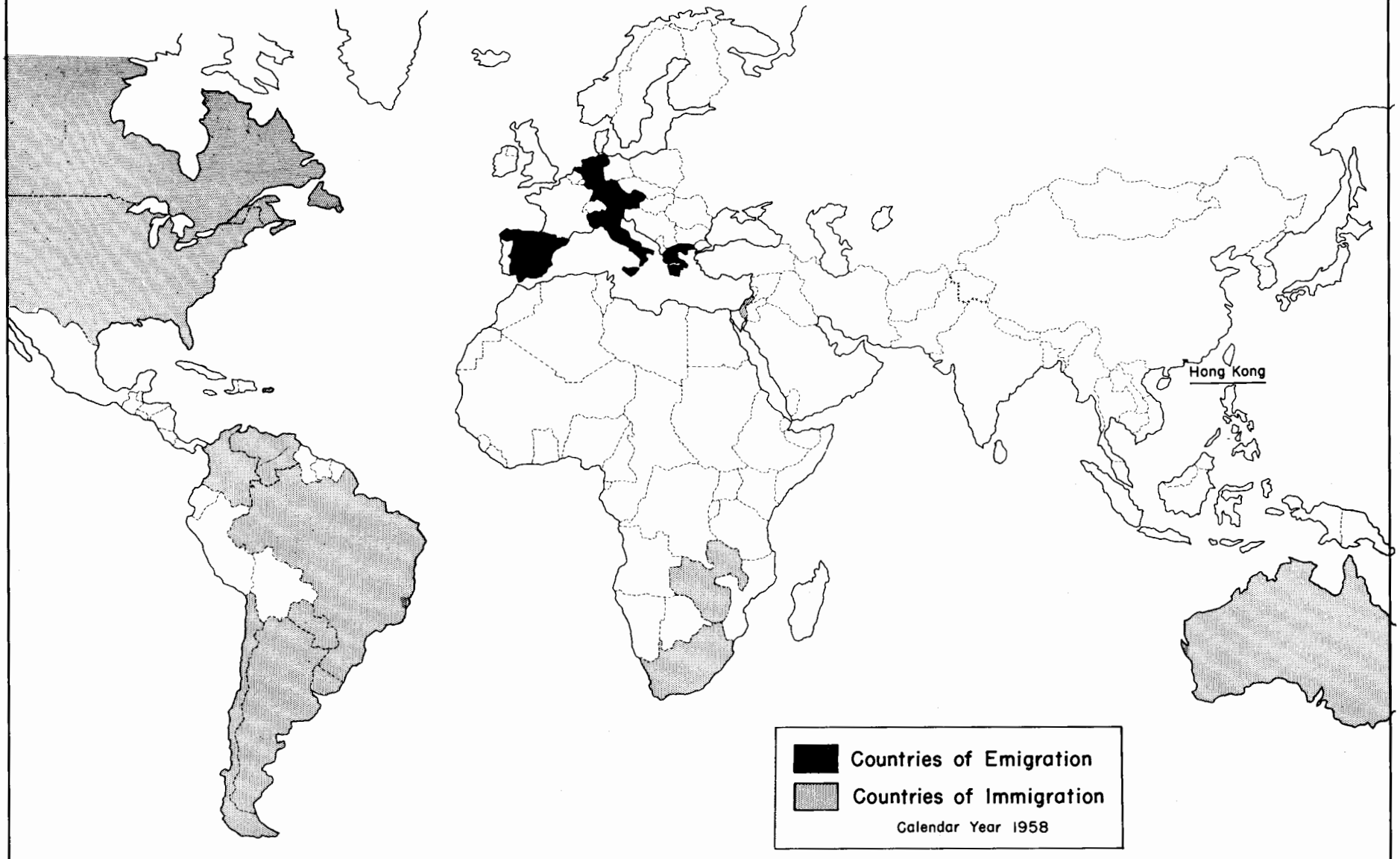
Comparative Summary of Movement of Migrants and Refugees

From	Actual CY 1956	Estimate CY 1957	Estimate CY 1958	Estimate CY 1959
Austria	14,778	8,920	11,830	9,620
Germany	32,478	20,865	14,120	10,730
Greece	11,805	8,620	9,560	10,080
Italy	38,981	42,190	46,650	46,620
Netherlands	12,699	8,910	12,200	15,800
Spain		11,190	11,260	17,290
Near East & Far East	1,191	2,983		
Others	15,536	26,915	38,820	24,960
Total Normal Movements	127,468	130,593	144,440	135,100
Hungarian Refugees	11,803 a/	51,423 b/	15,000	10,000
Total Movements	139,271	182,016	159,440	145,100

To	Actual CY 1956	Estimate CY 1957	Estimate CY 1958	Estimate CY 1959
Argentina	8,702	16,995	19,490	21,990
Australia	39,942	30,000	39,450	45,750
Brazil	5,966	10,520	11,540	13,550
Canada	7,751	25,230	12,650	12,050
Chile	379	690	580	780
Colombia		880	1,320	1,800
Rhodesia & Nyasaland	1,920	1,825	2,680	2,860
Israel	5,600	10,290	24,500	15,000
New Zealand	1,499	1,900	2,120	2,120
U.S.A.	48,330	19,200	16,450	3,620
Union of South Africa	103	2,355	3,000	3,200
Uruguay	1,674	1,845	2,040	2,040
Venezuela	4,922	7,815	8,180	9,980
Others	680	1,048	440	360
	127,468	130,593	144,440	135,100
	11,803 a/	51,423 b/	15,000	10,000
	139,271	182,016	159,440	145,100

a/ The movement of Hungarian refugees in 1956 was to Australia 1,119, Canada 3,524, Israel 701, the United States 5,996, Other Countries 463.
b/ The movement of Hungarian refugees in 1957 was approximately as follows: To Argentina 1,222, Australia 11,665, Brazil 1,845, Canada 22,913, Israel 1,608, United States 8,661, New Zealand 857, South Africa 1,285, and Other Countries 1,367.

INTERGOVERNMENTAL COMMITTEE FOR EUROPEAN MIGRATION (ICEM)



NON-REGIONAL

UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES PROGRAM

United States Interests: United States support of the program of the U.N. High Commissioner for Refugees (UNHCR) is based on political, economic and humanitarian considerations. Refugees who live under substandard conditions either in camps or outside are an easy and profitable target for Soviet and satellite redefection campaigns. Much effort has gone into these campaigns and a considerable number of redefections have resulted. Each redefection is a political defeat for the free world. Unless refugees are assimilated into the free world they become a political liability since they provide living testimony of our lack of concern for their plight. As refugees are settled in communities under normal conditions they are not likely to respond positively to repatriation efforts.

The UNHCR program will strengthen the countries of asylum by relieving them of the economic burden of maintaining camps and supporting a large body of unproductive people. The standards under which many of the "long time" refugees are living are extremely bad. These refugees feel unwanted and despondent. Their situation, even apart from political and economic considerations, calls for a solution on humanitarian grounds.

Background: The UNHCR program is a voluntary United Nations program authorized by a General Assembly Resolution of December 2, 1957. This Resolution was adopted in recognition of the dynamic and unpredictable nature of the refugee problem generally and of certain refugee problems remaining at the end of 1958 which asylum countries could not reasonably be expected to handle without international assistance. These problems might have been more fully resolved had it not been for the burden which the Hungarian refugees presented to the countries of asylum and to the several organizations dealing with refugee matters during the preceding year.

The UNHCR program, which will begin in 1959, will permit the initiation of emergency appeals and programs to meet new emergency refugee situations as they might arise and will make it possible to complete the camp closure and other programs which are expected to remain unfinished on termination of the United Nations Refugee Fund (UNREF) on December 31, 1958. The establishment of the new program will encourage an annual review of the refugee programs in order to relate them to current conditions. Programs which have achieved their objectives will be dropped. Programs which are in mid-stream may be revised and continued. The balance among all programs will be reassessed to ensure that the total represents a realistic approach to the entire refugee situation since the last annual review.

Program Summary ($ in thousands)

F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
1,900	2,233	1,200

DETAIL OF PROGRAM ($ in thousands)

Comparative Summary of U.S. Contributions to Calendar Year Programs

UNREF Program	Total	FY 1956 Funds	FY 1957 Funds	FY 1958 Funds	FY 1959 Funds
CY 1955	1,200	1,200			
CY 1956	1,300		1,300		
CY 1957	1,500		600	900	
CY 1958	1,333			1,333	
Subtotal	5,333	1,200	1,900	2,233	
UNHCR Program					
CY 1959	1,200				1,200
Total	6,533	1,200	1,900	2,233	1,200

Obligations and Expenditures $ in thousands

ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	3,100	3,100	
Estimate F.Y. 1958	2,233	1,600	XXX
Cumulative 6/30/58	5,333	4,700	633

The new arrangements will permit countries to concentrate their contributions on those refugee situations of particular appeal and interest to themselves. This should encourage contributions from countries which have not contributed in the past. An executive committee, on which the United States will serve, will approve specific programs and authorize separate appeals for funds.

Accomplishments of the U.N. Refugee Fund (UNREF): Although the current UNREF program is not of the same nature as the proposed new UNHCR program, it is addressed to many of the same groups of refugees and involves similar forms of assistance. The United Nations Refugee Fund was authorized by the General Assembly in October, 1954 as a four year, $16 million program financed by voluntary contributions and is concerned mainly with the resolution of the problem of the non-settled World War II refugees in Western Europe. UNREF has concentrated on three types of programs: (1) integration of refugees in the country of present asylum; (2) placement in institutions of those requiring specialized attention (difficult cases); and (3) emergency aid to the neediest groups. UNREF has concerned itself principally with the older refugees or with refugees who are not covered by other United States or international programs. It has provided assistance in resettling a limited number of its caseload in new countries. Accomplishments of the program are outlined in the attached tables.

The United States, adhering to a one-third matching formula, contributed $4,000,000 for the three-year period 1955-1957 inclusive. Congress appropriated $2,233,000 for contribution to UNREF for the eighteen-month period ending December 31, 1958. $900,000 of this was contributed to UNREF for the second half of the CY 1957 program. The balance of $1,333,000 has been pledged to UNREF for its CY 1958 program, subject to the condition that it not exceed 33-1/3% of total government contributions. With these payments, the United States contribution to UNREF for its four-year program will have totalled $5,333,000 or one-third of the target amount of $16,000,000.

Proposed UNHCR Program for 1959

It is requested that a sum of $1,200,000 be made available for contribution to the CY 1959 UNHCR program. The U.S. contribution will be made subject to the condition that it not exceed 33-1/3% total contributions from all governments. It is planned to contribute this amount for the following purposes:

Camp Closure Program: It is estimated that when the UNREF program terminates, there will still be 14,000 refugees living in camps. The High Commissioner has developed a camp closure program, the implementation of which would result in the reestablishment of these refugees by the end of 1960. The program would encompass housing, employment counselling, vocational training, small loans, and related activities. The High Commissioner has already negotiated with asylum governments and has secured their support for this program. As in the past, asylum governments will make substantial contributions of their own. The High Commissioner estimates the cost of the program as $4,800,000. It is expected that 60% of the program will be implemented in CY 1959 at a cost of $2,880,000. It is proposed that the U.S. contribute one-third of this amount or $960,000.

Difficult Cases Living Out of Camps: The settlement of difficult cases is necessarily a slow and costly process. It depends not only upon financial support, but on available space in various types of institutions, and final settlement must normally be preceded by intensive, individual planning. The slowness with which this type of reestablishment progresses indicates that the High Commissioner will be able to settle no more than 300 during CY 1959.

On the basis of the settlement of 300 cases at an average cost of $1,000, the total requirement for this program in CY 1959 will be $300,000. It is proposed that the United States contribute one-third of this amount, or $100,000.

Far Eastern Operations: Some 11,000 refugees of European origin are still in Communist China. The availability of exit permits has fluctuated widely, and since this factor is controlled by the Communist authorities, it has not been possible to program a complete settlement of the problem within a specified period of time. However, it now appears that all or nearly all of this group will be allowed to leave the mainland of China. Aside from the humanitarian aspect of assisting these people, many of whom have fled from Communist governments twice in their lifetime, it would be a propaganda defeat if the Communist Chinese were to permit them to leave the country, and the free world would then prove to be unwilling to accept and resettle them.

The UNHCR has estimated that $323,000 will be required in CY 1959 to cover the cost of care and maintenance for this group in Hong Kong, of administration, and of emergency aid for a limited group of destitute refugees on the mainland until they can arrange departure. It is proposed that the United States contribute approximately one-third of this amount, or $105,000.

The High Commissioner's Emergency Fund: In order to enable the High Commissioner to render immediate aid in emergency situations,

the 12th General Assembly authorized him to maintain an emergency fund of up to $500,000. The purpose of this fund is to enable the High Commissioner to give aid within a matter of hours in a situation such as the 1956 Hungarian emergency, pending moblization of more extensive resources. The High Commissioner will not have unlimited discretion over the use of this fund, the General Assembly resolution having stipulated that he will utilize it under the general directives of the Executive Committee (of which the United States will be a member). Aside from funds which will accrue from the payments on principal and interest on UNREF loans, he will need the authority of the Executive Committee in order to appeal for contributions to replenish the fund.

Although the United States did not specifically oppose fixing this fund at $500,000, it was made known that we felt the sum of $100,000 to be adequate. It is therefore proposed that the United States contribute approximately one-third of this latter amount, or $35,000.

UNREF OPERATIONS FOR 1955, 1956 AND 1957

Allocations and Beneficiaries by Type of Program from Inception to September 30, 1957

($ in thousands)

Country	Permanent Solutions		Difficult Cases		Far East Operation		Emergency Aid		Total	
	Alloc.	Beneficiaries	Alloc.	Beneficiaries	Alloc.	Beneficiaries	Alloc.	Beneficiaries	Alloc.	Beneficiaries
Austria	3,426	12,684	431	156					3,857	12,840
Belgium	74	1,653							74	1,653
China			380	187					380	187
Egypt	12	12	66	14			4	294	82	320
Far Eastern Operation					1,065	8,601			1,065	8,601
France	465	187	150 b/						615	187
Germany	1,060	6,666	10 b/						1,070	6,666
Greece	2,083	726	272	137			28	4,107	2,383	4,970
Italy	893	1,248	133	148			20	3,377	1,046	4,773
Jordan, Syria, Lebanon, Morocco, and Iran	17	b/	50	16			7	1,312	74	1,328
Turkey	40	50	34	18			12	1,419	86	1,487
Various Countries								2,184		2,184
Total a/	8,070	23,226	1,526	676	1,065	8,601	71	12,693	10,732	45,196

a/ Includes contributions from governments and contributions from private sources. Hence the total amount of funds allocated in any year exceeds the amount obtained from government contributions.

b/ To be determined.

UNREF PLAN OF OPERATIONS FOR 1958

Target Allocations and Number of Refugees Likely to Benefit

($ in thousands)

Country	Permanent Solutions		Difficult Cases		Far East Operation		Emergency Aid		Total	
	Alloc.	Beneficiaries	Alloc.	Beneficiaries	Alloc.	Beneficiaries	Alloc.	Beneficiaries	Alloc.	Beneficiaries
Austria	1,500	4,695	197	295					1,697	4,990
Egypt	9	91					3	10	12	101
Far Eastern Program b/			100	d/	312	4,580			412	4,580
France	157	572	150	134					307	706
Germany	1,500	6,410	150						1,650	6,410
Greece	410	1,070	128	167			20	1,280	558	2,517
Italy			75	d/			20	1,000	95	1,000
Jordan, Lebanon, Syria	3 c/	24 c/					5	50	8	74
Turkey			25	d/			10	450	35	450
Various Countries	200	d/	75	d/			76	d/	351	
Total Operations	3,779	12,862	900	596	312	4,580	134	2,790	5,125	20,828
Unallocated									70	
Administration									305	
GRAND TOTAL a/	3,779	12,862	900	596	312	4,580	134	2,790	5,500	20,828

a/ Includes contributions from governments and contributions from private sources. Hence the total amount of funds allocated exceeds the amount obtained from government contributions.
b/ Includes both Far Eastern Operations and a Difficult Case project for European Refugees from China, who are resettled in Europe.
c/ Applies only to Syria.
d/ To be determined.

UNITED STATES ESCAPEE PROGRAM

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

U. S. Interests: The United States Escapee Program (USEP) promotes U.S. political, psychological warfare, and intelligence objectives and programs with respect to the USSR and the Soviet orbit through activities, in support of direct U.S. interests in escapees, which give a concrete demonstration of the friendship of the U.S. toward the captive populations behind the Iron Curtain. It reaffirms U.S. concern for the welfare of the Soviet-satellite peoples and interest in the eventual restoration of their national independence. Assistance to escapees effectively counters Communist propaganda claims that the interest of the West in the peoples under Communist domination has waned; that the West has no concern for the welfare and resettlement of the escapees; and that escapees will be forcibly repatriated by Western authorities. Through this program, the U.S. provides whatever assistance is required when such assistance cannot be provided, with the same degree of support to U.S. interests, through other governments, international agencies, and private organizations.

The Far East port of the program, centered in Hong Kong, serves the same national objectives as does USEP in Europe. In addition, 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 Communist China. Through its assistance to selected Chinese refugees among the large number in misery in Hong Kong, the program repudiates Communist propaganda allegations that U.S. policy discriminates against non-European peoples. It assists selected individuals and groups, including the leadership and intellectual strata, as a symbolic program which advances U.S. interests. It reinforces the U.S. reputation for humanitarian action and strengthens the anti-Communist resolve of the leaders of the refugees and has also played a considerable role in stimulating the local authorities toward providing mass relief and rehabilitation measures.

Objectives and Purpose: The purpose of the program is to provide supplementary reception, interim care and maintenance, and resettlement assistance to 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 Free World. Although basic responsibility for the refugees rests with the countries of asylum, the United States recognizes that the continuing presence of numbers of refugees creates burdens on these countries beyond their will or capacities to bear unaided. It is therefore a principal USEP objective to reduce the numbers of escapees in Europe through resettlement in overseas countries. The movement of large numbers is essential if European countries are to be expected to continue their present liberal policies of asylum. The maintenance of the principles of asylum and opposition to forcible repatriation are fundamental points in U.S. policy.

Program Summary ($ in thousands)

F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
5,989	5,850	8,600

DETAIL OF PROGRAM ($ in thousands)

See "Caseload Projections" and "Program Requirements by Six Month Periods" on following pages.

Obligations and Expenditures $ in thousands

ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	27,171	24,881	2,290
Estimate F.Y. 1958	5,850	6,340	XXX
Cumulative 6/30/58	33,021	31,221	1,800

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

UNITED STATES ESCAPEE PROGRAM

USEP activities include: (1) the registration of escapees and their screening to ensure that they are bona fide anti-Communist refugees and deserving of assistance; (2) counseling, including compilation of case histories and analysis of all pertinant data 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 in visa processing; (6) assurance search efforts certain resettlement countries; (7) guaranteed provision of a substantial portion of the costs of transportation; (8) the payment of those expenses in certain resettlement countries which are necessary for initial re-establishment. Related services are provided toward the integration into the local economy of European countries of those escapees having little or no prospect of resettlement abroad. USEP provides supplementary care as an important ancillary service, since experience shows that the escapee must be maintained in good health and appearance, and his morale must be kept at a high level, in the interest of promoting his acceptance in resettlement countries.

USEP operates primarily through contracts with voluntary agencies representing the major U.S. religious and nationality groups and supplements the considerable contributions of these agencies and of asylum countries. The latter are influenced in their attitudes toward alien refugees by international political factors and by local antagonisms prevailing in Europe which severely limit the help which they can give refugees. Voluntary agencies must spread their own limited funds generally in behalf of the needy groups the agencies were created to help. Thus, there remains a substantial gap between what can be provided to escapees from these sources and what is needed to assure them a level of assistance and opportunity adequate for the protection of U.S. protection of U.S. priority interest in this group.

Accomplishments: Under the USEP program in Europe and the Near East, a cumulative total of 78,586 escapees had been resettled as of November 30, 1957, primarily in the United States, Canada, Australia, and Latin America; 10,543 had been locally integrated in Europe; and assistance had been terminated for 37,533 as no longer in need, as ineligible because of screening, or because of death, disappearance or other reasons. In the Far East (primarily Hong Kong) the program had resettled 18,000 refugees, chiefly in Taiwan, countries of Southeast Asia, and the United States; had provided local integration and related major assistance to an additional 10,000; and had assisted to a lesser degree 185,000 others.

Problems: During 1957 USEP commenced the registration for inclusion in its caseload of those among the residual group of some 95,000 post-revolt Hungarians remaining in Europe who require re-establishment assistance. This operation is being carried out with particular care to confine it to those requiring such assistance, and thus will continue into 1958. Because of this considerable continuing increment, the USEP caseload, approximately 50,000 on January 1, 1958 (including 33,300 Hungarians), will continue to increase during the early months of 1958. By December 31, 1958, however, the caseload will have been reduced through resettlement, local integration, and other disposition to some 33,000 (including 17,500 Hungarians).

The re-establishment of the remaining Hungarian refugees will require the same painstaking effort on an individual case basis as is require for other Iron Curtain escapees, as distinct from the relative ease with which the Hungarians were previously moved in large numbers under mass arrangements which reflected the sympathy and concern of Free World countries immediately following the Hungarian uprising.

Three other major developments during the past year will importantly affect the program during 1958 and 1959:

a. During 1957 Yugoslav refugees have fled at a greatly increased rate over that of 1956, and now constitute a major refugee burden, particularly in Austria and Italy. USEP assistance to this group, consistent with their lower value in terms of U.S. objectives as compared to Soviet orbit escapees, is limited to $1.2 million per year which is provided primarily in the field of resettlement.

b. In Germany there has been a resurgence of mass flight of Germans escaping from the Soviet Zone. USEP, although not assisting German escapees, is thus operating against the background of this additional burden upon the Federal Republic.

c. In March, 1957 the Administration decided to limit assistance to new escapees to 3 years from their escape date and stipulated that escapees already on the caseload who escaped more than 3 years ago (including a large proportion of those difficult-to-resettle) should be removed therefrom on a scheduled basis, thus requiring a high expenditure for the difficult cases in order to ensure their satisfactory disposition within the scheduled period.

Another continuing problem is the Communist redefection campaign, aimed at destroying the effectiveness of the testimony to freedom presented by the refugee groups. Although it was temporarily less conspicuous during the Hungarian revolt, the Soviets have continued

UNITED STATES ESCAPEE PROGRAM

to pursue this campaign relentlessly. The active measures taken by the Communist authorities to secure the return of Hungarian youth from all Western asylum countries are indicative of Soviet policy.

Proposed FY 1959 Program

For CY 1959 operations, $8,600,000 is requested. This includes $3,680,000 for Hungarian escapees in Europe, and compares to $12,400,000 requested for USEP in 1958 ($6,900,000 for USEP was included within the over-all request for $10,000,000 for Hungarians, and $5,500,000 for the regular USEP program).

Assuming that the present rate of escape and opportunities for re-establishment are maintained, it is estimated that during CY 1959 USEP will register 14,850 new escapees and that reductions totalling 30,679 will be achieved, leaving a year end caseload of 17,045. These reductions will be accomplished through 20,200 resettled, 3,300 integrated, and 7,179 dropped for other reasons.

In its re-establishment program, USEP will give equal priority to the Hungarians and the non-Hungarian escapees. Many Hungarians are in the difficult-to-resettle category, including cases requiring institutional or other special care and a particularly intensive and concentrated effort will be required in behalf of this group. There has already been 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 and thus 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 domination in the satellite countries.

In CY 1959 it is planned to conduct the Far East program at the level of $1.5 million. First priority will continue to be directed toward the rehabilitation of professional, intellectual, and other leadership elements, with emphasis on stimulating external resettlement to Taiwan, Southeast Asian countries, the U.S., and other countries including Latin America. Additionally, a determined effort is planned to continue and accelerate measures being commenced in 1958 to integrate within Hong Kong those leadership elements unable to emigrate. Projects such as hospitals and clinics, particularly appropriate in the light of the acute shortage of medical facilities in Hong Kong, have a special value as visible symbols and will be emphasized. Limited assistance will also be provided noteworthy voluntary agency housing projects, in connection with a greater emphasis upon close correlation of all projects with a view to the total rehabilitation of refugees selected as of particular interest to the U.S.

NON-REGIONAL

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
Calendar Year 1956 (Actual)	30,745	5,887	10,602	26,030	10,950	12,764	24,216
Calendar Year 1957 (Projected)	24,216	41,569	38,193	27,592	40,571	18,489	49,674
Calendar Year 1958 (Projected)	49,674	17,500	20,350	46,824	10,800	24,750	32,874
Calendar Year 1959 (Projected)	32,874	7,500	16,450	23,924	7,350	14,229	17,045

PROGRAM REQUIREMENTS BY SIX MONTH PERIODS

(In thousands of dollars)

	Jan - Jun 57 (Actual)	Jul - Dec 57 (Proj)	Total CY 57 (Proj)	Jan - Jun 58 (Proj)	Jul - Dec 58 (Proj)	Total CY 58 (Proj)	Jan - Jun 59 (Proj)	Jul - Dec 59 (Proj)	Total CY 59 (Proj)
I. Europe and Middle East									
Care and Maintenance	1,356	1,210	2,566	902	699	1,601	449	292	741
Resettlement Support	1,707	2,149	3,856	2,653	2,002	4,655	1,221	745	1,966
Integration	205	301	506	1,020	900	1,920	1,020	900	1,920
Transportation	1,534	593	2,127	1,499	2,000	3,499	1,299	1,174	2,473
TOTAL	4,802	4,253	9,055	6,074	5,601	11,675	3,989	3,111	7,100
II. Far East	367	473	840	750	750	1,500	750	750	1,500
GRAND TOTAL	5,169	4,726	9,895	6,824	6,351	13,175	4,739	3,861	8,600

UNITED STATES ESCAPEE PROGRAM

PRINCIPAL AREAS OF ESCAPEE PROGRAM OPERATIONS

Calendar Year 1958

UNITED NATIONS CHILDREN'S FUND

United States Interest: The United Nations Children's Fund (UNICEF) is well-known throughout the world for its programs designed to improve the health and welfare of children and mothers. The very nature of UNICEF's work does much to engender goodwill and understanding. UNICEF programs are carried out primarily in underdeveloped countries where poverty is general, food is scarce, and disease is common. The staggering needs of people in these countries have such a humanitarian appeal that an increasing number of governments, organizations, and individuals are contributing to UNICEF.

Improved health, welfare, and nutritional standards in underdeveloped countries are indispensable if there is to be sound economic development. Some 8,000,000 children under the age of 10 die each year in the less developed areas of the world. Countless others live on with physical impairments which preclude them from becoming productive members of society. The UNICEF program is having a real impact on the economies of the less developed countries - an impact fully in accord with U.S. objectives. The USSR has become aware of the importance of assisting UNICEF and has been making regular contributions since 1955. In view of these considerations it is important that the U.S. maintain its leadership in supporting UNICEF.

UNICEF Program: UNICEF programs are primarily directed to permanent improvement of child-health conditions. Their purpose is to initiate activities which assisted countries are not in a position to carry on by themselves.

The needs of children throughout the world are so great that sufficient international funds to meet all of them are not available. It has been necessary, therefore, for the Children's Fund to establish criteria which must be met before the programs are undertaken. UNICEF's principal interest is in projects which deal with basic inadequacies in child care and which combine economy, maximum number of children reached, and a permanent acceptance of responsibility by the local governments. Before long-range programs are undertaken they must be geared to the administrative and financial capacities of the countries as well as to the needs of the children. Host governments must not only match funds allocated by UNICEF with substantial local contributions but they must also agree to take over programs following termination of UNICEF aid.

More than 45 million children and mothers in 104 countries and territories received direct benefits through UNICEF aided programs during 1957, compared with 37 million children and mothers in 98 countries and territories who were assisted during 1956. During 1957, 16 million children were vaccinated against tuberculosis;

Program Summary ($ in thousands)

F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
10,000	11,000	11,000

DETAIL OF PROGRAM ($ in thousands)

Government Contributions to UNICEF Central Account

Calendar Year	United States	Other	U.S. Percentage
1953	9,800	4,500	68
1954	8,300	5,300	61
1955	9,000	6,600	60
1956	9,700	7,800	55.5
1957	10,000	8,200	55
1958	11,000 a/	9,900 a/	52.5
1959	11,000 b/	11,000 a/	50

a/ Estimated.
b/ Proposed.

Obligations and Expenditures $ in thousands

ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	53,481	46,706	6,775
Estimate F.Y. 1958	11,000	11,000	XXX
Cumulative 6/30/58	64,481	57,706	6,775

55 million children and mothers were protected against malaria and other insect borne diseases; 5.6 million children and mothers were treated for yaws; and 4.5 million children and mothers were given milk and other food supplements under the long-range feeding programs. Furthermore, some 13,400 maternal and child health centers throughout the world, primarily in Asia, have been allocated basic equipment and expendable supplies. UNICEF also provided a limited amount of emergency aid to children in countries affected by catastrophies.

In 1959 UNICEF is planning a continued gradual expansion of its program. The attached table "UNICEF Allocations from the Central Account" provides information on allocations by area and type of activity for 1957, 1958, and 1959.

There are two methods by which governments contribute to UNICEF's work: (1) Contributions to the central account for allocation by UNICEF for aid 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 project. 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 1957 assisted governments provided matching contributions consisting of local currency or services with an estimated equivalent value of $57 million. This compared with $51 million in 1956 and $26 million in 1955.

United States Contribution to UNICEF: UNICEF operates on a calendar year basis. Congress authorized and appropriated $11 million of FY 1958 funds for contribution to UNICEF's CY 1958 program. A similar sum of $11 million is now being requested for contribution to the CY 1959 program. It is planned that the percentage of the U.S. contribution in CY 1959 be decreased to 50% of total government contributions to the UNICEF central account as compared to 52.5% in 1958. It is anticipated that increased contributions from other governments will enable the U.S. to contribute the full $11,000,000.

The table summarizing government contributions to the UNICEF Central Account shown on the first page of this section illustrates the gradual reduction that has been taking place in the percentage of the U.S. contribution. It also points up the increasing financial support which UNICEF has been receiving from other governments, a development which the U.S. has continually encouraged. This development has been effectively stimulated by the gradual reduction in the percentage of the U.S. contribution and by the intensive fund raising efforts to the UNICEF administration.

Beginning in FY 1955, the U.S. Department of Agriculture has made dried skim milk available to UNICEF on a grant basis under the authority of Title III, P.L. 480. Grants to UNICEF under this authority have averaged somewhat in excess of 100 million pounds annually. In FY 1957, 107,700,000 pounds were donated to UNICEF. These donations are additional to U.S. Government cash contribution to the central account of UNICEF. They have not been included in arriving at the ratio of U.S. contributions to contributions from other governments.

The USSR has been contributing 2,000,000 rubles ($500,000) to UNICEF each year since 1955. This money is used for the procurement of materials from within the USSR such as DDT, bicycles, and hospital equipment.

NON-REGIONAL

UNICEF ALLOCATIONS FROM THE CENTRAL ACCOUNT

By Area and Type of Activity

($ in Thousands)

	Actual Allocations Calendar Year 1957		Target Program Calendar Year 1958		Program Forecast Calendar Year 1959	
	Amount	Percent	Amount	Percent	Amount	Percent
Programs by Area						
Africa	1,632	8.0	3,555	16.8	4,360	19.7
Asia	7,191	35.2	6,915	32.6	6,390	28.9
Eastern Mediterranean	2,638	12.9	3,080	14.5	2,615	11.8
Europe	972	4.8	830	3.9	1,140	5.2
Latin America	7,649	37.5	6,270	29.6	7,245	32.8
Interregional	333	1.6	550	2.6	350	1.6
Total - Area Assistance	20,415	100.0	21,200	100.0	22,100	100.0
Programs by Activity						
Maternal and Child Welfare Services and Training	6,416	31.4	5,340	25.2	5,105	23.1
Mass Health	9,553	46.8	11,144	52.6	10,211	46.2
Nutrition						
(a) Long-range feeding assistance	2,792	13.7	2,051	9.7	3,874	17.5
(b) Milk conservation	1,267	6.2	1,665	7.8	1,910	8.7
Emergency Aid	387	1.9	1,000	4.7	1,000	4.5
Total - Project Aid	20,415	100.0	21,200	100.0	22,100	100.0
Administrative and Operational Services	3,732		3,700		3,900	
TOTAL ALLOCATIONS a/	24,147		24,900		26,000	

a/ Includes contributions from governments and contributions from private sources. Hence the total amount of funds allocated in any year exceeds the amount obtained from government contributions.

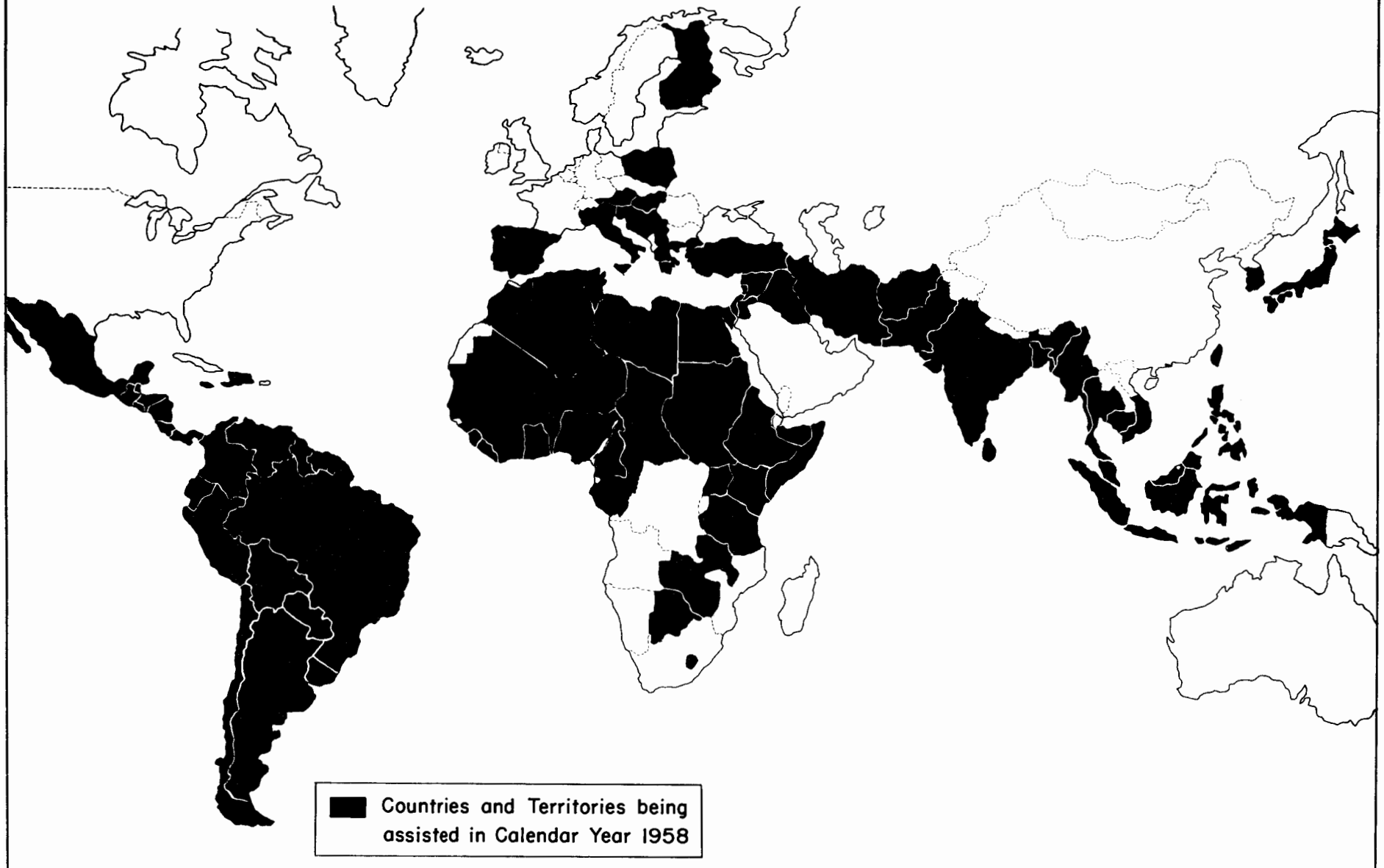
UNITED NATIONS CHILDREN'S FUND

Government Contributions to Central Account by Calendar Year

(In dollars)

Country	1953	1954	1955	1956	Estimated 1957
Australia	224,000	450,240	566,720	448,000	501,760
Brazil	161,725	200,089	180,505	510,679	505,415
Canada	507,614	515,464	507,574	662,072	666,901
Colombia	25,606	100,000	32,200	285,361	255,354
France	500,000	500,000	785,714	785,714	785,714
Germany	119,048	119,047	190,476	314,285	380,952
India	315,000	315,000	336,000	335,781	335,781
Iran	5,000		100,000	200,000	200,000
Mexico			150,000	300,000	300,000
Sweden	193,050	193,050	193,050	193,050	212,355
Switzerland	163,800	163,800	163,800	234,000	234,000
United Kingdom	280,000	560,000	560,000	560,000	616,000
USSR			500,000	500,000	500,000
Yugoslavia	170,386	200,000	200,000	200,000	200,000
Other Governments	1,787,299	1,991,550	2,164,731	2,276,415	2,505,768
Subtotal	4,452,528	5,308,240	6,630,770	7,805,357	8,200,000
United States	9,814,333	8,300,000	9,000,000	9,700,000	10,000,000
TOTAL	14,266,861	13,608,240	15,630,770	17,505,357	18,200,000
Number of Countries Contributing	46	61	72	81	81

COUNTRIES AND TERRITORIES ASSISTED BY THE UNITED NATIONS CHILDRENS FUND



OCEAN FREIGHT (VOLUNTARY RELIEF)

United States Interests: The ocean freight program, by subsidizing the movement overseas of supplies donated to American voluntary agencies, facilitates and encourages people-to-people gifts from Americans to needy persons abroad. It helps demonstrate the concern of individual Americans for people denied the basic necessities of life and thereby engenders good will toward the United States.

Program Objectives and Operations: This 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 nonprofit voluntary agencies in support of their relief operations abroad. Approved agencies are those registered with the Advisory Committee on Voluntary Foreign Aid of ICA as well as with the American Red Cross. These agencies obtain their major support from donations of cash and goods-in-kind from the American people. It is estimated that their combined constituencies comprise 75% of the total United States population. They act as a direct channel of aid and hence a material expression of good will from the people of America to needy and uprooted people abroad.

Before expending funds appropriated for this purpose, a formal agreement is entered into between the United States Government and the receiving government, which guarantees on the part of the latter duty-free entry of the goods and the payment of inland transportation costs from port of entry to the ultimate point of distribution. The American agencies for their part bear the cost of solicitation, processing, warehousing, packaging for export, and transportation to United States ports, plus the salaries and other administrative costs in maintaining field representatives in the countries of reception to supervise distribution.

The program represents a three-way cooperative arrangement between our American voluntary agencies, the United States Government, and 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 American origin. These markings bear the United States Emblem and the wording "Gift of the American People - Ocean Freight Paid by the United States Government." Additionally, each agency maintains in the recipient countries American citizens as representatives to supervise distribution and to insure that the supplies reach the persons for whom they are intended.

Accomplishments: Supplies valued at nearly $29 million will have been shipped and distributed in FY 1958 at a cost to the Government of $2.2 million. Each dollar appropriated for this purpose is

Program Summary ($ in thousands)

F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
2,040	2,200	2,100

DETAIL OF PROGRAM ($ in thousands)

Ocean Freight Subsidies by Area	FY 1957	Program FY 1958	Proposed FY 1959
Europe and Africa	1,020	950	750
Near East and South Asia	408	550	450
Far East	530	550	600
Latin America	82	150	300
Total	2,040	2,200	2,100

Summary of Program

Ocean Freight Subsidy	2,040	2,200	2,100
Weight of Supplies Shipped (Thousand lbs.)	73,440	79,200	70,000
Value of Relief Supplies	24,826	28,930	30,000

Obligations and Expenditures $ in thousands

ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	39,463	38,925	538
Estimate F.Y. 1958	2,200	2,638	XXX
Cumulative 6/30/58	41,663	41,563	100

multiplied roughly 14 times in terms of the value of the relief goods it generates and delivers. These goods include specifically food, clothing, medical and hospital supplies, school supplies, handtools for trades and agriculture, and other self-help supplies. Most of these goods are donated in kind without any cash contribution to cover the necessary delivery costs to the country of destination; hence, the value to the agencies of ocean freight support, without which the program could not go forward. That Congress has fully recognized this need is evidenced by its continuing support of this activity during the past ten years.

These same agencies are also moving substantial quantities of U.S. Department of Agriculture surplus commodities into their relief channels abroad. The payment of ocean freight charges on these surplus commodities is now funded under the authority of Sec. 208 of P.L. 540, the Agricultural Act of 1956.

Proposed FY 1959 Program

The amount of $2.1 million requested to continue this support in the next fiscal year is based on actual program estimates by the participating voluntary agencies. Unsettled world conditions, and the direct relationship of such conditions to the need for continued aid of this kind, emphasizes the importance of maintaining this people-to-people activity at its present level.

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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 Greeks; 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; Seventh-Day Adventist Welfare Service; 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 1958: Austria; France (including Algeria); Greece; Italy; Yugoslavia; Iran; Egypt; India; Pakistan; Hong Kong; the Philippines; Taiwan; Vietnam; Bolivia; Chile; Ecuador; Honduras and Paraguay.

CONTROL ACT EXPENSES (MDAC)

Objectives: The purpose of the Mutual Defense Assistance Control Act of 1951 is to safeguard the strength of the United States and its allies, and to impede the war-making potential of the Sino-Soviet bloc, by a system of security trade controls designed to prohibit or limit exports of free world strategic materials to the bloc. The Mutual Defense Assistance Control (MDAC) program is an integral part of the over-all cooperative defense effort of the Free World. It is administered with the objective of preserving the peace and promoting Free World security, unity and strength.

The Secretary of State, effective January 26, 1958, shifted the responsibility for administering the Mutual Defense Assistance Control from the Director of ICA to the Deputy Under Secretary of State for Economic Affairs. The MDAC staff will continue to carry out the functions of this Act as before, the only changes being that the Deputy Under Secretary of State rather than the Director, ICA, will now carry out the statutory responsibilities, including the preparation of recommendations and reports to the President and Congress, and that the program will receive its administrative support from the Department of State rather than from ICA.

The program will continue to be coordinated by the Deputy Administrator for MDAC, through the Economic Defense Advisory Committee (EDAC), which he chairs. Eleven United States Government agencies, which are concerned with security controls over exports from other countries, are represented on this committee. It functions primarily as an advisor body to the Secretary of State in determining a United States position for negotiations on international trade controls. It has certain additional operational responsibilities in matters affecting economic defense.

The cooperation with other free nations is exercised through the international Consultative Group structure in Paris in which fifteen countries participates. The United States is represented by a resident delegate. These representatives examine and coordinate the strategic controls of the fifteen countries, with the objective of maintaining an effective international security trade control system. Aid recipient countries that are not members of this group are dealt with bilaterally in this effort.

Accomplishments: The Control Act program has aided the United States efforts to draw together the major industrialized nations of the Free World in the development of a uniform policy of controls over strategic trade with the Sino-Soviet bloc. Continuing efforts are made to adjust the lists of strategic items to current world conditions and to achieve a more effective control of strategic trade through improved enforcement measures and procedures.

Program Summary ($ in thousands)

F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
1,136	1,040	1,000

DETAIL OF PROGRAM ($ in thousands)

Comparative Summary of Expenses by Fiscal Year

Agency	Actual FY 1957 Man Years	Actual FY 1957 Cost	Program FY 1958 Man Years	Program FY 1958 Cost	Proposed FY 1959 a/ Man Years	Proposed FY 1959 a/ Cost
ICA						
Domestic	31	266	32	299	5	40
Overseas	7	64.3	6	68.5		
Total - ICA	38	330.3	38	367.5	5	40
State						
Departmental	29	228.5	23	209	44	430
Overseas	36	370	33	318.5	35	385
Total - State	65	598.5	56	527.5	79	815
Commerce						
Domestic only	31	207.2	20	145	20	145
GRAND TOTAL	134	1,136	114	1,040	104	1,000

a/ ~~Indicating~~ Reflects transfer of MDAC and USRO/ST from ICA to State.

Obligations and Expenditures $ in thousands

ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	5,531	5,329	202
Estimate F.Y. 1958	1,040	1,082	XXX
Cumulative 6/30/58	6,571	6,411	160

The efforts of the Sino-Soviet bloc to obtain controlled commodities, through trade agreements and by other means, testify to the value of the Control Act program. It is believed that without the restrictions imposed by the program, the Sino-Soviet bloc's rate of advance in military development would have been enhanced.

Problems: Current problems facing the Control Act administration include the continuing review and revision of both the items controlled and the methods of enforcement. Particular attention is expected to be given to a greater consolidation and refinement of the control lists to improve their effectiveness and enhance inter-governmental cooperation. The resolution of these problems within the Consultative Group in Paris is expected to be difficult. In addition, it is believed there will be an increased number of problems to be resolved bilaterally with the non-participating countries.

Proposed FY 1959 Program

The authorization and appropriation of $1,000,000 for Control Act expenses is requested for FY 1959.

Funds for administrative support heretofore were provided from the Administrative Expense Appropriation, ICA, Sec. 411 (b). In the future it is proposed that they be borne by the Control Act Appropriation. In the present submission the cost of this support for FY 1957 and FY 1958 is shown by a comparative transfer of the following sums into the Control Act account: FY 1957 -- $21,000-- raising the total of actual costs to $1,136,000; and for FY 1958 -- $40,000 -- raising the total of the planned program to $1,040,000. Thus, the $1,000,000 requested for FY 1959 represents a reduction of $40,000 below the comparative obligations for FY 1958.

The allocations by Agency proposed for FY 1959 reflect the transfers of functions to the Department of State mentioned above. Thus the State allocation will include all costs formally incurred by ICA except for the Trade Policy Staff, a small component which represents ICA in economic defense matters and coordinates representation within that agency.

NON-REGIONAL

GENERAL ADMINISTRATIVE EXPENSES - ICA (Section 411(b))

The proposed FY 1959 authorization and appropriation for the administrative expenses of the Mutual Security Program requested under Section 411(b) is $33 million. 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 $6,692,500 is requested under the provisions of Section 411(c) of the Mutual Security Act of 1954 as amended. Also excluded are costs of administering the Development Loan Fund which would be provided separately from assets of the Fund under the authority of Section 204(b) of the Mutual Security Act of 1954, as amended.

The amount appropriated under Section 411(b) for general administrative expenses in FY 1958 was $32,750,000. This amount included funds totaling $2,246,500 for activities for which funds are being sought under other appropriations in FY 1959. Thus the amount available in FY 1958 for activities comparable to those included in the FY 1959 request under Section 411(b) totals $30,503,500. The FY 1958 activities now being proposed for financing under other appropriations are as follows:

A. Refugee and Migration Expenses of the Department of State, $1,331,000

B. Policy Guidance - U.S. Participation in Organization for European Economic Cooperation, $505,000

C. Mutual Security Program Coordination Expenses of the Department of State, $92,500

D. Public Information Activities of the Department of State, $160,000

E. Development Loan Fund Administrative Expenses, $118,000

F. Control Act Expenses, $40,000

The first four items above are proposed for financing in FY 1959 under Section 411(c). The Development Loan Fund administrative expenses are proposed to be met from the assets of the Fund under the authority of Section 204(b). The Control Act expenses are included in the total FY 1959 appropriation requested for the Control Act included under Section 410.

Program Summary ($ in thousands)

F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
28,261	30,504	33,000

DETAIL OF PROGRAM ($ in thousands)

	Actual FY 1957	Program FY 1958	Proposed FY 1959
Washington	13,162	14,332	15,350
Overseas:			
Europe	1,678	1,131	1,063
Africa	956	1,780	2,096
Near East, South Asia	4,610	4,527	4,989
Far East	5,357	5,989	6,472
Latin America	2,498	2,745	3,030
Total Overseas	15,099	16,172	17,650
Total ICA	28,261	30,504	33,000

Obligations and Expenditures $ in thousands

ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	235,347 a/	229,490 a/	5,857
Estimate F.Y. 1958	30,504	30,850	XXX
Cumulative 6/30/58	265,851	260,340	5,511

a/ Includes funds appropriated prior to June 30, 1957 for 411(c) purposes, which are shown in FY 1958 in exhibit covering Administrative Expenses, State.

The funds requested for ICA are used to pay and support people in Washington and overseas who are responsible for carrying out the ICA-administered elements of the Mutual Security Program. These people develop and screen the assistance programs for each country, they assure that the assistance achieves the purposes for which it is intended and that funds are properly managed and controlled. In order effectively and efficiently to administer and carry out the complex activities involved in the Mutual Security Program, it is essential that adequate funds be provided to cover the administrative costs incident thereto. With the additional funds requested in FY 1959 of approximately $2.5 million over the amount available for FY 1958, more efficient management and control of the ICA administered multi-million dollar program will be assured.

In FY 1959, the obligations will increase about $2.5 million over FY 1958. This results from several major factors:

A. $0.3 million increase in rent and utility costs in Washington and various overseas locations.

B. $0.3 million to provide for increased training and continuity of personnel.

C. $0.3 million increase in Department of State costs for providing administrative support both in Washington and overseas, and participating agencies costs.

D. $0.1 million increase in contribution to the Retirement Fund.

E. $0.4 million for new positions in FY 1959.

F. $1.1 million for salaries and related expenses of additional man-years of employment in FY 1959 due to a net increase in employment under presently authorized positions. This additional employment has resulted from efforts to man more fully key positions and to provide essential staff for new locations opened in the latter part of FY 1957 and in FY 1958.

ADMINISTRATIVE EXPENSES, STATE, SECTION 411(c)

The appropriation of $6,692,500 is requested for FY 1959 for administrative expenses of the Department of State under the authorization of Section 411(c) of the Mutual Security Act of 1954, as amended. For FY 1958 funds were appropriated to the Department of State under the provisions of Section 411(c) to cover administrative expenses for "normal functions of the Department" which related to functions under the Mutual Security Act (Category "A" and USRO expenses). These funds are used essentially for expenses of the Department in providing program policy review of the Mutual Security Program in Washington and coordination of MSP activities abroad, and for support of the U.S. Mission to NATO and European Regional Organizations (USRO) in Paris.

In December 1957, under the authority and provisions of Executive Orders 10575, 10610 and 10742, the Secretary of State by delegation of authority transferred the responsibilities of certain MSP functions relating to European regional economic work, program coordination, and public information from the Director of the International Cooperation Administration to the appropriate organizational unit of the Department of State. Funds for these functions are requested under this appropriation for FY 1959.

Also included in this request are funds for the Refugee and Migration Program operations. In March 1956, the Escapee Program and other related responsibilities were transferred by Executive Order 10663 from the International Cooperation Administration to the Department of State. Funds for expenses of administering these responsibilities, however, have continued to be requested and appropriated under Section 411(b), allocated to ICA and re-allocated by ICA to State. Since the Department is directly responsible for administering the program, the Department proposes that FY 1959 funds for this function be included under the Section 411(c) appropriation.

The total request under this appropriation for FY 1959 is $6,692,500. This amount represents an increase of $27,000 over the total amount available in FY 1958.

The various functions included in this appropriation request are described below.

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. Consistent with his responsibilities in the field of foreign affairs, the Secretary of

Program Summary ($ in thousands)

F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
6,402	6,665	6,692

DETAIL OF PROGRAM ($ in thousands)

Comparative Summary by Fiscal Year

Function	Actual FY 1957	Program FY 1958	Proposed FY 1959
Program Policy Review	2,674	2,675	2,675
Representation of United States NATO and European Regional Organization	1,902	1,902	1,902
United States Participation in OEEC	536	505	505
MSP Coordination	73	92	112
Public Information	162	160	188
Refugee and Migration Program	1.055	1.331	1.310
Total	6,402	6,665	6,692

Obligations and Expenditures $ in thousands

ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	a/	a/	
Estimate F.Y. 1958	6,665	3,560	XXX
Cumulative 6/30/58	6,665	3,560	3,105

a/ Funds prior to June 30, 1957 were appropriated under Section 411(b) and are included in obligations and expenditures shown on exhibit covering General Administrative Expenses, ICA.

State is responsible for the negotiation and execution of all international agreements relating to the Mutual Security Program. In the field, the Chief of Diplomatic Mission provides foreign policy direction to all representatives of U.S. agencies in each country and, in addition, has supervisory authority over all Mutual Security Programs at the country level, being charged with the responsibility of their coordination as well as assuring that the program activities are carefully planned and effectively carried out within the framework of established policy.

Representation of United States - NATO and European Regional Organizations (USRO), Paris: USRO is the abbreviation for the United States Mission to the North Atlantic Treaty Organization (NATO) and European Regional Organizations. The other regional organizations are the Organization for European Economic Cooperation (OEEC) and the Consultative Group - Coordinating Committee for strategic trade control (CG-COCOM). USRO is an integrated five-agency team with staffing not only from the Department of State but also from Defense, ICA, Treasury and USIA. The entire staff operates under the direction and coordination of the Ambassador, who is the United States Permanent Representative on the North Atlantic Council and the United States Permanent Representative to the Organization for European Economic Cooperation. This budget makes provision not only for the staff of the Ambassador's office, the Executive office and the Office of Political Affairs, but also for the local employees serving other agency personnel and the general operating expenses of the entire mission. USRO obtains all of its administrative services from the American Embassy in Paris under a plan of integrated administration designed to eliminate duplicate staffing and reduce expenses.

Policy Guidance - United States Participation in Organization for European Economic Cooperation: Effective December 15, 1957, responsibility was transferred from ICA to the Department of State for US participation in OEEC, with the exception of the European Productivity Agency (EPA) and the scientific manpower program of OEEC, for which ICA retains responsibility. The four domestic and 31 American overseas positions concerned with the functions transferred are accordingly included in the State Department rather than the ICA portion of the FY 1959 budget for MSP administrative expenses. The current overseas staffing is a drop of 11 from the 42 positions established in 1957 for these activities.

Mutual Security Program Coordination: The Secretary of State has transferred responsibility for (1) coordination of the Mutual Security Program and (2) preparation and presentation of the program to the Congress from the Director of ICA to the Deputy Under Secretary of State for Economic Affairs. This action was designed: (1) to improve coordination of the Mutual Security Program through closer alignment with policy direction of the Department of State and to remove such coordination from direct connection with the economic operating arm of the program; (2) to permit broader coordination with other related foreign economic policies and programs; (3) to provide for more prompt resolution of issues; and (4) to permit the Director of ICA to devote full time to operation of the ICA program.

To assist the Deputy Under Secretary of State in performing these functions, 12 positions have been transferred from ICA to the Department of State. Of these, two positions have been assigned to the immediate office of the Deputy Under Secretary and 10 have been consolidated with the unit which previously existed in the Department for the purpose of (1) coordinating the views of the various areas of the Department on the Mutual Security Program and (2) ensuring that operations of ICA were in accord with the foreign policy objectives of the Department. This combined unit operates under the direct supervision of the Deputy Under Secretary. The increased cost of $20,000 is attributable to (1) increased net salary costs due to three of the positions which were vacant part of FY 1958 but are not filled and (2) estimated requirements for additional overtime and other support costs.

Public Information: The Department of State and ICA have agreed to merge their public information activities in order to utilize more effectively and economically these resources for a better public understanding of the Mutual Security Program. As a result of this merger the responsibility for all public relations and press information on the Mutual Security Program will be centered in the Assistant Secretary of State for Public Affairs. Combining State Department and ICA public information activities will result in (1) relating mutual security closer to the achievement of foreign policy goals, and (2) more efficient dissemination of mutual security information, both from the Executive Branch in Washington and from our missions abroad from the Department of State, ICA and USIA overseas.

Eighteen positions have been transferred from ICA to the Department of State to assist the Assistant Secretary of State for Public Affairs in the discharge of these responsibilities. Increased requirements of $28,000 are accounted for by (1) increased net salary costs due to three of the positions which were vacant for seven months of FY 1958 and are now filled, (2) increased need for printing of informational materials and (3) increased travel and other support costs.

Refugee and Migration Program Operations: The Office of Refugee and Migration Affairs was established under the Bureau of Security and Consular Affairs, Department of State, April 19, 1956, as the result of Executive Order 10663 to centralize responsibility for refugee and migration activities within the Department and to coordinate and implement activities of the United States Escapee Program, and United States participation in the Intergovernmental Committee for European Migration. The purpose of the United States Escapee 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 estimate includes 19 domestic and 247 (67 Americans and 180 locals) overseas positions. The 247 overseas positions of the Escapee Program will be assigned to Germany, Austria, Italy, Greece, Turkey, Hong Kong, and Taiwan, with responsibility for assessing escapee needs, developing programs, contracting with voluntary agencies for execution of such programs, supervising operations, negotiation and liaison with local government authorities for promoting Escapee Program interests, and the security screening of escapees, and performing the necessary administrative functions incident to the program.

A recent decision by the Administration limits assistance to new escapees to three years from the date of escape, and stipulates that escapees already on the caseload who escaped more than three years ago (including a large proportion of those difficult-to-resettle) should be removed therefrom on a scheduled basis. This requires a greater staff time and effort in order to ensure their satisfactory disposition within the scheduled period. Further, the re-establishment of the remaining Hungarian escapees will require the same painstaking effort on an individual case basis as is required for other Iron Curtain escapees as distinct from the relative ease with which the Hungarians were previously moved in large numbers under mass arrangements.

While an increase of $70,000 is proposed in FY 1959 for effective administration of the program, this increase is more than offset by a reduction of $91,000, representing the cost of 10 domestic positions which will be funded from the Department of State's S&E appropriation for FY 1959.

ATOMS FOR PEACE PROGRAM

United States Interests: It is in the interest of the United States to develop and promote the peaceful uses of atomic energy abroad since such activity provides convincing evidence of our declared intention to share the benefits of atomic energy with our friends abroad, promotes closer ties of cooperation between other nations and ourselves, and assists in maintaining U.S. world leadership in this important field.

Objective of the Program: The specific objective of the Atoms for Peace Program is to assist Free World countries to develop appropriate programs and acquire equipment which will facilitate training and research in the peaceful uses of atomic energy.

Background and Accomplishments: Assistance to free nations in this field under the Mutual Security Program initially consisted of providing for the training of foreign nationals in the U.S. under the Technical Cooperation Program. In his address at Pennsylvania State University in June, 1955, President Eisenhower announced the readiness of the U.S. to assist free nations in acquiring research reactors for development of atomic energy for peaceful purposes. To implement this offer, a special program was established under the Mutual Security Act to provide up to 50%, but not to exceed $350,000, of the costs of research reactor projects in foreign countries. Funds have been obligated for research reactor project grants for Brazil, Denmark, West Germany, Greece, Israel, Italy, Japan, The Netherlands, Portugal, Spain, Sweden and Venezuela.

It has become apparent that many countries are not yet prepared to embark on the construction and operation of research reactors. Their interest and capabilities lie more in the employment of radioisotopes and radioisotope equipment for use in such fields as medical diagnosis, therapy, biological and agricultural research. Beginning in FY 1958, therefore, the Atoms for Peace Program has been directed toward providing broader and more effective types of assistance to the end that a greater number of countries may be aided, in some modest degree, in the application of the peaceful uses of atomic energy. Programs have already been approved for research and training equipment to be donated to the Escuela Politecnica Nacional of Quito, Ecuador, and to the American University of Beirut, Lebanon, to enable these institutions to provide instruction on the use and techniques of radioisotopes.

Major Problems: One of the main deterrents to the program particularly in the less developed countries, is the lack of qualified personnel who can appropriately develop programs in terms of their countries' technical and economical capabilities and take advantage of the benefits which can be obtained from this new technology. To overcome this problem, we are expanding the opportunities offered

Program Summary ($ in thousands)

F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
1,050	4,450	5,500

DETAIL OF PROGRAM ($ in thousands)

	Proposed FY 1959
Foreign Research Reactors	3,500
Research and Training Equipment	1,700
Inventory and Development of Peaceful Uses	300
Total	5,500

Obligations and Expenditures $ in thousands

ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	2,450		2,450
Estimate F.Y. 1958	4,450	800	XXX
Cumulative 6/30/58	6,900	800	6,100

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under the Technical Cooperation Program, for training in the field of peaceful uses of atomic energy, and making available to friendly countries the technical and advisory services of American expert consultants who may be requested to assist in developing programs in this field.

Program for FY 1959

Foreign Research Reactors: The research reactor program offers foreign nations which are signatories to Agreements for Cooperation assistance in financing the cost of research reactors. In addition to the 12 countries for which funds have already been obligated, there are 15 countries which are potential candidates for grants at this time and it is estimated that 10 of these will be approved during FY 1959. $3,500,000 is requested for this purpose. To the extent the 10 countries do not avail themselves of the grant for research reactors during 1959, it is proposed to use the funds for research and training equipment where determined appropriate. The 15 countries which are potential candidates for research reactor grants are: Argentina, Australia, Austria, Belgium, China, Cuba, Ireland, New Zealand, Norway, Pakistan, Peru, South Africa, Switzerland, Thailand and Turkey.

Research and Training Equipment: Many of the most dramatic and immediate benefits of the peaceful uses of atomic energy are obtainable with the use of tools -- particularly radioisotopes and related equipment -- other than research reactors. The objective of training more personnel in the basic elements of nuclear science can also be significantly advanced by the use of these tools, including radioisotopes and isotope laboratory equipment, subcritical assemblies, low energy accelerators, training films, etc. Further, a most important advantage of the use of these tools of research and training is that they are immediately useful not only in countries with sufficient experience to make effective use of reactors, but in many other countries which have not yet developed an adequate base of scientific personnel for reactor use. The availability of this form of assistance will contribute to technological development in the relatively advanced countries and will, for the first time, enable many of the underdeveloped countries to take their first step into the era of atomic energy. $1,700,000 is requested for activities in this field.

Inventory and Development of Peaceful Uses: This activity is designed to provide technical and advisory services to friendly foreign countries in all phases of the peaceful uses of atomic energy, with particular emphasis on evaluating proposed projects or making recommendations as to the types of projects which are technically and economically feasible in such areas of activity as establishment and operation of research and power reactors, radioisotope laboratories and facilities, and nuclear training. An estimated $300,000 is requested for this purpose.

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Related Activities in Country Technical Cooperation Programs

Training of Foreign Nationals: Training in the peaceful uses of atomic energy is being financed under the Technical Cooperation Program whereby opportunities are afforded to qualified foreign technicians to come to the United States for training in nuclear technology. Courses in nuclear engineering are given at the International School of Nuclear Science and Engineering (Argonne National Laboratory), preceded by preliminary courses at either Pennsylvania State or North Carolina State Universities. Training courses in radioisotope techniques are offered at the Oak Ridge Institute of Nuclear Studies, and, beginning in 1958, at the University of Puerto Rico. In addition, training opportunities in the uses of atomic energy in biology, medicine, agriculture and industry are provided, as well as in health physics and radiation safety, and in basic courses in nuclear sciences, engineering and maintenance techniques. Special programs are also arranged for industrial representatives, government officials, university professors, and medical experts to visit appropriate installations, related to atomic energy, in their respective fields of endeavor.

It is contemplated that the following amounts will be utilized for Technical Cooperation Programs in FY 1959 for the general purposes of training in the field of peaceful uses of atomic energy:

Near East and South Asia	$153,000
Europe and Africa	40,000
Latin America	193,000
Far East	130,000
Total	$516,000

MALARIA ERADICATION PROGRAM

Summary

It is proposed that the United States continue support for the second year of the projected five-year world-wide program to eradicate malaria. This is a cooperative effort being undertaken by some 60 nations or territories, the World Health Organization (WHO), Pan American Sanitary Organization (PASO), and United Nations Children's Fund (UNICEF). The ultimate goal of this program is to eradicate malaria from areas of some 60 nations of the Free World in which more than 600,000,000 people are now living. The total estimated cost of the five year program is $520.7 million. This is an increase of $5.5 million over the estimated total cost in the illustrative program presented to Congress last year, occasioned by a redetermination of the over-all foreign currency costs of eradicating the disease from India and Indonesia.

The nations affected are expected to supply $325.2 million and the international agencies (WHO and UNICEF) plan to contribute an estimated $42.0 million. It is proposed that the United States contribute $113.9 million through its bilateral programs and through special grants to international organizations. After funding from the above sources, there is a shortfall remaining from total requirements of approximately $40 million which it is expected will be met in one or more of the following ways: loans from public lending institutions, loans of P.L. 480 generated local currencies, and grants from foundations and other nongovernmental sources.

Economic Aspects: Malaria, one of the greatest deterrents to economic progress, contributes to low labor efficiency, high absentee rates, low rate of capital investment, low learning capacity, and neglect of natural resources. The eradication program will increase per capita expenditures during the five year period over the average annual costs to control the disease. It will, however, obviate the need for these annual malaria control costs in the years following.

Technical Feasibility: On the basis of successful eradication in the United States, Puerto Rico, Sardinia, parts of Venezuela, etc., eradication of malaria from the world (except certain regions of Africa) is considered technically feasible by officials of 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.

Impact Value: It has been adequately demonstrated that malaria eradication activities reach large numbers of people residing in malarious areas during the first year of operation. Furthermore,

Program Summary ($ in thousands)

F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
a/	22,093 b/	25,600

DETAIL OF PROGRAM ($ in thousands)

	FY 1958	Proposed FY 1959
Bilateral Programs:		
Far East	4,737	5,120
Near East and South Asia	9,074	11,160
Africa	530	580
Latin America	1,814	2,600
Interregional	145	140
Subtotal	16,300	19,600
Contribution to Multilateral Organizations:		
World Health Organization (WHO)	5,000	3,000
Pan American Sanitary Organization (PASO)	2,000	3,000
Total Malaria Program	23,300	25,600
Source of Financing:		
Special Assistance	17,200	25,600
Asian Economic Development Fund	4,893	
Subtotal	22,093	25,600
Other a/	1,207	
Total	23,300	25,600

a/ Included in appropriate individual country and regional programs reflected elsewhere in this presentation.
b/ Excludes $1,207 million included in individual country and regional programs reflected elsewhere in this presentation.

Obligations and Expenditures $ in thousands

ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57			
Estimate F.Y. 1958	22,093 b/	12,900	XXX
Cumulative 6/30/58	22,093	12,900	9,193

such peoples almost immediately recognize collateral benefits of the program (reduced number of household pests) and, as the malaria transmission season progresses, they observe a decrease in amount of illness. The malaria eradication program is highly successful and popular, reaching all levels of people in many countries.

Accomplishments

The malaria eradication program authorized by Congress to begin in FY 1958 is already well under-way. Rapid conversion of existing malaria control programs to eradication is being accomplished through the assistance of U.S. technicians, materials and equipment. As of the end of January 1958, agreements have been signed obligating $19.5 million of the $23.3 million authorized to be used for this purpose. Negotiations are presently under-way for obligating the remainder of funds available, and no difficulty is anticipated in completing project agreements. The illustrative presentation attached (Table 1) indicates the support of malaria eradication in twenty-five countries during FY 1958. Host governments plan to expend more than $35.0 million as their share in these programs.

Despite the normal operational difficulties to be expected in launching any major program, the progress achieved has been greater than expected. Funds contributed to the WHO and PASO are already in use, and bilateral programs are advancing satisfactorily.

Bilateral Activities: Worthy of special mention are eradication programs recently started in India, Brazil, and Colombia.

India has carried on an effective but limited malaria control program for many years. On December 5, 1957, a bilateral agreement was signed which will convert the objective of this program to eradication. The agreement provides for a contribution in FY 1958 on the part of the U.S. of $8.7 million. India will contribute the equivalent of $8.8 million in local currency. WHO plans to participate in this program to the extent of $1.7 million. It is encouraging that malaria eradication in India has been started with dispatch, especially since this one country contains approximately half of the free world population exposed to malaria. Operational plans call for accomplishing this program at an annual per capita cost of approximately 10 cents, an exceptionally efficient and economical program.

In Brazil, plans have been prepared for the conversion of malaria control operations to eradication beginning in January 1958. The magnitude of the problem in this country necessitates the establishment of a special organization for malaria eradication by Presidential decree. It will also be necessary to plan the program in three phases, the most critical areas being undertaken in FY 1958 and 1959, and other areas in 1960 and 1961. The first year costs of this campaign will be between $4 and $5 million. The initial ICA support to this program is $592,000 in material and equipment.

Although Colombia faces a difficult economic situation, the equivalent of $3,077,000 has been allocated to the malaria eradication program by the Government of Colombia. ICA will furnish imported supplies and equipment to the amount of $500,000.

Multilateral Activities: Of the $7.0 million made available in FY 1958 to multilateral agencies, $5.0 million was contributed to the WHO and $2.0 million to the PASO. These funds have made it possible for these organizations to put their programs in high gear. The WHO reports that it has already begun to receive contributions in addition to the $5.0 million from the U.S., and anticipates receiving approximately $1,000,000 from other countries.

As a result of the activities of the PASO, two other Latin American Governments have made special contributions to the Special Malaria Eradication Fund of that organization. In 1957 the Dominican Republic contributed $100,000 as the first installment on a pledge of $500,000, and Venezuela contributed some $300,000. Venezuela has also provided a number of scholarships for training malaria eradication personnel of neighboring countries. Contributions to the fund may be forthcoming from other governments. Basically, however, the great bulk of the effort by other countries must be devoted to meet local costs.

The detailed plans of WHO and PASO to utilize Malaria Eradication Funds for special training programs, technical conferences, specific research projects, employment of scarce malaria technicians, purchase of insecticides, materials, and transportation equipment, are models of professional accomplishment. Malaria eradication training programs in the Spanish language have been established in Mexico and Venezuela. English language malaria eradication training centers currently are being established in Jamaica and the Philippines. Up to December 31, 1957, PASO, using the special malaria funds, had awarded 110 fellowships to Latin American nationals to study malaria eradication techniques.

It has been possible to effect close working relationships at the headquarters and field levels between ICA malaria specialists and those of WHO, UNICEF, and PASO. Specific agreements have been reached regarding techniques for malaria eradication and methods for coordination of programs in order to prevent duplication.

MALARIA ERADICATION PROGRAM

Other Uses of Funds: In addition to country malaria eradication programs mentioned above, FY 1958 funds have been used for certain expenses of the ICA health staff, to establish a joint ICA-PASO English language malaria eradication training center in Jamaica, and to support essential technical services provided by the Communicable Disease Center of the Public Health Service.

Proposed FY 1959 Program

As indicated in Table 2, programs totalling $25.6 million are proposed in FY 1959, providing for a contribution of $3.0 million to WHO, $3.0 million to PASO, and $19.6 million for use in bilateral programs.

The major expenditures for country programs are proposed in Brazil, Indonesia, and India. The program in Brazil is expected to move into full operation early in FY 1959. This country constitutes one of the largest remaining malarious areas in the Western Hemisphere.

In Indonesia, there are several organization and tactical problems which must be resolved, but real progress has been accomplished in converting the extensive control program to eradication. It is proposed to increase the program level from $2.8 million in FY 1958 to $3.9 million in FY 1959.

A reevaluation of the foreign currency needs to eradicate malaria from India indicates an increase of $6.0 million over the estimate shown in the illustrative program of the FY 1958 presentation. The total foreign currency cost of eradicating malaria from India is now estimated to be $37.5 million.

Recent intensive investigation of the costs of implementing malaria eradication programs under WHO auspices has led to an upward revision in the cost estimates for WHO activities. It is proposed that $3 million be granted by the U.S. to WHO during FY 1959.

A $3.0 million grant to the Pan American Sanitary Organization is proposed to support that Organization's programs in the Western Hemisphere as planned for FY 1959.

Projected Requirements: The estimates here submitted show anticipated dollar requirements for three additional fiscal years after FY 1959. In interpreting these projections, it is important to recognize that at the time these estimates were made, the malaria eradication program had been in operation for less than four months. Therefore, estimates which can be considered firm and reliable have been received from only a few countries. It is expected that the estimates submitted next year will be more precise, since they will be based upon a longer period of operating experience. There are some indications that it will be possible to accelerate certain programs, for example in India, where trained and readily trainable personnel will facilitate rapid expansion of the program. Such acceleration will concentrate foreign exchange needs into fewer years but will not increase total costs for eradication. Any possibilities for such acceleration of malaria eradication will be explored as added insurance against the *Anopheles* mosquito becoming resistant to insecticides before eradication can be accomplished.

NON-REGIONAL

U.S. BILATERAL MALARIA ERADICATION PROGRAMS
FY 1958 TO FY 1962

Table 1

(In thousands of dollars)

	Allocations FY 1958	Proposed 1959	Estimates 1960	Estimates 1961	Estimates 1962	Total 1958 - 1962
FAR EAST	4,737	5,120	7,516	4,576	1,522	23,471
Cambodia	210	100	10	10	10	340
Indonesia	2,860	3,900	5,500	3,300	1,000	16,560
Laos	252	120	420	275	100	1,167
Philippines	500	420	400	386	386	2,092
Taiwan		15	29	26	26	96
Thailand	15	30	30	30		105
Vietnam	900	535	1,127	549		3,111
NEAR EAST - SOUTH ASIA	9,074	11,160	20,742	5,075	3,075	49,126
Ceylon	150	400	200	100		850
India	8,735	10,415	17,800	500		37,450
Iran	15	15	15			45
Iraq	15	30	12			57
Jordan	77	100	150	100	50	477
Nepal	60	200	250	700	700	1,910
Pakistan	22		2,315	3,675	2,325	8,337
AFRICA	530	580	1,066	1,566	1,816	5,558
Ethiopia	350	400	750	1,000	1,000	3,500
Liberia	165	92	250	500	750	1,757
Libya	15	88	66	66	66	301
LATIN AMERICA	1,814	2,600	1,973	1,655	1,100	9,142
Bolivia	200		150	150	150	650
Brazil	592	1,750	1,250	1,000	750	5,342
Colombia	500	366	214	172	92	1,344
Ecuador	100	100				200
Guatemala			100	75	50	225
Haiti	75	75	50	50	50	300
Honduras	150	150	150	150		600
Jamaica	12	9	9	8	8	46
Nicaragua	100	100	50	50		300
Paraguay	85	50				135
Technical Backstopping	35	30	30	30	30	155
Research	70	70	50	50	20	260
Training	40	40	70	50	20	220
TOTAL	16,300	19,600	31,447	13,002	7,583	87,932

NON-REGIONAL

ESTIMATED REQUIREMENTS AND ANTICIPATED FUNDING FOR MALARIA ERADICATION BY FISCAL YEAR

Table 2

(In millions of dollars)

	1958	1959	1960	1961	1962	Total	Average Annual Rate 1958 - 1962
60 Nations (Exclusive of U.S.) a/	61.0	69.0	72.0	76.0	47.2	325.2	65.0
WHO	2.0	2.0	2.0	2.0	2.0	10.0	2.0
UNICEF	8.0	8.0	8.0	4.0	4.0	32.0	6.4
United States							
Bilateral Programs	16.3	19.6	31.4	13.0	7.6	87.9	17.6
Special Grant to WHO	5.0	3.0	3.0	4.0	3.0	18.0	3.6
Special Grant to PASO	2.0	3.0	2.0	1.0		8.0	1.6
Subtotal - United States	23.3	25.6	36.4	18.0	10.6	113.9	22.8
Other Sources of Loan and Grant Funds b/		7.6	12.0	10.0	10.0	39.6	7.9
GRAND TOTAL	94.3	112.2	130.4	110.0	73.8	520.7	104.1

a/ Foreign country fiscal years do not in all cases coincide with U.S. fiscal years.
b/ Loans anticipated through P.L. 480, and/or other sources. Grants anticipated from sources other than U.S. Mutual Security Program.

SPECIAL PROJECTS OTHER THAN MILITARY

This exhibit provides the detailed listing of program activities included under this Non-Regional Program category.

Program Summary ($ in thousands)

F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
30,107	4,000	

DETAIL OF PROGRAM ($ in thousands)

	FY 1957	FY 1958
Export-Import Bank (Loan to Poland)	30,000	
Canal Users Association	65	
Fairless Committee	42	
NATO Civilian Headquarters (Building Fund)		1,500
Foreign Scientific Financing Program		2,500
Total	30,107	4,000

Obligations and Expenditures $ in thousands

ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	36,406	4,947	31,459
Estimate F.Y. 1958	4,000	26,559	XXX
Cumulative 6/30/58	40,406	31,506	8,900

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NON-REGIONAL

INVESTMENT GUARANTY PROGRAM

The objective of the Investment Guaranty Program is to encourage and facilitate U.S. private enterprise to participate in economic activities abroad which achieve the purposes of the Mutual Security Act. Through this program the U.S. Government provides guaranties, for a fee, for new private investments in friendly countries covering the following risks:

1. Inconvertibility of foreign currency receipts into U.S. dollars.
2. Loss through expropriation or confiscation.
3. Loss from damage to physical assets caused by war.

Guaranties are presently available in 37 countries with which the U.S. has signed agreements -- 14 in Europe, 10 in Latin America, 5 in the Far East, and 8 in the Near East and South Asia for either convertibility or expropriation, or both. War risk agreements have been signed with six countries -- Afghanistan, Thailand, Israel, Italy, the Republic of China, and Viet Nam. The U.S. is continuing its efforts to extend the various classes of coverage to other countries.

The Mutual Security Act of 1956 amended the M.S. Act of 1954 by (1) extending the period in which guaranties may be issued for ten years to June 30, 1967, (2) increasing the guarantee issuing authority from $200 million to $500 million, providing for a fractional reserve system, and (3) broadening the coverage to include "losses by reason of war."

In the last six months of 1957, 31 contracts totaling $40.2 million were issued as against 11 contracts for $6.4 million in the same period of 1956. Since the inception of the program in 1948 there have been written 203 contracts totaling $187.5 million covering guaranties to Americans in 18 countries. Of these, 143 contracts for a total of $127.1 million were for currency convertibility and the others were for expropriation coverage. No contracts were issued to December 31, 1957 for war risk, but some are in process. Fees collected to December 31, 1957 amounted to $2.3 million, of which $0.3 million were collected in the last half of 1957. No claims have been paid or filed to date against guaranties written.

Investor interest in the program is reflected in the volume of new applications received during the last six months -- a total of $180.6 million -- bringing the overall total as of December 31, 1957 to $631.5 million, representing proposed investments in projects in 29 countries. Seventy-five percent of the application total is for investments in under-developed areas.

Program Summary ($ in thousands)

F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
8,071 a/	20,700 a/	27,600

DETAIL OF PROGRAM ($ in thousands)

Investment Guaranties Issued Through December 31, 1957

($ in thousands)

Area	Convertibility	Expropriation	Total
Europe	105,449	45,702	151,151
Near East	4,169	7,250	11,419
Africa			
South Asia	555	240	795
Far East	8,363	6,605	14,968
Latin America	8,592	572	9,164
Total	$127,128	$60,369	187,497

a/ Represents estimated obligations to cover "probable ultimate net cost to the U.S." of guarantees issued or estimated to be issued as authorized under Sec.413(f) of Mutual Security Act of 1954, as amended.

Obligations and Expenditures $ in thousands

ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	99,544		99,544
Estimate F.Y. 1958	20,700		XXX
Cumulative 6/30/58	120,244		120,244

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Country: NON-REGIONAL

INVESTMENT GUARANTY PROGRAM

INVESTMENT GUARANTIES ISSUED

THROUGH DECEMBER 31, 1957, BY COUNTRY

($ in thousands)

Country	Convertibility	Expropriation	Total
Austria	1,030	1,000	2,030
Belgium	72	60	132
China (Formosa)	3,199	2,841	6,040
Denmark	182		182
France	16,892	5,308	22,200
Germany	10,289	23,466	33,755
Greece	595	595	1,190
Guatemala	247	572	819
Italy	49,270	12,900	62,170
Japan	1,372	1,372	2,744
Jordan		7,250	7,250
The Netherlands	4,825	2,373	7,198
Pakistan	555	240	795
Peru	8,345		8,345
Philippines	3,692	2,242	5,934
Thailand	100	150	250
Turkey	4,169		4,169
United Kingdom	22,294		22,294
Total	127,128	60,369	187,497

APPLICATIONS PENDING

December 31, 1957

($ in thousands)

Country	Convertibility	Expropriation	War Risk	Total
Afghanistan	400	200	180	780
Austria	1,510	1,000	900	3,410
Bolivia	13,500	13,500		27,000
China(Formosa)	6,860	8,835	7,575	23,270
Colombia	15,383			15,383
Costa Rica	7,500	7,528		15,028
Denmark	800	800		1,600
Ecuador	266	266		532
France	74,832	79,459	58,500	212,791
Germany	18,855	21,471	14,365	54,691
Greece	25,200	8,850		34,050
Guatemala	2,312	2,312		4,624
Haiti	1,000	4,000		5,000
India	1,656			1,656
Iran	9,960	9,976		19,936
Ireland	598	294	291	1,183
Israel	15,700	700		16,400
Italy	21,022	17,442	440	38,904
Japan	3,828	1,223		5,051
Jordan	300	300	824	1,424
Netherlands	624	312	309	1,245
Pakistan	300	150		450
Paraguay	620	320		940
Peru	8,723			8,723
Philippines	3,785	3,435		7,220
Spain	5,540	1,142		6,682
Thailand	1,725	475		2,200
Turkey	46,713	27,861	22,365	96,939
United Kingdom	24,461			24,461
Total	313,973	211,851	105,749	631,573

MAAG STRENGTH TABLE

	1957				1958			
	U. S. Military	U. S. Civilian	Local	Total	U. S. Military	U. S. Civilian	Local	Total
Europe								
Austria	-	-	-	a/	-	-	-	a/
Belgium	82	10	30	122	64	10	28	102
Denmark	39	7	4	50	35	6	5	46
France	100	27	19	146	84	30	19	133
Germany	234	38	14	286	228	35	15	278
Italy	93	16	5	114	76	16	5	97
Luxembourg	-	-	-	b/	-	-	-	b/
Netherlands	53	6	10	69	48	7	9	64
Norway	55	7	17	79	50	7	17	74
Portugal	50	7	33	90	40	7	33	80
Spain	101	17	35	153	111	17	35	163
United Kingdom	25	5	-	30	21	4	-	25
Yugoslavia	59	-	7	66	-	-	-	c/
Africa								
Ethiopia	33	-	3	36	40	-	3	43
Liberia	-	-	-	d/	-	-	-	d/
Libya	-	-	-	-	14	1	-	15
Near East & South Asia								
Greece	199	12	120	331	153	12	112	277
Iran	256	9	113	378	247	11	111	369
Iraq	14	-	6	20	16	-	6	22
Pakistan	53	-	49	102	69	1	53	123
Saudi Arabia	-	-	-	e/	-	-	-	e/
Turkey	456	73	221	750	394	67	217	678
Far East and Pacific								
Cambodia	62	-	15	77	58	-	11	69
China (Taiwan)	1,920	-	196	2,116	1,587	-	398	1,985
Japan	284	42	-	326	197	44	244	485
Korea	1,724	83	698	2,505	1,859	69	804	2,732
Laos	-	-	-	f/	-	-	-	f/
Philippines	64	7	8	79	61	7	8	76
Thailand	262	2	20	284	251	2	24	277
Vietnam	514	-	105	619	736	-	115	851

MAAG STRENGTH TABLE

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

	1957				1958			
	U. S. Military	U. S. Civilian	Local	Total	U. S. Military	U. S. Civilian	Local	Total
Latin America								
Brazil	-	-	-	g/	-	-	-	g/
Chile	-	-	-	h/	-	-	-	h/
Colombia	-	-	-	h/	-	-	-	h/
Cuba	-	-	-	h/	-	-	-	h/
Dominican Republic	6	-	-	6	6	-	-	6
Ecuador	-	-	-	h/	-	-	-	h/
Guatemala	-	-	-	h/	-	-	-	h/
Haiti	-	-	-	h/	-	-	-	h/
Honduras	-	-	-	h/	-	-	-	h/
Nicaragua	-	-	-	h/	-	-	-	h/
Peru	-	-	-	h/	-	-	-	h/
Uruguay	-	-	-	h/	-	-	-	h/

a/ No MAAG authorized. Headquarters U. S. European Command provides personnel to assist the U. S. Military Attache in administering the program.

b/ Program administered by MAAG, Belgium.

c/ Phase out expected prior to 1 March 1958.

d/ U. S. Military Mission authorized.

e/ Normal MAAG functions are carried out by the U. S. Military Training Mission.

f/ No MAAG authorized. A present authorized complement of the Program Evaluation Office is 40 U. S. civilians and 40 local employees.

g/ Functions are combined with and performed by the U. S. Delegation Joint Brazil - U. S. Military Commission.

h/ The functions of the MAAG are performed by U. S. Military Mission personnel assigned to the country and supported by their respective services and the host country.

Program Funds	871	932	[illegible]
Contract Hire	928	1,507	1,166
Total U.S. Nationals, Far East	2,090	2,731	2,313
Locals:			
Administrative Funds	473	570	636
Program Funds	936	1,900	1,980
Total Locals, Far East	1,409	2,470	2,616
Latin America			
U.S. Nationals:			
Administrative Funds	108	138	148
Program Funds	785	877	893
Contract Hire	109	148	122
Total U.S. Nationals, Latin America	1,002	1,163	1,163
Locals:			
Administrative Funds	244	281	290
Program Funds	623	630	650
Total Locals, Latin America	867	911	940
Non-Regional			
U.S. Nationals - Program Funds	331	453	462
Total U.S. Nationals, Non-Regional	331	453	462
Recapitulation			
U.S. Nationals:			
Administrative Funds	2,154	2,223	2,315
Program Funds			
Direct Hire	3,183	3,738	3,819
Contract Hire	1,750	2,830	2,505
Battle Act Funds	36	5	5
Total U.S. Nationals	7,123	8,796	8,644
Locals:			
Administrative Funds	1,181	1,345	1,445
Program Funds	2,610	3,716	3,845
Total Locals	3,791	5,061	5,290

INTERNATIONAL COOPERATION ADMINISTRATION

Personnel (including reimbursables) by Geographical Area

	Personnel on Board		
	Actual 6/30/57	Estimated 6/30/58	Estimated 6/30/59
ICA/W			
U.S. Nationals:			
Administrative Funds	1,386	1,415	1,455
Battle Act Funds	29	5	5
Total U.S. Nationals, ICA/W	1,415	1,420	1,460
Europe			
U.S. Nationals:			
Administrative Funds	109	50	47
Program Funds	46	60	62
Congract Hire	43	70	55
Battle Act Funds	7		
Total U.S. Nationals, Europe	205	180	164
Locals:			
Administrative Funds	88	72	74
Program Funds	40	46	40
Total Locals, Europe	128	118	114
Africa			
U.S. Nationals			
Administrative Funds	48	83	103
Program Funds	262	392	437
Contract Hire	73	179	254
Total U.S. Nationals, Africa	383	654	794
Locals:			
Administrative Funds	48	79	90
Program Funds	159	190	200
Total Locals, Africa	207	269	290
Near East and South Asia			
U.S. Nationals:			
Administrative Funds	212	245	260
Program Funds	888	1,024	1,120
Contract Hire	597	926	908
Total U.S. Nationals, Near East and South Asia	1,697	2,195	2,288
Locals:			
Administrative Funds	328	343	355
Program Funds	852	950	975
Total Locals, Near East and South Asia	1,180	1,293	1,330

INTERNATIONAL COOPERATION ADMINISTRATION

Participants by Geographical Area

	Programmed During Year		
	FY 1957	FY 1958	FY 1959
Europe			
Non-Contract	1,351	1,221	1,144
Contract			
Total Europe	1,351	1,221	1,144
Africa			
Non-Contract	164	185	425
Contract		2	
Total Africa	164	187	425
Near East and South Asia			
Non-Contract	1,316	1,402	1,392
Contract	621	721	712
Total Near East and South Asia	1,937	2,123	2,104
Far East			
Non-Contract	3,131	2,851	2,921
Contract	161	121	160
Total Far East	3,292	2,972	3,081
Latin America			
Non-Contract	2,054	1,887	2,170
Contract	154	165	155
Total Latin America	2,208	2,052	2,325
Recapitulation			
Non-Contract	8,016	7,546	8,052
Contract	936	1,009	1,027
GRAND TOTAL	8,952	8,555	9,079