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Third
REPORT TO CONGRESS

on the United States
Foreign Relief
Program

PC-AAA-453

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HISTORICAL
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Third

REPORT TO CONGRESS

on the United States
Foreign Relief
Program

For the quarter ended March 31, 1948

DEPARTMENT OF STATE

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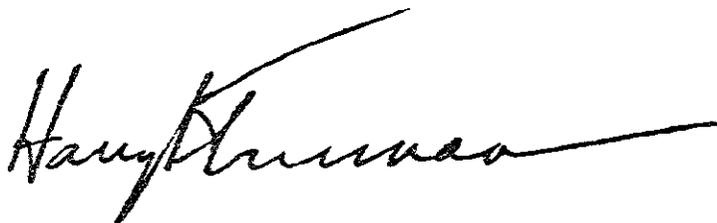
Released September 1948

DIVISION OF PUBLICATIONS
OFFICE OF PUBLIC AFFAIRS

President's Letter of Transmittal

TO THE CONGRESS OF THE UNITED STATES OF AMERICA:

I am transmitting herewith the third quarterly report of expenditures and activities under the United States Foreign Relief Program authorized by Public Law 84 of the 80th Congress, approved May 31, 1947, to provide "relief assistance to the people of countries devastated by war." This report covers the quarter ending March 31, 1948.

A handwritten signature in cursive script, appearing to read "Harry Truman", with a long horizontal flourish extending to the right.

The White House,
September 1, 1948

Contents

President's Letter of Transmittal	iii
Chapters	
I THE UNITED STATES FOREIGN RELIEF PROGRAM	1
II OPERATIONS: COUNTRY SUPPLY PROGRAMS	3
A. Country Programs: Summary	3
B. Program for Austria	4
C. Program for Greece	4
D. Program for Italy	5
E. Program for Trieste	5
F. Program for China	6
G. Shipments in Long Tons: All Countries	6
H. Offshore Purchases	6
I. Operating and Fiscal Reports	9
III OPERATIONS: OTHER PURPOSES	10
A. Citizens Food Committee	10
B. Food Conservation Program	10
C. International Children's Emergency Fund	11
D. Ocean Transportation of Supplies Contributed by Voluntary Relief Agencies	11
E. Friendship Trains and Friend Ships	16
F. Administrative Expenses	24
G. Summary	24
IV AUSTRIA	26
A. General Conditions	26
B. Receipt and Distribution of Supplies; End Uses	26
C. Price and Ration Control	27
D. Local Currency Fund	28
E. Projects Financed From Local Currency Fund	29
F. Publicity and Labeling	30
G. Compliance With Agreement	31
V GREECE	32
A. General Conditions	32
B. Receipt and Distribution of Supplies	33
C. End Uses of U.S. Relief Supplies	35
D. Local Currency Fund	35
E. Projects Financed From Local Currency Fund	36
F. Publicity and Labeling	37
G. Compliance With Agreement	38

Chapters

VI	ITALY	39
	A. General Conditions	39
	B. Receipt and Distribution of Supplies; End Uses	39
	C. Price and Ration Control	44
	D. Local Currency Fund	44
	E. Projects Financed From Local Currency Fund	45
	F. Publicity and Labeling	50
	G. Compliance With Agreement	54
VII	FREE TERRITORY OF TRIESTE	56
	A. General Conditions	56
	B. Receipt and Distribution of Supplies; End Uses	57
	C. Price and Ration Control	57
	D. Local Currency Fund	58
	E. Projects Financed From Local Currency Fund	59
	F. Publicity and Labeling	63
	G. Compliance With Agreement	66
VIII	CHINA	67
	A. General Conditions	67
	B. Receipt and Distribution of Supplies; End Uses	68
	C. Price and Ration Control	70
	D. Local Currency Fund	73
	E. Projects Financed From Local Currency Fund	75
	F. Publicity and Labeling	77
	G. Compliance With Agreement	78

Appendixes

A.	Public Law 84—80th Congress	81
B.	Public Law 271—80th Congress	86
C.	Public Law 393—80th Congress	88
D.	Public Law 395—80th Congress	90
E.	Executive Order 9864	91
F.	Agreement Between the Government of the United States of America and the Italian Government Concerning Assistance to Italy Under the United States Foreign Relief Program	92
G.	An Outline of the Distribution Program in Nanking, Shanghai, Peiping, Tientsin and Canton	99
H.	Status of Allocations, Obligations, and Expenditures Under the United States Foreign Relief Program as of March 31, 1948	104

Chapter I

The United States Foreign Relief Program

THROUGH ITS foreign-relief program, authorized under Public Law 84 of the 80th Congress (appendix A), the United States assisted five countries devastated by war—Austria, Greece, Italy, the U.S. - U.K. zone of the Free Territory of Trieste, and China.

When the President on February 21, 1947, recommended to the Congress the authorization for an appropriation of \$350,000,000 “to assist in completing the great task of bringing relief from the ravages of the war to the people of the liberated countries”, no one could foresee that another program of “interim aid” would have to be provided for Austria and Italy, among these countries, and for France, so that their economic fabric would not disintegrate beyond repair.

The United States Foreign Relief Program for five countries and the interim aid extended to three countries kept their economies reasonably intact until a long-range program of reconstruction could take their place.

The current report on the United States Foreign Relief Program for the quarter ended March 31, 1948, is the third report to the Congress, pursuant to section 7 of Public Law 84.

Budget Status. The appropriations made for the United States Foreign Relief Program on March 31, 1948, under both Public Law 271, the Supplemental Appropriation Act, 1948, approved July 30, 1947 (appendix B), and Public Law 393, the Third Supplemental Appropriation Act, 1948, approved December 23, 1947 (appendix C), totaled \$350,000,000.

The budget status of the appropriation on March 31, 1948, follows:

BUDGET STATUS OF APPROPRIATION

Approved country programs

Austria	\$86, 534, 424
China	45, 162, 218
Greece	37, 846, 655
Italy	117, 041, 565
Trieste	12, 574, 988
Total	\$299, 159, 850

BUDGET STATUS OF APPROPRIATION—*Continued*

Other purposes

International Children's Emergency Fund	\$40,000,000
Voluntary Relief Agency Transportation Fund	5,000,000
Citizens Food Committee	250,000
Administrative expenses (Department of State)	600,000
Reserve	13,990,150
	\$349,000,000
Total	
Transferred to the Department of Agriculture for Food and Feed Conservation under authority of section 8(b) of Public Law 395	1,000,000
	\$350,000,000
Total appropriation	\$350,000,000

¹ This reserve arose out of accumulated recoveries from purchases made at lower prices than originally estimated. This reserve was largely used up in April 1948.

Status of Country Programs. The status of procurement initiated and shipments made against the approved country programs, as of March 31, 1948, may be summarized as follows:

Country programs approved totaled	\$299,159,850
Procurement initiated totaled	296,810,595
Shipments made totaled	274,259,051

Procurement had been initiated for over 99 percent of the total program, and cumulative shipments made through March 31, 1948, approximated 92 percent.

The figures quoted are estimates based in part on preliminary information obtained from U.S. procurement agencies and from the recipient governments. All figures include the cost of supplies and the estimated ocean freight charges involved in their delivery.

Status of Accounts for Other Purposes. At March 31, 1948, the items for purposes other than the approved supply programs of the countries themselves totaled \$49,840,150. This total excluded the \$1,000,000 provided to the Department of Agriculture for the Food and Feed Conservation program.

Of the \$49,840,150 budgeted for these other purposes, \$32,850,000 had been allocated. The difference in these totals is due largely to the fact that, of the \$40,000,000 set aside in the budget for the International Children's Emergency Fund, only \$30,000,000 had been allocated. (See page 11.)

Chapter II

Operations: Country Supply Programs

Procurement initiated against the \$299,159,850 set aside from the appropriations for the United States Foreign Relief Program for the approved supply programs for the recipient countries exceeded 99 percent, and shipments actually made approximated 92 percent.

A. Country Programs: Summary

The supply programs by country, the procurement initiated against each of the programs, and the shipments made are reflected in the following table:

COUNTRY PROGRAMS: SUMMARY

	Supply program	Procurement initiated	Shipments made
<i>F.A.S. Cost</i>			
Austria	\$73, 834, 696	\$73, 824, 952	\$70, 383, 412
China	39, 107, 063	38, 787, 063	24, 794, 835
Greece	33, 232, 238	33, 231, 129	32, 160, 898
Italy	96, 409, 624	96, 409, 624	95, 847, 612
Trieste	9, 915, 315	9, 724, 317	8, 975, 857
TOTAL F.A.S. COST	\$252, 498, 936	\$251, 977, 085	\$232, 162, 614
<i>Shipping</i>			
Austria	\$12, 699, 728	\$12, 672, 110	\$12, 233, 327
China	4, 551, 832	4, 551, 832	2, 682, 936
Greece	4, 614, 417	4, 582, 059	4, 484, 335
Italy	20, 631, 941	20, 631, 930	20, 602, 370
Trieste	2, 659, 673	2, 395, 579	2, 093, 469
TOTAL ESTIMATED SHIPPING COST	\$45, 157, 591	\$44, 833, 510	\$42, 096, 437
<i>Reserve</i>			
Austria . . . . .	. . . . .	. . . . .	. . . . .
China	\$1, 503, 323	. . . . .	. . . . .
Greece . . . . .	. . . . .	. . . . .	. . . . .
Italy . . . . .	. . . . .	. . . . .	. . . . .
Trieste . . . . .	. . . . .	. . . . .	. . . . .
TOTAL RESERVE	\$1, 503, 323	. . . . .	. . . . .
TOTAL C.&F. COST	\$299, 159, 850	\$296, 810, 595	\$274, 259, 051

B. Program for Austria

The status of procurement initiated and shipments made against the program for Austria as of March 31, 1948, by commodity classification is reflected by the following data:

Commodity	Program	Procurement initiated	Shipments made
Cereals	\$37, 687, 173	\$37, 687, 174	\$35, 617, 315
Meats and fish	2, 547, 511	2, 547, 511	2, 415, 177
Fats and oils	10, 371, 477	10, 361, 731	10, 360, 930
Pulses	3, 588, 461	3, 588, 461	3, 588, 461
Dairy products	401, 755	401, 755	401, 755
Fruits and vegetables	601, 066	601, 067	601, 067
Fuel	13, 929, 776	13, 929, 776	13, 302, 783
Seeds	1, 948, 825	1, 948, 825	1, 927, 736
Pesticides	286, 592	286, 592	253, 247
Fertilizers	1, 300, 000	1, 300, 000	806, 667
Medical supplies	1, 172, 060	1, 172, 060	1, 108, 274
TOTAL F.A.S. COST	\$73, 834, 696	\$73, 824, 952	\$70, 383, 412
Estimated shipping cost	12, 699, 728	12, 672, 110	12, 233, 327
TOTAL C.&F. COST	\$86, 534, 424	\$86, 497, 062	\$82, 616, 739

Procurement was initiated for substantially the entire program. Shipments made exceeded 95 percent.

C. Program for Greece

The commodity classification of the supply program for Greece and the procurement initiated and shipments made for each type of commodity at March 31, 1948, are shown in the following table:

Commodity	Program	Procurement initiated	Shipments made
Cereals	\$24, 759, 826	\$24, 759, 826	\$24, 372, 499
Meats and fish	775, 368	775, 368	591, 819
Pulses	1, 674, 721	1, 674, 721	1, 581, 339
Dairy products	5, 666, 876	5, 665, 767	5, 259, 794
Pesticides	106, 980	106, 980	106, 980
Medical supplies	248, 467	248, 467	248, 467
TOTAL F.A.S. COST	\$33, 232, 238	\$33, 231, 129	\$32, 160, 898
Estimated shipping cost	4, 614, 417	4, 582, 059	4, 484, 335
TOTAL C.&F. COST	\$37, 846, 655	\$37, 813, 188	\$36, 645, 233

Procurement was substantially completed against the supply program, and shipments made approximated 97 percent.

D. Program for Italy

On March 31, 1948, the procurement initiated against the supply program for Italy had been completed. The shipments made were substantially completed with the exception of one commodity classification. This is shown in the following table:

Commodity	Program	Procurement initiated	Shipments made
Cereals	\$63, 172, 620	\$63, 172, 621	\$63, 149, 221
Meats and fish	483, 040	483, 040	483, 040
Fats and oils	3, 125, 177	3, 125, 177	3, 125, 177
Pulses	4, 196, 276	4, 196, 276	3, 657, 664
Dairy products	514, 185	514, 185	514, 185
Fuel	24, 026, 827	24, 026, 826	24, 026, 826
Seeds	179, 965	179, 965	179, 965
Pesticides	171, 932	171, 932	171, 932
Medical supplies	539, 602	539, 602	539, 602
TOTAL F.A.S. COST	\$96, 409, 624	\$96, 409, 624	\$95, 847, 612
Estimated shipping cost	20, 631, 941	20, 631, 930	20, 602, 370
TOTAL C.&F. COST	\$117, 041, 565	\$117, 041, 554	\$116, 449, 982

E. Program for Trieste

The foreign-relief supply program for Trieste by commodity classification, procurement initiated, and shipments made is reflected in the following table:

Commodity	Program	Procurement initiated	Shipments made
Cereals	\$6, 871, 640	\$6, 871, 641	\$6, 750, 226
Meats and fish	125, 108	125, 108	125, 108
Fats and oils	904, 447	904, 447	786, 388
Pulses	319, 467	319, 467	319, 467
Dairy products	324, 363	324, 363	238, 844
Fuel	1, 036, 249	845, 249	647, 249
Medical supplies	334, 041	334, 042	108, 575
TOTAL F.A.S. COST	\$9, 915, 315	\$9, 724, 317	\$8, 975, 857
Estimated shipping cost	2, 659, 673	2, 395, 579	2, 093, 469
TOTAL C.&F. COST	\$12, 574, 988	\$12, 119, 896	\$11, 069, 326

Procurement initiated exceeded 96 percent, and shipments approximated 88 percent.

F. Program for China

The supply program for China, the procurement initiated, and shipments made against the program by commodity classification are reflected in the following table:

Commodity	Program	Procurement initiated	Shipments made
Cereals	\$34, 394, 727	\$34, 394, 727	\$24, 744, 659
Seeds	112, 336	112, 336	. . . . .
Pesticides	200, 000	. . . . .	. . . . .
Medical supplies	4, 400, 000	4, 280, 000	50, 176
TOTAL F.A.S. COST	\$39, 107, 063	\$38, 787, 063	\$24, 794, 835
Estimated shipping cost	4, 551, 832	4, 551, 832	2, 682, 936
Reserve	1, 503, 323	. . . . .	. . . . .
TOTAL C.&F. COST	\$45, 162, 218	\$43, 338, 895	\$27, 447, 771

Procurement initiated exceeded 95 percent, and shipments made approximated 61 percent.

G. Shipments in Long Tons: All Countries

In the table on page 7 the shipments made to the several countries have been reduced to long tons in order to show the quantitative volume of the shipments made by various commodity classifications.

H. Offshore Purchases

Section 2 (a) of Public Law 84 provides that not more than 6 percent of the amount therein authorized shall be used for the procurement of supplies outside the United States, its territories, and possessions.

On March 31, 1948, the cumulative offshore purchases initiated under the United States Foreign Relief Program totaled \$19,472,500 out of a total program of \$19,494,500. The table on page 8 reflects the programmed amounts of these offshore purchases by commodities, where the purchases were made, and the countries to which the supplies were sent. The table also shows the value of the shipments made.

SHIPMENTS IN LONG TONS: ALL COUNTRIES

Commodity	Austria	China	Greece	Italy	Trieste	Total
Cereals	318, 239	142, 863	225, 207	559, 620	56, 333	1, 302, 262
Meats and fish	7, 135		2, 215	1, 690	381	11, 421
Fats and oils	21, 367			6, 856	1, 360	29, 583
Pulses	23, 645		6, 880	15, 948	1, 332	47, 805
Dairy products	1, 550		20, 358	1, 983	926	24, 817
Fruits and vegetables	3, 650					3, 650
Fuel	1, 232, 802			2, 306, 560	62, 589	3, 601, 951
Pesticides	729		(2)	(2)		729
Fertilizers	21, 992					21, 992
Medical supplies	1, 708	(2)	(2)	1 419	1 228	2, 355
Seeds	17, 168			223		17, 391
TOTAL TONNAGE	1, 649, 985	142, 863	254, 660	2, 893, 299	123, 149	5, 063, 956

¹ Soap fats only. Others indeterminate.

² Tonnage indeterminate.

OFFSHORE PURCHASES

Commodity	Program	Procurement initiated	Source of procurement	Deliveries made	Countries to which deliveries were made
Coal	\$2,800,000	\$2,800,000	{ Poland Czechoslovakia }	\$2,800,000	Austria
Coal	8,000,000	8,000,000	Ruhr	8,000,000	Austria
Coal	1,400,000	1,400,000	Poland	773,006	Austria
Fertilizers	1,300,000	1,278,000	{ Belgium Czechoslovakia Switzerland }	806,667	Austria
∞ Fish	995,000	995,000	Iceland	995,000	{ Greece Italy
Rice	4,999,500	4,999,500	Siam	4,999,500	China
TOTAL	\$19,494,500	\$19,472,500		\$18,374,173	

I. Operating and Fiscal Reports

The statistical data thus far included in this chapter are operating reports. They are in part made up from preliminary information obtained from U.S. procurement agencies and from the recipient governments. As such they are good estimates, but they are still subject to change in the light of the exact data contained in the official supporting documents, when these documents are available.

Appendix H at the end of this report is the fiscal report as of March 31, 1948, and is based upon the data contained in such supporting documents. This table shows allocations, obligations, and expenditures under the United States Foreign Relief Program by procurement agencies.

Chapter III

Operations: Other Purposes

Besides the relief supplies for countries devastated by war, Public Law 84 made provision for other purposes corollary to such relief assistance. Moreover, other programs became beneficiaries of the appropriations made available under the authority of Public Law 84.

A. Citizens Food Committee

On October 17, 1947, the President directed the Secretary of State to allocate \$500,000 from the appropriations made available for carrying out the purposes of Public Law 84 to the Executive Office of the President for the necessary expenses of the Citizens Food Committee. This committee was charged with the responsibility for the voluntary food-conservation program through which the people of the United States would save food, particularly grain supplies, so that there might be adequate food supplies available in this critical year for the peoples of countries devastated by war.

On January 3, 1948, the President advised the Secretary of State that the work of the Citizens Food Committee had been transferred to the Cabinet Food Committee and that the Department of Agriculture had been designated as the executive department in charge of the program. Since \$250,000 of the original allocation of \$500,000 to the Citizens Food Committee remained unobligated, the President on January 14, 1948, revoked the sum of \$250,000 from the original allocation.

This accounts for the fact that in the Second Report to the Congress on the United States Foreign Relief Program the allocation for the Citizens Food Committee is shown as \$500,000 and in the current report as \$250,000.

B. Food Conservation Program

In Public Law 395 (appendix D), approved December 30, 1947, the Congress provided for a Food and Feed Conservation program. In section 8 (b) this law provided up to \$1,000,000 for the re-

mainder of the fiscal year 1948 to carry out this program and stipulated that this sum was to be met out of appropriations authorized by Public Law 84.

On January 3, 1948, the President designated the Department of Agriculture as the agency to carry out the Food and Feed Conservation program. He also asked the Secretary of State to provide \$1,000,000 of the appropriation for Public Law 84 to the Department of Agriculture for this purpose.

This had the effect of making the Department of State accountable for \$349,000,000 instead of \$350,000,000.

C. International Children's Emergency Fund

In addition to authorizing relief assistance to certain countries devastated by war, Public Law 84 provided a contribution to the International Children's Emergency Fund.

The act, as amended, authorized an outright contribution of \$15,000,000 to the International Children's Emergency Fund of the United Nations. It also provided that a further contribution might be made, including the \$15,000,000, up to \$40,000,000, or 57 percent of the aggregate amount contributed to the Fund by all governments, including the United States, whichever was the lesser.

On August 23, 1947, the President requested that \$15,000,000 be transmitted by the Department of State to the International Children's Emergency Fund of the United Nations for the special care and feeding of children. On March 11, 1948, another allocation of \$15,000,000 was made, bringing the total allocated for this purpose by March 31, 1948, to \$30,000,000.

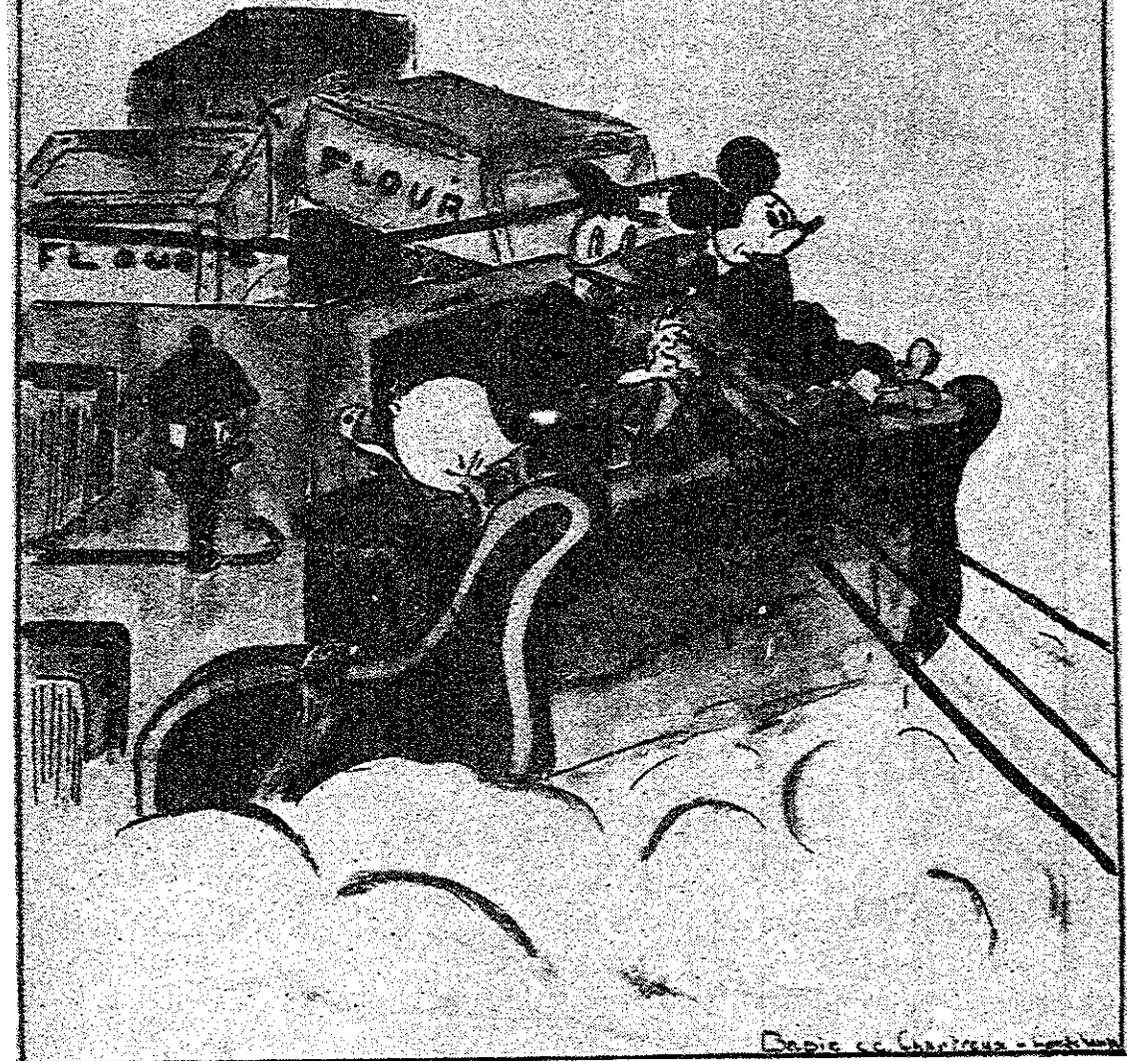
D. Ocean Transportation of Supplies Contributed by Voluntary Relief Agencies

Public Law 84 also provided that, of the funds authorized for the United States Foreign Relief Program, up to \$5,000,000 might be used "to pay necessary expenses related to the ocean transportation of supplies donated to or purchased by American voluntary and nonprofit relief agencies, and in such quantities and kinds and for such purposes as the President may determine to be essential supplements to the supplies provided for such general relief assistance." (Section 2(f).)

By Executive Order 9864 the President authorized the Secretary of State to administer the program.

The regulations prescribed by the Department of State authorized

Thank-You



FRANCE: Drawing in water color, accompanying drawings and letters from French children studying English in a Marseille school.

voluntary agencies which met certain qualifications to ship supplies to persons eligible to receive general relief assistance from the appropriation made available under Public Law 84 and from the appropriation for "Government and Relief in Occupied Areas" set out in the Supplemental Appropriation Act, 1948.

Under these regulations such voluntary agencies were not to be engaged in commercial or political activities and were to file with the Department of State for public inspection records of their activities and operations and financial statements of income and expenditures.

In practice the supplies shipped by approved voluntary agencies, to supplement the general relief assistance provided under Public Law 84, consisted largely of food, clothing (including shoes), and expendable medical supplies.

Subject to specific conditions, voluntary agencies were to be reimbursed for the necessary expenses related to the ocean transportation of these supplies. Chief among these conditions was the requirement that the foreign country have appropriate facilities for carrying out the operations of the program economically; that the consignees be acceptable to the Department of State; that the supplies be free of any duties, tolls, or taxes, and free of cost to the person ultimately receiving them; that the supplies be supplementary rather than a substitute for the country's regular rations; and that the ultimate consumer know that the supplies were of American origin and had been freely provided by a voluntary relief agency of the United States.

Reimbursement followed on the presentation of proper documents verifying ocean shipment and payment for ocean transportation.

Public Law 84, in respect to the ocean transport of supplies, became effective on varying dates according to the bilateral agreements with the participating countries, i. e. from July 1, 1947, for Austria, Greece, Italy, and Trieste; from August 1, 1947, for Germany, Japan, Korea, and Okinawa; and from October 28, 1947, for China. Up to March 31, 1948, the Department had obligated funds for such reimbursement expenses in the amount of \$2,000,000.

For these commitments for ocean transportation, voluntary agencies by March 31, 1948, had shipped supplies of the estimated value of \$43,389,029.

In the following two tables are shown the estimated dollar value of shipments made to the several countries by all the voluntary agencies through March 31, 1948, and the claims for reimbursement which had been filed with the Department of State by each of the several agencies for costs they had incurred by that date.

**DOLLAR VALUE OF RELIEF AND RELIEF SUPPLIES
RECORDED WITH THE ADVISORY COMMITTEE ON
IN SCOPE OF SECTION 2 (f) OF PUBLIC LAW 84 AND**

Period: July 1, 1947

	Total	Austria	Greece	Italy
TOTAL RELIEF	\$48,205,033	\$5,903,644	\$3,751,431	\$8,612,345
Less cash transferred	4,816,004	313,628	2,251,983	984,414
TOTAL VALUE COMMODITIES SENT ABROAD	\$43,389,029	\$5,590,016	\$1,499,448	\$7,627,931

¹ Austria, Greece, Italy, and Trieste eligible from July 1, 1947; Occupied Areas from Aug. 1, 1947; and China from Oct. 28, 1947.

**CLAIMS SUBMITTED BY VOLUNTARY NONPROFIT RELIEF
CHARGES ON SHIPMENTS MADE FROM JULY 1, 1947—
SECTION 2 (f) OF PUBLIC LAW 84 AND PUBLIC LAW**

	Amount				
	Total amount	No. claims	Austria ¹	Greece ¹	Italy ¹
TOTAL	\$3,070,949.01	2,174	\$425,345.55	\$94,394.53	\$595,472.38
American Aid for France ³	14,834.27	1			
American Friends Service Committee	79,754.37	232	13,270.63		15.94
American Jewish Joint Distribution Committee	500,331.87	691	136,357.50	3,227.23	92,578.53
ARI, Inc. (American Relief for Italy)	102,724.20	89			102,724.20
American Relief to Austria	481.86	5	481.86		
Committee on Christian Science Wartime Activities of the Mother Church	6,115.10	5			
Committee for Overseas Relief Supplies	582.93	16	13.55		
Council of Relief Agencies Licensed for Operation in Germany	67,202.93	15	26,506.46		
Foster Parents' Plan for War Children	2,777.02	26		1,856.00	508.11
Greek War Relief Association, Inc	68,241.55	88		68,241.55	
International Rescue and Relief Committee, Inc.	1,560.48	9	97.88		219.93
Mennonite Central Committee	85,213.74	113	7,957.28		
Near East Foundation	68.66	1		68.66	
Save the Children Federation, Inc	1,486.97	6		1,486.97	
Unitarian Service Committee	14,258.83	29	3,024.05		
War Relief Services, National Catholic Welfare Conference	403,042.86	142	36,112.90		274,365.68
Cooperative for American Remittances to Europe	1,135,984.70	241	154,422.64	13,186.39	50,593.37
Total Church World Service and Affiliates:	586,286.67	465	47,100.80	6,327.73	74,466.62
C.W.S. shipments for C.W.S. and affiliates	452,903.94	380	41,832.80	4,839.59	20,875.28
Plus other shipments by affiliates direct:					
Brethren Service Committee—Heifer Project	59,880.40	4	5,000.00	1,320.00	53,560.40
Congregational Christian Service Committee	199.08	2		168.14	30.94
Lutheran World Relief	73,303.25	79	268.00		

¹ July 1, 1947—Mar. 31, 1948.

² Aug. 1, 1947—Mar. 31, 1948.

³ Oct. 28, 1947—Mar. 31, 1948.

Actually not all claims had been filed for shipments of voluntary agencies which had gone forward by March 31, 1948. It was estimated that, instead of the amount actually filed—\$3,070,-949.01—these claims would approximate \$3,871,000 when all claims through March 31, 1948, were presented by the voluntary agencies.

E. Friendship Trains and Friend Ships

The generosity which actuated private relief agencies to provide supplies to sustain the continuance of programs in such large measure to the countries of Europe and Asia was highlighted and quickened by the supplies collected for the Friendship Trains. This appeal to the American public was dramatic and called forth equally dramatic responses from the people of the recipient countries.

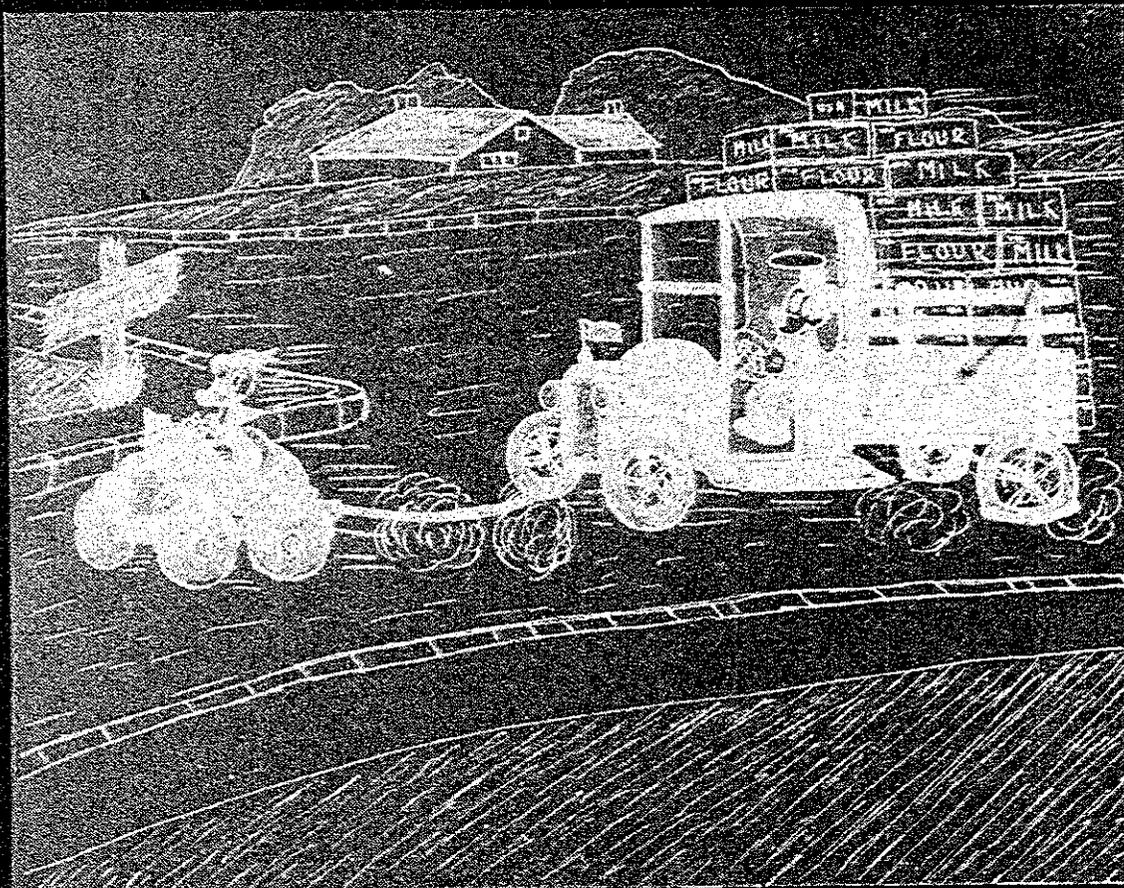
The plan involved starting a train from the west coast of the United States to collect food for the peoples of western Europe from the peoples of the cities and States through which the train ran to the east coast.

The train evoked such an enthusiastic response along its route that the original train had to be split into two trains. By the time one train reached the city of New York it brought 250 box cars of flour; dried, evaporated, and canned milk; meat; fish; fats; sugar; and baby food.

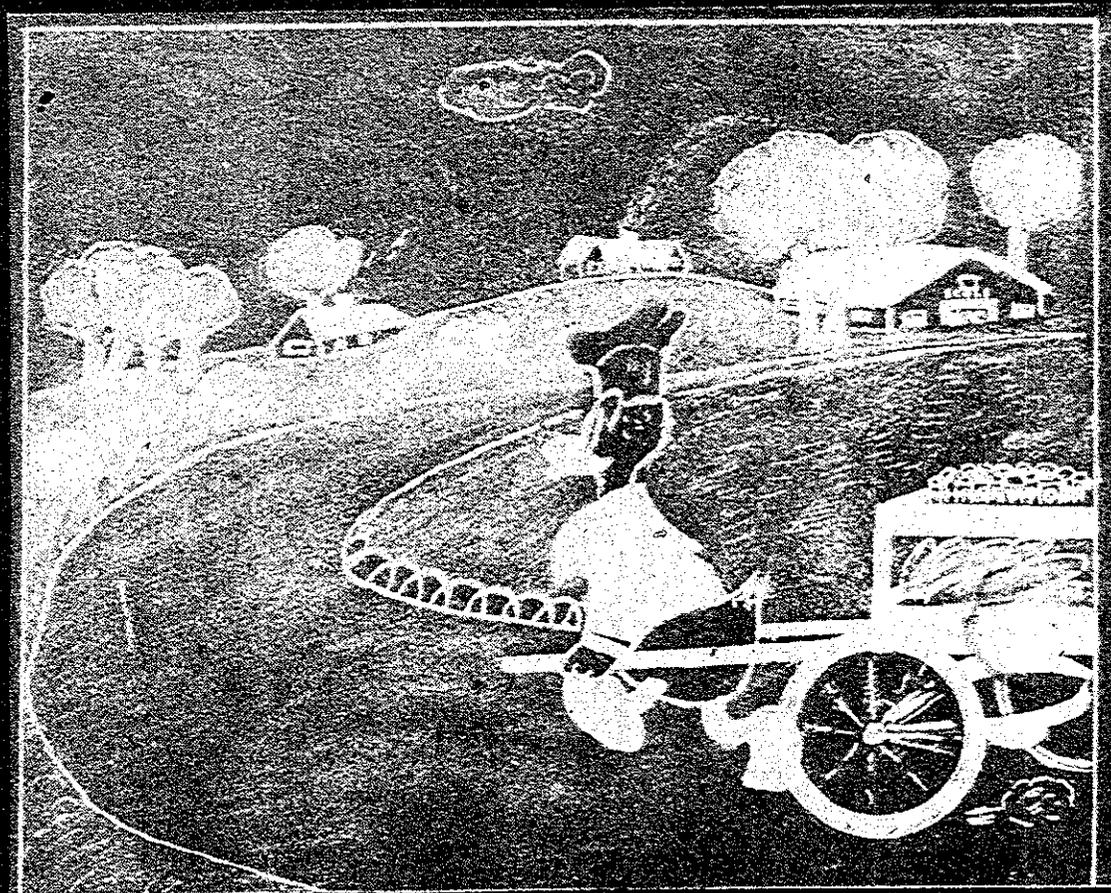
These supplies were put aboard Friend Ships to be sent to France and Italy, where Friendship Trains were to speed the food to the several distribution centers of these countries. The shipments for France reached Le Havre just before Christmas; the first of the Friend Ships for Italy arrived in Naples on December 29.

The enthusiasm in France and Italy for the gifts of the American people was overwhelming. The original trains split into smaller ones, and the supplies distributed from them were greeted everywhere by enthusiastic demonstrations.

The acknowledgments of American generosity took many forms. The French National Assembly and the Department of the Seine passed resolutions thanking the American people. In Italy a popular subscription was raised to produce and to send to the United States a documentary moving picture, *Thanks America*, with the suggestion that any funds collected from its showing were to be turned over to the Infantile Paralysis Fund. In Marseille a group of school children studying English prepared drawings and wrote letters to American children thanking them for their aid. Some of the drawings and letters are reproduced in this report. (See



FRANCE: U.S. milk and flour from the Friendship Train for France.



FRANCE: U.S. bread and milk on the way to a French school.

a letter from Gabriel to a school boy
American.

Dear American boys,

I am happy to have had in my school,
bread and milk. I am very happy to
profit to these good things that your
country sends to us, and I thank you all
people having contributed to this present.

The bread is very good and white
the milk is very sweetened.

I expect that this letter and this little
drawing please to you.

Receive dear unknown friends
my best friendships.

A French pupil



FRANCE: Samples of two letters from French school children, accompanying their water-color drawings, to acknowledge the gifts provided from the Friendship Train. In submitting the drawings and letters, the teacher wrote: "If we make some (or many!!!) mistakes with our pens, we never do so with our heart!"

Dear Americans.

We thank you for your big and kindly present. Your bread is white like snow whilst ours is almost black like coal. Your milk is sweetened et very good.

We appreciate very much friend-
action and expect that it will consolidate again more the ties uniting our two nice countries.

We say you again thank you.

Sincerely,

~~Barthouly~~

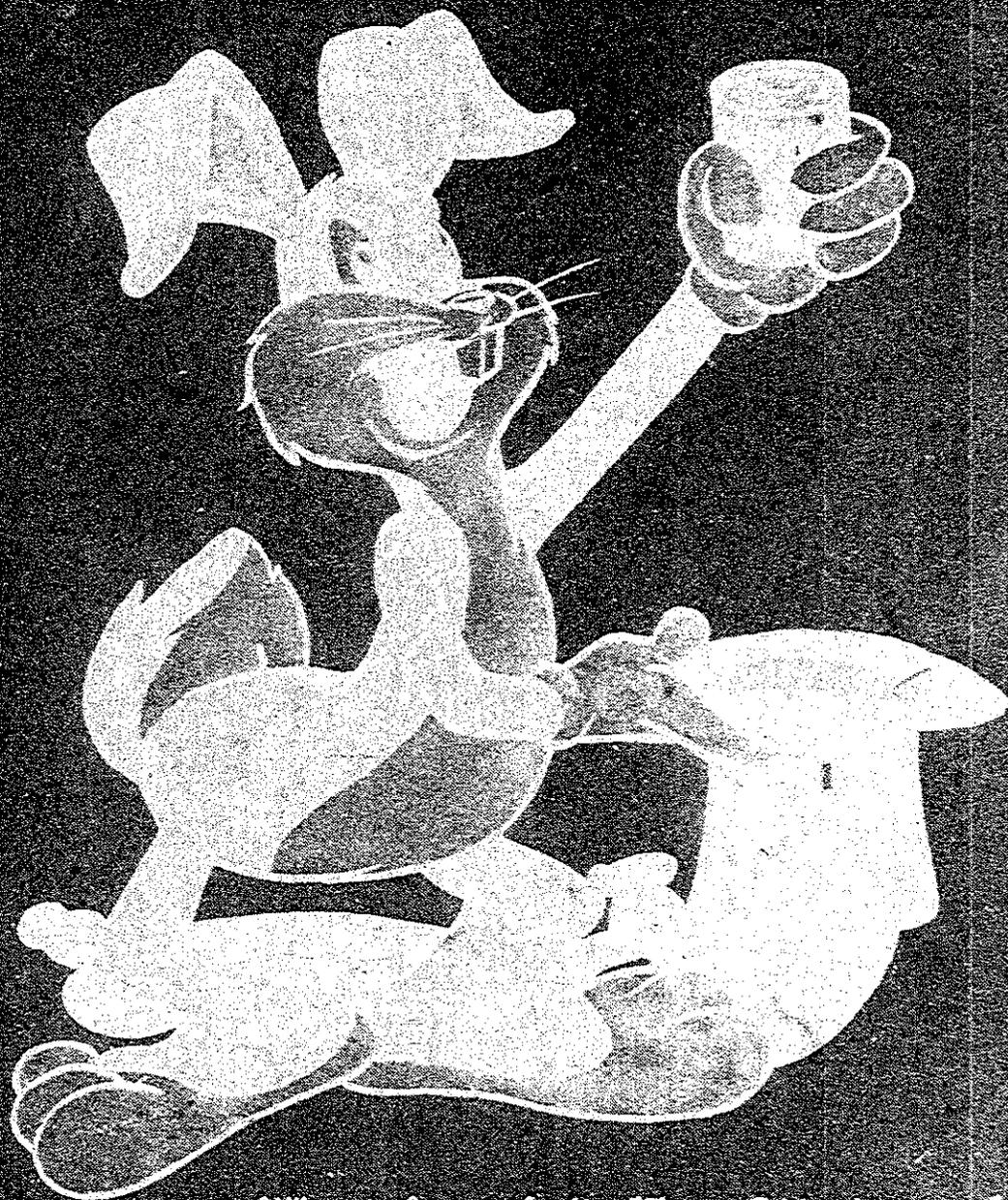
from Robert Dechamps

12. Boulevard d'Alsace

Marseille

France.

to a American schoolgirl.



Still one of more for the "Train of the friendship"

FRANCE: Collecting milk for the Friendship Train.

pages 12-23). The United States Embassy, American relief agencies, and other organizations received thousands of letters from grateful recipients.

The charge to Public Law 84 of repacking the food for shipment abroad was \$118,674.16. The ocean transportation costs were met by the United States Lines.

No sooner had the original Friendship Trains transported their cargo across the United States than areas of the country and cities which had not been on the original itinerary insisted on being included in similar projects.

Friendship Food Caravan. Under the auspices of the Michigan Junior Chamber of Commerce, 50 communities in Michigan collected 1,000 tons of food from December 21 to January 17. The cargo was shipped on three ships which carried the supplies to France, where plans for their distribution had been worked out by the French Government. The ocean transportation was provided by the French Government.

The Pacific Northwest Christmas Ship. The States of Washington, Oregon, Idaho, and Montana, and the Territory of Alaska joined in a similar relief project to send a ship filled with food and clothing to the stricken areas of Europe.

Since the earlier Friendship Trains supplies had helped to relieve suffering in France and Italy, the Pacific Northwest Christmas Ship provided supplies for Germany and Austria. On January 29 the S.S. *Gretna Victory* left Seattle with 5,532,800 pounds of food and clothing valued at \$2,000,000 for these two countries. The ship arrived in Bremen the middle of March. Distribution was made to the neediest members of the population with a large share of it going to children, nursing and expectant mothers, and refugees.

The charge to Public Law 84 of ocean transportation for this shipload of supplies was \$66,712.98.

Abraham Lincoln Friendship Train. The Community Club of Geneva, Nebraska, a town of 2,000, suggested the plan to honor the memory of Abraham Lincoln with a trainload of relief supplies from the church people of rural America. Church and civic groups of communities throughout the great farming areas collected staple goods that could be shipped overseas. Freight cars marked "Abraham Lincoln Friendship Train" were loaded on many sidings.

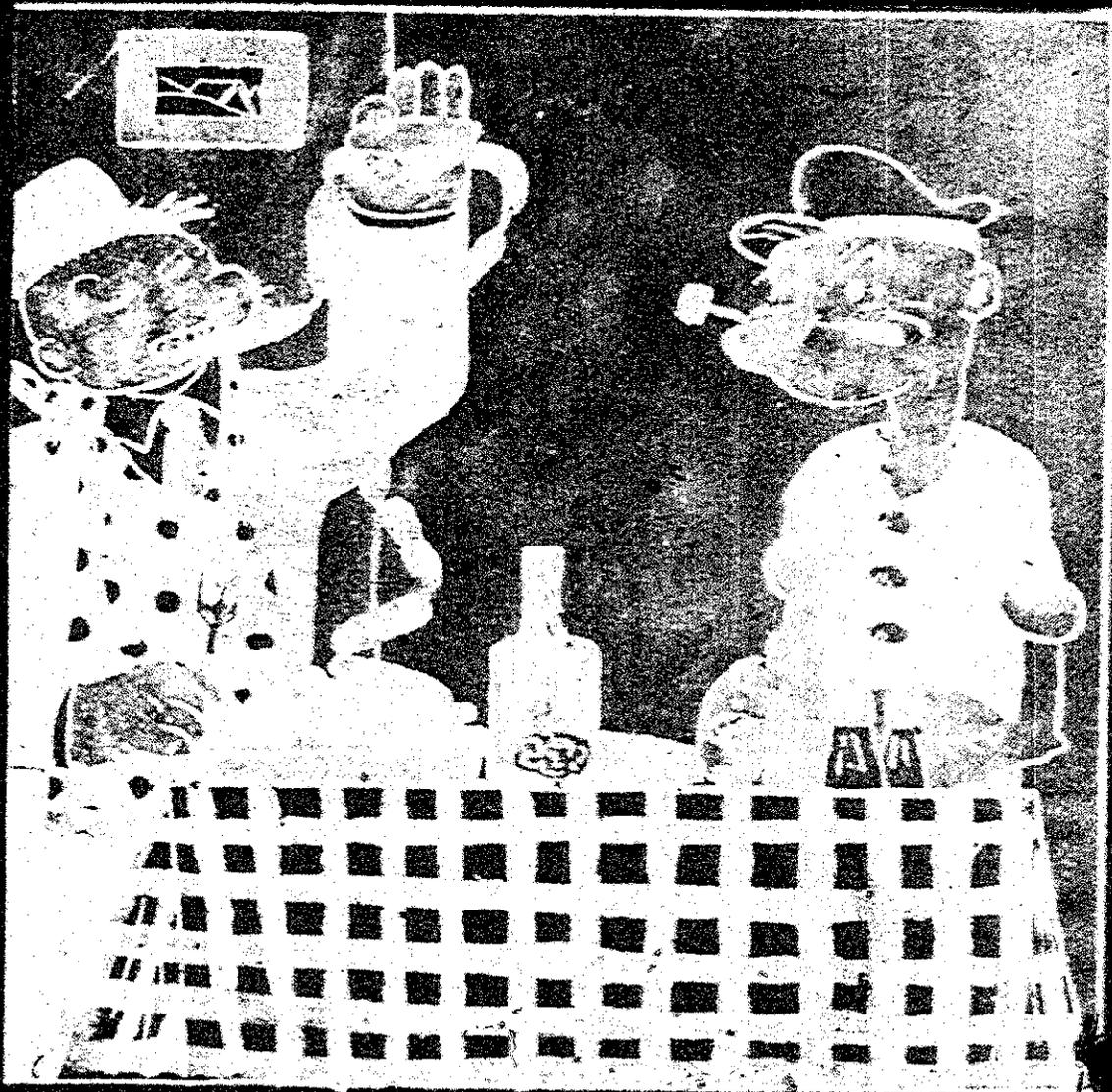
The main section of the train began its tour at Lincoln, Nebraska, on Lincoln's birthday, February 12. Cars from western points such as Denver, Colorado, and Cheyenne, Wyoming, were coupled with those from points nearby in ceremonies which marked the inauguration of this train.

By the time the train reached Philadelphia, it had collected 200,000

How can they make this bread
as white as their milk ???



FRANCE: French school children were impressed with the white bread made from American flour in contrast to their own dark bread.



POPEYE: « Gontran do not eat all keep
some for the train of kindness »

FRANCE: A suggestion to conserve food for the Friendship Train.

bushels of wheat along with 85 freight cars bearing a variety of general relief supplies. In its cargo were two cars of table syrup, a car of candy, two cars of milk and honey, two cars loaded with pancake flour. In all, 200 cars of supplies were collected. The greater part of the cargo went to Finland, Poland, Hungary, Austria, Germany, and Czechoslovakia. About one third of the supplies went to China, Korea, India, the Philippines, and Japan. The first ship left Philadelphia February 27 and was followed by others during the month of March.

The charge to Public Law 84 for the ocean transportation of these cargoes was estimated at \$130,000.

Golden Bear. The spontaneous acts of friendship included also the Mediterranean cruise of the California training ship, the *Golden Bear*, which carried a cargo of 1,200 tons of dried and evaporated milk for the needy of France, Italy, and Greece. It became known as the California Goodwill Milk Ship. Both the cargo and the cadets of the California Maritime Academy were received everywhere with genuine enthusiasm.

It will have been noted that, in the case of several of these cargoes, no ocean transportation expenses were charged to the appropriation authorized by Public Law 84. In all instances, however, the Department of State used its good offices in helping to make arrangements which saved tolls, customs duties, and charges for docking, unloading, pilotage, and the like, abroad.

Acknowledgments. It would take many pages of this report to list all the agencies—the church, welfare, and civic groups, the corporations, the railroads, the steamship lines, the schools, the unions, and the thousands of individuals—who contributed their supplies and services. These gifts were an expression of the proverbial generosity of the American people in sharing with those less fortunate than they.

F. Administrative Expenses

The Supplementary Appropriation Act, 1948 (Public Law 271) appropriated to the Department of State up to \$600,000 for administrative expenses in furnishing relief assistance to war-devastated countries. Of this sum \$355,249.88 had been obligated at March 31, 1948, and \$281,840.32 had been expended.

G. Summary

The status of the items budgeted for purposes other than the country supply programs, at March 31, 1948, is summarized in the table which follows:

STATUS OF ACCOUNTS AS OF MARCH 31, 1948, FOR PURPOSES OTHER THAN COUNTRY SUPPLY PROGRAMS

	Budget	Allocation	Obligation	Expenditure
International Children's Emergency Fund	\$40,000,000	\$30,000,000	\$15,000,000.00	\$15,000,000.00
Expenses related to ocean transportation of supplies provided by U.S. voluntary agencies	5,000,000	2,000,000	2,000,000.00	68,358.71
Citizens Food Committee	250,000	250,000	226,434.37	102,165.83
Administrative expenses, Department of State	600,000	600,000	355,249.88	281,840.32
Reserve: not yet programed	3,990,150	. . . . .	. . . . .	. . . . .
TOTALS.	¹ \$49,840,150	\$32,850,000	\$17,581,684.25	\$15,452,364.86

¹ Not included is \$1,000,000 transferred to the Department of Agriculture for the Food and Feed Conservation program.

25

Chapter IV

Austria

A. General Conditions

During the quarter shipments of United States seeds and fertilizer reached the Austrian provinces in time for spring planting. Provincial agriculture authorities were particularly enthusiastic about the seed potatoes. Coal deliveries, while not plentiful, were sufficient to free Austrian industry from many of its past coal problems.

Despite the currency-protection law which canceled large amounts of the outstanding currency, there appeared to be no shortage of schillings. For a relatively high purchasing power, resulting from full employment, there was an extreme shortage of supplies. This situation led both the Austrian Government and the United States mission to recommend that—except for the allocation of 15,000,000 schillings for the indigent aged and the local expenses of the United States mission—the schilling proceeds from the sale of United States relief supplies should be frozen.

A much more detailed account of the economic conditions in Austria is included in chapter IV of the second report to the Congress on Public Law 389.

B. Receipt and Distribution of Supplies; End Uses

The preplanning for the reception and distribution of the several types of supplies—food, coal, seeds, fertilizer, pesticides, and medical supplies—and the method of receiving and distributing them have been set out in detail in the statement of the Austrian Government included in chapter V of the second report to the Congress on Public Law 389. Supplies made available during the quarter under the United States Foreign Relief Program for Austria followed this plan.

Observers of the United States mission made spot checks by following all commodities received under the relief program through all the steps in the process of distribution to the local consumer. While these spot checks encountered minor problems, there was no evidence of discrimination or any serious violation of the agreement under which the supplies became available.



AUSTRIA: Window display showing posters on seeds and fertilizer and several varieties of seed potatoes.

In making these inspections, the mission's observers had the fullest cooperation, not only of the personnel of the French, British, and American occupation forces in their respective zones, but also of all representatives of the Austrian Government—particularly the Federal Chancellery's Office of Aid to Austria. In their inspections, field observers of the mission dealt with Austrian provincial food offices, agriculture committees, the Import Union—in fact all governmental and private agencies involved in the distribution of United States supplies.

C. Price and Ration Control

It is estimated that food supplies available from Austria's indigenous resources provide only 822 calories per person per day. The remainder of the food rations for consumers is made up from supplies provided under the United States Foreign Relief Program.

As in all other European countries the population is classified. Workers in heavy industry received the largest number of calories. Rations for "normal" consumers were 1,700 calories a day. Any

increases in the total number of calories of food per person per day will depend upon the increase in Austrian indigenous supplies.

There were no import price changes during the quarter except in the case of fertilizer, where the prices set created resistance on the part of farmers. The Austrian Government reduced prices, and distribution improved in time for the spring sowing.

A more detailed description of the Austrian Government's price and ration controls will be found in chapter IV of the second report to the Congress on Public Law 389 for the period ended March 31, 1948.

D. Local Currency Fund

Under the authority of Public Law 84, deposits are made in the special account for the local currency proceeds of the sale of United States relief supplies only after the government has collected the proceeds. In the tables which follow, therefore, it will be noted that there is a lag between the amount due at the end of the quarter and the deposits actually made.

In the following summary there is outlined the status of the local currency fund in terms of the status of the entire program, the status of amounts due at March 31, 1948, the actual cash status of the special account on that date, and an analysis of expenditures and authorized encumbrances.

1. STATUS OF ENTIRE PROGRAM

	Schillings
a. Estimated total amount due from the potential proceeds of the sale of all supplies expected to be made available to Austria by the U.S. Foreign Relief Program	¹ 488, 944, 252. 56
b. Deposits made by March 31, 1948, to special account	301, 393, 015. 15
	<hr/>
Potential balance due	187, 551, 237. 41
	<hr/> <hr/>

¹ NOT included in this amount were 61,055,747.44 schillings canceled as of March 31, 1948, on the basis of the currency-reform law of December 10, 1947.

2. STATUS OF AMOUNTS DUE AT MARCH 31, 1948

	Schillings
a. Amount due on March 31, 1948	468, 460, 253. 11
b. Deposits made through March 31, 1948	301, 393, 015. 11
	<hr/>
Amount not deposited at March 31, 1948	167, 067, 238. 00
	<hr/> <hr/>
c. Amount due over 30 days	104, 067, 238. 00
d. Amount due under 30 days	63, 000, 000. 00
	<hr/>
Total amount due	167, 067, 238. 00
	<hr/> <hr/>

3. STATUS OF SPECIAL ACCOUNT

	Schillings
a. Proceeds deposited as of March 31, 1948	301, 393, 015. 15
b. Withdrawals	15, 293, 430. 07
	<hr/>
Balance at March 31, 1948	286, 099, 585. 08

4. EXPENDITURES AND ENCUMBRANCES

	Schillings
a. Total allocations from special accounts	21, 748, 153. 07
Represented by:	<hr/> <hr/>
b. U.S. mission for administrative expenses	127, 380. 09
c. U.S. mission for publicity program	166, 049. 98
d. Austrian Government for project for food for indigent aged	15, 000, 000. 00
e. Encumbrance: expense of U.S. Army for handling supplies	6, 454, 723. 00
	<hr/>
	21, 748, 153. 07

E. Projects Financed From Local Currency Fund

As already noted under section 4 of the previous table, expenditures had been made by the United States mission for administrative expenses and also for carrying on its publicity program. Both charges totaled 293,430.07 schillings.

Because of the relatively high local purchasing power in relation to goods and supplies available and the extreme shortage of supplies and labor, both the Austrian Government and the mission were extremely reluctant to use the local currency fund for any projects.

In January, however, following the currency conversion, the use of 15 million schillings of the special account was approved for a feeding program for the indigent aged during the winter months.

The Minister of Social Administration presented a project for supplying a grant of 45 schillings a month (the approximate monthly cost of the food ration) for the months of February through April to all persons 65 years old or over who were receiving public relief on February 1. On approval of the project, funds were transferred to the Ministry, and the program began operating in the middle of February.

The Federal Ministry of Social Administration was responsible for the general supervision of the program, which was administered by the welfare officials of the several *Länder*. Grants were made in cash in the provinces, in Vienna by check. The first report disclosed that 78,333 persons received 3,524,985 schillings in February.

In making the grants, Austrian Government officials informed

each recipient, verbally and by memorandum, that the emergency relief came from the proceeds of the sale of United States relief supplies and could not be continued by the Austrian Government from its own resources.

The expenses of the United States mission and the 15 million schillings for the relief of the indigent aged were outright withdrawals from the special account. In addition there was an encumbrance of 6,454,723 schillings for expenses incurred by the United States Army in handling Public Law 84 supplies to March 31, 1948.

F. Publicity and Labeling

During the quarter publicity given to United States assistance to Austria covered the supplies received both under the United States Foreign Relief Program and the interim-aid program.

Three different colored posters were distributed throughout Austria in January, February, and March. The first emphasized that four-fifths of an Austrian loaf of bread represented wheat and flour which were a gift of the American people. The second poster, showing a ration ticket, pointed out that 60 percent of all rations distributed were a gift of the United States. The third poster, showing a farmer sowing American seed, illustrated the fact that seeds of the value of \$9,780,000 were a contribution of the United States for the reconstruction of Austria.

Newspapers continued to be one of the principal sources of information. The important *Wiener Kurier* carried at least four articles a week. The mission prepared news releases for the provincial press. Featured articles devoted to coal, to medical supplies, and to the seeds and fertilizer imported under the United States programs were distributed to trade, technical, and school publications.

Radio newscasts announced the arrival and distribution of rationed food supplies. During March an outline for a monthly radio program to reach rural listeners was approved but had not yet been used.

Window displays, labels pasted on packages by food merchants, and a message on ration cards—all emphasized that the largest share of the supplies was an outright gift of the American people and that the local currency proceeds were left in the country to help Austria.

Motion pictures and slides of the three billboard posters were shown in all moving picture theaters, except those of the Soviet zone.

G. Compliance With Agreement

American newspaper and radio representatives had complete freedom to travel to report on the distribution and use of United States relief supplies in the U.S. - U.K. zone. Two American correspondents requested permission to visit the Soviet zone during the quarter, but were unsuccessful.

The United States mission to Austria reported that all officials of the Austrian Government were completely cooperative in the administration of the United States Foreign Relief Program and concluded that the Austrian Government complied with all the requirements of Public Law 84.

Chapter V

Greece

In Greece the United States Foreign Relief Program authorized by Public Law 84 merged with the more extensive program of aid to Greece authorized by Public Law 75.

A. General Conditions

Conditions in Greece during the quarter continued to be marked by tension, due primarily to political developments both outside of the country and in Greece itself. The change in government in Czechoslovakia, the threat to Finland's independence, rumors of foreign brigades on the Greek border, the use of artillery by the guerrillas, and the abductions of children by guerrillas adversely affected Greek initiative and enterprise for the period.

This tension was in part offset by the assurances of the President and other officials of the United States, the arrival of the United States Military Staff, increased American military aid, and the developments for a union of western European democracies.

Some progress was made in the direction of more effective agricultural production. Steps were taken to improve many aspects of agriculture, such as the use of better seed, the import and local manufacture of more fertilizer, the local production of small farm machinery and pumps, the increase of water supplies for agricultural purposes through wells and irrigation, and the reclamation of land, all supplemented by general agricultural education.

It was expected that the 1948 wheat crop would be much larger than a year ago and higher than the average of the past three years.

The chief obstacle to improvement, however, was the guerrilla terrorism which prevented the maximum cultivation of the land.

Bad transportation conditions increased the cost of delivery of locally produced supplies, and the program of amassing locally produced cereals was still ineffective.

During the quarter the number of refugees increased from 430,373 to 517,135, largely because of the spread of guerrilla activities. All proceeds of the drachma fund from the sales receipts of United



GREECE: Greek children drinking milk, imitating figures on poster. Colored poster, which was distributed throughout Greece, shows American girl encouraging Greek boy to drink milk: "It is strengthening and beneficial."

States relief supplies have been committed toward the relief of refugees.

Much more detailed statements of the conditions in Greece are contained in the quarterly reports to the Congress on assistance to Greece and Turkey under Public Law 75.

B. Receipt and Distribution of Supplies

By March 31, 1948, substantially all supplies under the United States Foreign Relief Program had been received in Greece. Only about 7,000 long tons of commodities of the estimated c & f value of \$1,889,101 had not arrived.

Because of the conditions already described, the distribution of



GREECE: The milk program in action.

relief supplies from ports to the several provinces was bound to be irregular, uncertain, and expensive. Roads are in bad condition. There is a shortage of rolling stock and trucks. Railroads and automobile roads have been dynamited by guerrillas, and the Greek army itself has commandeered transportation facilities, regardless of the need for distribution of civilian supplies. There has been some improvement, as far as the Greek army is concerned, due to the efforts of the United States Army group.

As already noted in the second report to the Congress, representatives of the U.S. mission met with responsible ministers of the Greek Government for the simplification of the Greek system of supply and distribution. This led during the current quarter to the drafting of an enabling act, setting up a new Ministry of Supply and Distribution. When this act becomes effective, it is expected that the new organization will be able to improve materially the ineffective distribution system.

One program on which distribution had already improved, however, was the distribution of milk, particularly the distribution to institutions and special groups.

Some progress was also made on the 20-point recommendation contained in the general report of the Greek Government and United States mission on "The Processing and Distribution of Cereals in Greece".

During the quarter, U.S. relief supplies were supplemented by a relief program of the Canadian Government and by supplementary aid of the International Children's Emergency Fund, American voluntary agencies, and those of other countries.

C. End Uses of U.S. Relief Supplies

The cereals which were provided by the United States Foreign Relief Program made possible the maintenance of the Greek Government's rationing of bread to all its people for approximately five months. The wheat and flour to maintain this ration required the equivalent of 45,000 tons of wheat a month in United States supplies from September through January.

The quantities of pulses, macaroni, and fish provided by the relief program supported the local market when these commodities were in short supply. Not only did they provide sources of food to the Greek people, but the additional supply of these commodities prevented inflationary prices. The milk given Greece under relief was substantially the only milk provided to Greek children during the quarter.

The persons who were to be benefited by the milk-feeding program included 100,000 pregnant women, 900,000 preschool children, over 1,000,000 children in schools, and 71,000 other persons in orphanages, hospitals, and sanatoria, as well as tubercular outpatients.

The medical supplies have made possible the treatment of indigent patients with penicillin and streptomycin. Vaccines of various sorts have been used in the prevention of disease, particularly among refugees. Despite the concentration of refugees, there have been no epidemics. The health of the refugees is described as remarkably good.

Fifty percent of the DDT introduced in Greece under the United States Foreign Relief Program was to be used from March to September 1948 to combat malaria and the Dacus fly. DDT has also been used extensively for the prevention of contagious diseases among the refugees.

D. Local Currency Fund

Up to March 1, 1948, settlement for the proceeds of the sale of United States relief supplies was made monthly. Effective with March, settlement was made on a ship-by-ship basis.

At March 31, 1948, the status of the local proceeds from the sale

of United States relief supplies could be summarized in the tabulation which follows:

1. STATUS OF ENTIRE PROGRAM

a. Total expected proceeds from sale of P. L. 84 supplies when program is completed	Drachmas 185, 353, 346, 254
b. Total deposits at March 31, 1948	131, 954, 886, 666
	<hr/>
Potential balance due	53, 398, 459, 588
	<hr/> <hr/>

2. STATUS OF AMOUNTS DUE AND DEPOSITED AT MARCH 31, 1948

a. Amount due on March 31, 1948	Drachmas 175, 919, 345, 483
b. Deposits made	131, 954, 886, 666
	<hr/>
Balance due at March 31, 1948.	43, 964, 458, 817
	<hr/> <hr/>

3. STATUS OF SPECIAL ACCOUNT

a. Total amount deposited at March 31, 1948	Drachmas 131, 954, 886, 666
b. Withdrawals	83, 175, 000, 000
	<hr/>
Balance in special account	48, 779, 886, 666
	<hr/> <hr/>

4. STATUS OF EXPENDITURES AND ENCUMBRANCES

a. Total allocations at March 31, 1948	Drachmas 131, 954, 886, 666
b. Expenditures for refugee relief	82, 675, 000, 000
c. Administrative expenses of U.S. mission	500, 000, 000
d. Encumbrances for refugee relief.	48, 779, 886, 666
	<hr/>
	131, 954, 886, 666
	<hr/> <hr/>

Deposits are made to the special account, "Greek State—Relief Drachma Fund" in the Bank of Greece. Withdrawals are authorized by the head of the United States relief mission.

E. Projects Financed From Local Currency Fund

Apart from the 500 million drachmas withdrawn for the local expenses of the U.S. mission, the remaining drachma proceeds from the sale of United States relief supplies have been committed for the relief of refugees. The mission has recommended that, if it should not require the entire 500 million drachmas for its expenses, the unused portion be returned to the special account, also to be used toward refugee relief.

Relief expenditures for refugees included bread, clothing and footwear, bedding, lighting and heating, transportation, cash relief,

and the handling of the relief supplies themselves. It was also agreed that expenditures by the Ministry of Health for medical care of the refugees and the construction of emergency shelter were both chargeable to refugee relief.

An idea of the financial problem faced by the Greek Government in extending relief to refugees may be gained from the fact that the cost of these items through the month of April 1948 was estimated at 196,372,000,000 drachmas, or more than 11 billion in excess of the total expected proceeds from the sale of United States relief supplies.

In practice, the withdrawals from the drachma fund for relief are made as reimbursements to the Greek Government for expenditures it has already made for refugee relief.

F. Publicity and Labeling

Although fewer and smaller shipments of United States relief supplies reached Greece during the quarter and there was consequently less publicity than in the previous quarter, the people of Greece were fully aware of the continued interest of the United States in their welfare. The United States relief mission reported that all Greeks knew that they were dependent upon American assistance, realized that they were getting it, and expressed their gratitude for it.

Press. The American Mission for Aid to Greece issued 14 press releases directly concerned with the United States Foreign Relief Program. A Greek writer was placed on the mission staff primarily to develop publicity concerning the relief program. The Department of State has received several folders of clippings of articles from the Athenian and provincial press, illustrative of the coverage given the foreign-relief program.

Radio. Radio Athens has continued to carry descriptions of all activities of the American mission on its news programs and has given time for special programs to describe what the mission is doing for Greece.

Posters and Labels. The first edition of posters and labels had been exhausted, and new quantities were in press at the end of the quarter.

The Greek Ministry of Supply issued a special order to distribution centers to secure their cooperation in exhibiting the poster in which an American girl offers a Greek boy milk supplied by the United States.

Milk Program. Considerable publicity has been given to the milk program. This publicity, prepared with the help of a nutrition

specialist of the staff of the Food and Agriculture Organization, took the form of a series of circulars to parents, teachers, children, and volunteer workers indicating the value of milk, describing methods of its preparation, and urging its consumption. Periodic radio talks by acknowledged authorities reinforced the information given in such circulars.

G. Compliance With Agreement

The United States mission reported that the Greek Government had been exerting every effort to insure the maximum production of food during 1948, admittedly against the serious odds already mentioned.

The Greek Government facilitated the movement of members of the mission throughout the country and gave observers the freedom to examine and investigate all aspects of the distribution of relief supplies.

An official in the office of the United States Embassy and the head of the mission's division of public relations replied to the criticism in a statement of the American War Correspondents Association of New York that the Greek Government had placed restrictions on correspondents in Greece. In their reply these two United States officials, for many years working newspaper men in the United States, deplored the inclusion of Greece in the war correspondents' statement.

"We state from actual experience during the past five years overseas," said they, "that there is no country in Europe where a greater degree of press freedom may be found than in Greece. There is as real a freedom of press there today as there is in the United States." The two officials concluded that "American correspondents do have access to all sources of information and do file uncensored and uninterrupted despatches to the United States press and radio."

During the current quarter 28 representatives of the American press and radio were in Greece for various periods of time.

While the reports of the Greek Ministry of Supply concerning arrivals, transshipments, and distribution of United States relief supplies were not complete—largely because of the general conditions of the country, already mentioned—the mission expected that these reports would be completed before the termination of the mission.

Chapter VI

Italy

During the quarter supplies received under Public Law 389 gradually supplanted those made available under the United States Foreign Relief Program.

The main concern of the mission with respect to Public Law 84 was to determine the lira proceeds of the remaining commodities in the relief program which were due the Lira Fund and to insure that the amounts of United States relief supplies allocated by the Italian Government agencies were actually distributed to the particular consumer groups and geographical areas in accordance with plans previously agreed on with the Italian Government.

A. General Conditions

Economic conditions in Italy during the quarter have already been described at considerable length in chapter IV of the second report to the Congress on the interim-aid program. Despite considerable improvement in certain areas, Italy was still confronted by the problems arising from the unemployment of more than two million persons, a situation to which the United States mission addressed itself by making available funds from the Lira Fund to ease the problems of the destitute.

B. Receipt and Distribution of Supplies; End Uses

Shipments of wheat made available under the United States Foreign Relief Program were completed on January 17; the final shipment was received on March 16. All coal arrivals had been completed by the end of February. At the end of March there were still to be received under the foreign-relief program only some 700 tons of soya flour, 70 tons of *pasta*, and 500 tons of pulses. The coal, flour, and wheat received under the United States Foreign Relief Program represented a total of 309 full cargoes.

Receipt and Handling of Supplies. In the second quarterly report to the Congress on Public Law 389 there is included a detailed statement from the Italian Government with respect to the pre-planning, receipt, and distribution of each type of commodity furnished by the United States under the interim-aid program. The methods there described also were applicable to supplies received

during the quarter under the United States Foreign Relief Program.

Toward the end of the quarter the Italian Government took the most promising step for the purposes of handling distribution problems—it established an interministerial working party for each of the important commodities. Such working parties were convened by the interministerial committee to solve problems affecting prices, distribution balances, import programs from other sources, and the actual demand for the commodity.

The gain in this procedure is that all problems are examined for a given commodity at a technical level and decisions are reached by the different government agencies simultaneously. Representatives of the United States mission attend all meetings of such working parties—additional evidence of the increasing cooperation between the Italian Government and the mission—thus greatly facilitating the task of evaluating the economic situation in Italy.

Cereals. Allocations of wheat, flour, and minor cereals covering imports under both Public Laws 84 and 389, together with imports from other countries and indigenous supplies, were adequate to maintain the national ration scales. This was the first time since 1941 that the cereal ration had not been reduced in the spring.

Edible Fats and Oils. Edible fats and oils were almost entirely decontrolled during the quarter. Beginning with January rationing distribution continued only in those provinces where the free market prices were higher than those established for rations.

The prices of fats supplied under the United States Foreign Relief Program were reduced from 450 lire per kilogram to 375 and then to 300 lire. This price reduction had to be made in order to move lard supplies. The ration price originally set by the Italian Government was obviously too high.

Evaporated Milk, Pulses, and Fish. Evaporated milk, pulses, and fish were turned over to the welfare section of the Office for the Administration of International Aids for free distribution in the child-feeding program. The total estimated value of these products was 800,000,000 lire.

Pulses. Distribution of pulses was delayed because no prices could be established until the High Commissariat for Food had examined samples for each type and quality.

Sugar-Beet Seeds. Sugar-beet seeds were distributed to the Sugar Manufacturing Association in accordance with regulations of the Ministry of Agriculture. The association distributed them to all sugar-beet farmers with whom it was closing contracts. The entire lot was expected to be placed in the ground by the end of March.

Coal. The last coal received under the foreign-relief program,

totaling 174,000 tons, was distributed to gas works and thermo-power stations. During the quarter the mission continued its observation and careful analysis of the Italian coal situation.

Medical Supplies. Streptomycin, DDT-Xylol solution, and 20 percent of the penicillin were distributed free of charge.

STREPTOMYCIN. After consultation with the medical officers of the World Health Organization, agreement was reached to make a free distribution of the 75,000 grams of streptomycin made available under the foreign-relief program.

It was decided to recommend a new set of criteria to the Italian High Commissariat for Hygiene and Public Health with respect to the 11 experimental stations through which distribution of streptomycin was to be made. Free allocations were to be made primarily for experimental purposes. The drug was to be used for treatment of needy patients. Its use was to be limited to meningitis, laryngitis, and miliary and renal tuberculosis. A limited number of beds in hospitals designated by the experimental centers was to be set up and reserved for patients who were to receive free streptomycin treatments. The allocation of the drug was to be on the basis of one gram a day per bed. No less than 15 beds were to be allocated in any one hospital.

A listing of the location of the centers, the number of beds, and the monthly allocations in grams follows:

Location of center	No. of beds	Monthly allocation
		<i>Grams</i>
Rome	100	3, 000
Milan	80	2, 400
Sondalo ¹	20	600
Palermo	80	2, 400
Naples	80	2, 400
Genoa	70	2, 100
Turin.	70	2, 100
Novara ¹	15	450
Florence	70	2, 100
Bologna.	60	1, 800
Ancona ¹	15	450
Padua	60	1, 800
Bari	60	1, 800
Cagliari.	60	1, 800
	840	25, 200

¹ Subcenters.

It was expected that the allocation of 75,000 grams would cover the requirements of the 11 centers and three subcenters for the quarter from April to June. The individual hospitals are expected to submit monthly reports to the Italian High Commissariat for Health and Hygiene on the number of vials used, the names of the patients treated, the diagnoses, and other pertinent data. The clinical reports of the results are expected six months after treatment. The High Commissariat intends to set up a central committee which will be charged with the task of observing and following up the experiments made by the centers and which will make the results known to similar centers already in existence in other countries.

PENICILLIN. Of the 90,000,000,000 units of penicillin supplied under the relief program, 20 percent was allocated free of charge to needy patients and 80 percent was sold. It has been used at the rate of 22 billion units a month.

Penicillin was distributed to 1,159 civil hospitals, 106 foundling hospitals, and 81 sanatoria. The Interministerial Price Committee set the retail sale price of penicillin at 600 lire for one vial of 200,000 units and 1,450 lire for a vial of 500,000 units.

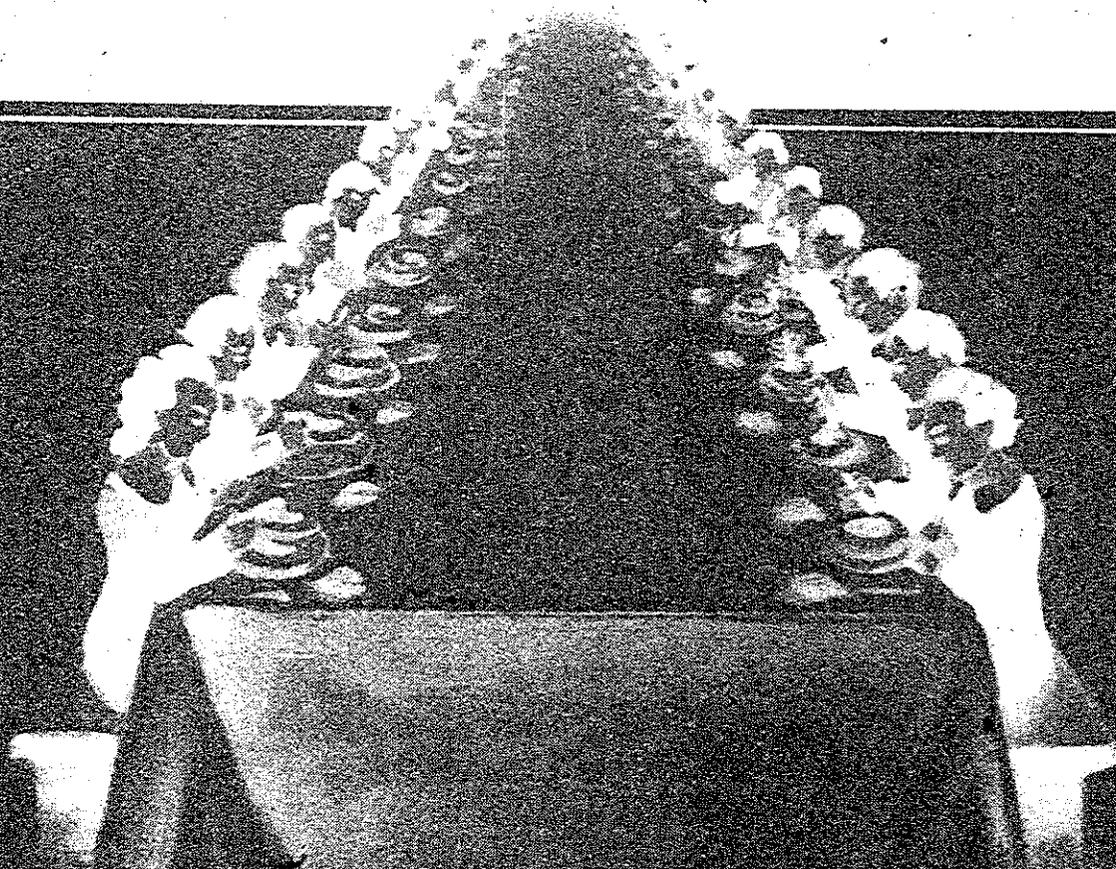
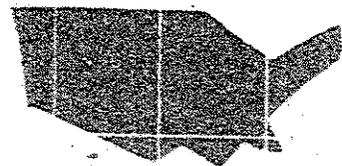
Penicillin is no longer restricted. The result is that the total requirements which had been estimated at 50 billion units a month have now risen to 75 billion units a month. The additional penicillin is to come from a penicillin plant now in process of construction with an allocation from the Lira Fund.

DDT-XYLOL SOLUTION. The entire quantity of 144,207 gallons of DDT was allotted free of charge to the High Commissariat for Hygiene and Public Health for the malaria-control campaign, for which a five-year plan was initiated in 1947. Of the total quantity, 125,357 gallons had already been distributed to cover the entire requirements of Sicily and of 10 other provinces of north and central Italy. The balance of 18,850 gallons was to be used in the malarial areas, Puglie, Calabria, and Lucania.

The malaria-control campaign is carried on by an organization consisting of doctors, sanitary engineers, workers operating under the supervision of provincial medical officers, and of the High Commissariat. Each province has its central warehouse for storing the material and for the preparation of DDT solutions. There are also various local warehouses which supply the actual operating teams with equipment, materials, and vehicles. These teams generally consist of five or six workers furnished with spraying pumps. To

ITALY: "This year school luncheons are being financed by the proceeds of sale of supplies donated by the American people."

AIUTI DELL'AMERICA



*Quest'anno le refezioni scolastiche sono pagate
con il ricavato della vendita delle merci
donate dal popolo americano.*

exterminate adult anopheles mosquitoes, walls and ceilings of all houses and stables are sprayed with DDT.

C. Price and Ration Control

The mission's activities in connection with prices have been confined practically exclusively to the determination of the amount of the proceeds from the sale of United States supplies which revert to the Lira Fund. The prices at which U.S. relief supplies are sold to the Italian people are determined by an Italian Government interministerial price committee which periodically revises prices of imported supplies on the basis of prices of similar supplies of domestic origin. In view of the Government's efforts to avoid price increases to consumers, the mission has not found it necessary, as a general rule, to participate in the meetings of the interministerial committee.

No action was necessary as to prices on items distributed free of charge (Icelandic wet salt fish, streptomycin, and DDT) nor on evaporated milk, which was sold at a nominal cost.

During the quarter there was some delay in the distribution of lard and dried beans. This resulted from delays in fixing prices, caused by the fact that there were no nationally established prices for similar locally produced supplies or supplies imported from other countries.

The most significant change in policy during the quarter was the agreement by the Italian Government that, effective January 20, 1948, no deductions were to be made for handling charges from the sums accruing to the Lira Fund from the sale of U.S. foreign-relief supplies.

D. Local Currency Fund

The status of the Lira Fund at March 31, 1948, reflects the agreement reached with the Italian Government during the quarter that the Italian Government would deposit in the Lira Fund the gross proceeds of the sale of U.S. relief supplies without making any deductions for handling charges:

1. STATUS OF COMPLETE PROGRAM

a. Estimated total amount due from the potential proceeds of the sale of all supplies expected to be made available by the U.S. Foreign Relief Program	Lire 41, 000, 000, 000
b. Deposits made by March 31, 1948, to special account	30, 864, 762, 112
	<hr/>
Potential balance due	10, 135, 237, 888
	<hr/> <hr/>

2. STATUS OF AMOUNTS DUE AT MARCH 31, 1948		
		Lire
a. Proceeds due on March 31, 1948		39, 547, 616, 105
b. Deposits made to special account		30, 864, 762, 112
		8, 682, 853, 993
3. STATUS OF SPECIAL ACCOUNT		
		Lire
a. Proceeds deposited by March 31, 1948		30, 864, 762, 112
b. Amounts withdrawn for administrative expenses of U.S. mission and for projects		6, 167, 752, 797
		24, 697, 009, 315
4. EXPENDITURES AND ENCUMBRANCES FOR MISSION EXPENSES AND PROJECTS		
a. Total allocations for administrative expenses of U.S. mission and all projects		Lire 31, 740, 896, 300
b. Withdrawn for administrative expenses of U.S. mission	200, 000, 000	
c. Expenditures for projects	5, 967, 752, 797	
d. Encumbrances	25, 573, 143, 503	
		31, 740, 896, 300

Agreement was reached during the quarter that the total deposits would be made within 30 days after the arrival of the last cargo.

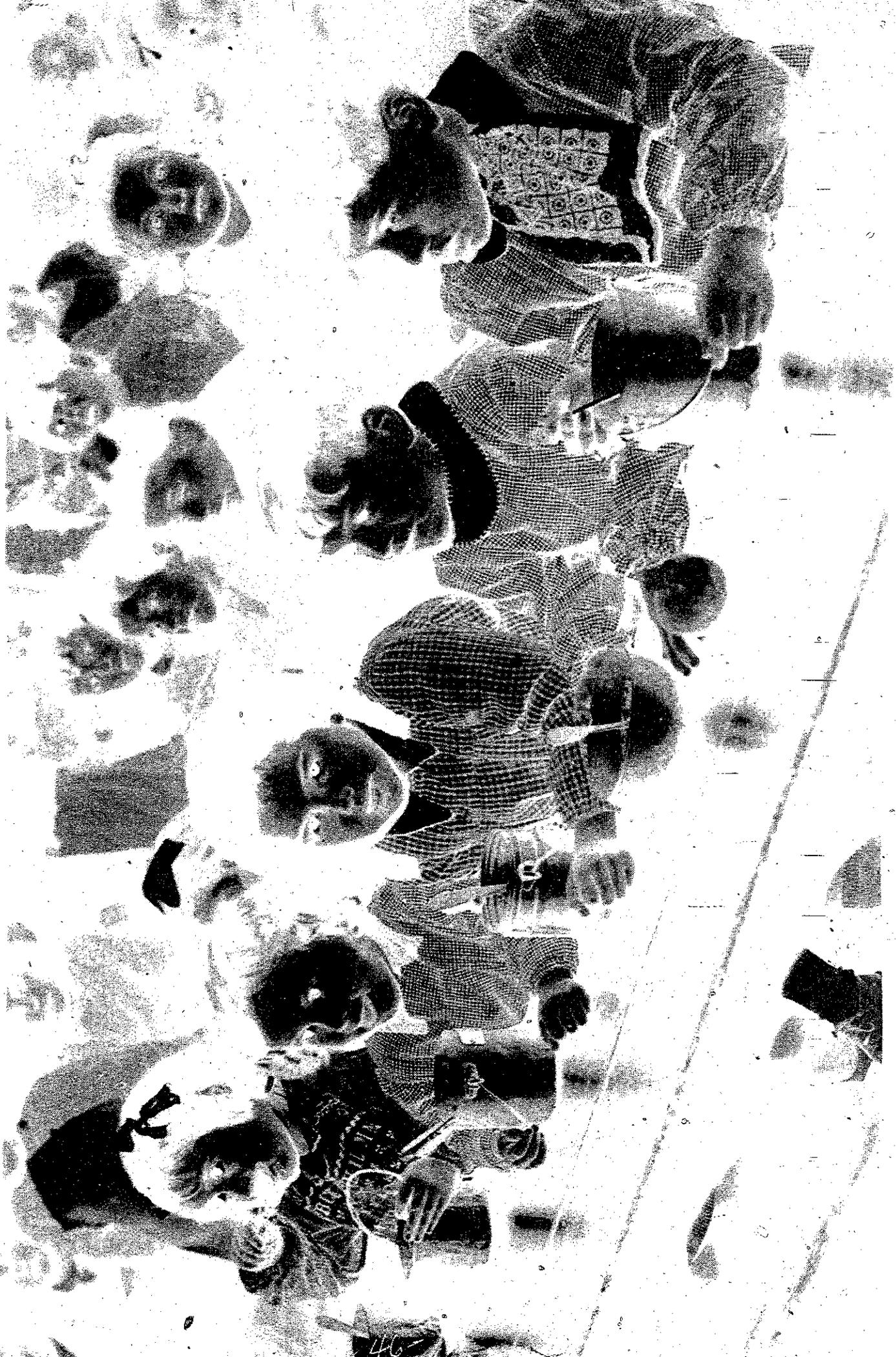
All deposits were made in the Bank of Italy in the name of the Italian Government-AUSA, Account 1041.

E. Projects Financed From Local Currency Fund

General Projects. Reference to the status of the Lira Fund will show that the total authorizations for the administrative expenses of the mission and for projects totaled almost 32,000,000,000 lire, in fact exceeded the proceeds deposited by the end of the quarter.

These authorizations have been made for the purpose of alleviating conditions arising out of the serious unemployment problem. Early in the quarter discussions were begun with the Italian Government representatives as to the most productive allocations which could be made from the Lira Fund. By middle February a final decision was made on the basis of which some 25 to 30 billion lire would be used to take over projects authorized in the current Italian Government budget, and approximately 10 billion lire would be set aside for projects outside the budget.

After setting up tentative allocations, there appeared to be a bal-



ance of approximately 1,400,000,000 in the extragovernmental fund. Many projects were suggested for the best use of this sum.

Among the suggestions was to purchase 80,000 tons of coke—to reduce to some extent the stock pile of coke—for free distribution to the unemployed and to state-supported welfare institutions and hospitals. The mildness of the winter and the controls which would have been a part of such an operation led to the abandonment of the project.

Another suggestion was to open more than 7,000 new kindergartens in seven provinces, the cost of building and operating for the first year to be financed from the Lira Fund. This project was also discarded particularly because it could not become operative until the fall of 1948. Furthermore, such a project was considered to be the responsibility of the International Children's Emergency Fund.

A total of 98 projects were accumulated for consideration by the Advisory Welfare Committee. The majority were discarded promptly.

The mission had set up certain criteria in connection with any request for allocations from the fund. If, for example, the fund was to pay the labor cost of any new building, the agency making the request had to give assurance that money was available to purchase the necessary material. Moreover, where an expansion was projected for new building, the agency had to show that it would have sufficient financial backing to be able to operate the expanded plant.

Advisory Committee. The Welfare Advisory Committee on March 23 approved 12 projects totaling approximately 25 billion lire, of which 19,358,610,000 lire was for Government-budgeted projects and 6,096,702,000 lire for nongovernment projects.

The nongovernment projects were mostly located in the south of Italy, which up to this time had been neglected so far as Lira Fund commitments were concerned. The projects through the Government budget were also concentrated in the south.

Most Important Projects. By March 31, 1948, the United States foreign-relief mission had authorized, besides administrative expenses for the mission itself, 21 projects. Of these several projects specific mention will be made of a few.

SUPPLEMENTARY CHILD FEEDING PROGRAM. The mission authorized aid from the Lira Fund for two projects providing a supplementary meal for poor children, one for kindergartens, the other for school lunches. The number of children assisted under the two projects

ITALY: Supplementary child-feeding program, Venice.



ITALY: Sign at Boys' Village at Santa Marinella indicating that labor costs for expansion are defrayed from Lira Fund.

total 1,113,500. The projects were approved through June 30, 1948.

To help supervise the work, two additional members have been added to the mission's Italian staff on a permanent basis to work with the welfare section of the Office of International Aids. Moreover, a trained nutritionist from the Institute of Nutrition of the University of Rome has been employed for a 60-day period, her salary and expenses being paid by the mission.

UNEMPLOYMENT RELIEF. Two grants were made from the Lira Fund, the first for 1,000,000,000 lire, the second for 500,000,000

lire, toward the expenses of the National Solidarity Fund for Unemployment Relief, which received contributions from corporations and individuals but which operated under Government supervision.

One-half billion lire were used, in addition to other funds, to purchase food to be made up into packages for the unemployed who were listed in various unemployment centers as of a given date. The first distribution, based on the unemployment lists of December 31, 1947, involved 1,800,000 packages. The second distribution, made during the month of March, was based on the unemployment rosters of February 29 and was expected to require 2,300,000 packages.

The parcels weighed six kilograms and contained *pasta*, rice, pulses, and sugar. The amount of *pasta* and rice varied according to the locality. The cost of each of these distributions amounted to approximately 1,500,000,000 lire so that the contributions from the Lira Fund represented only about one third of the cost of one distribution.

Part of the Lira Fund grant was to be used to finance vocational-training courses which were set up by the Ministry of Labor and Social Security. Such courses, lasting from a few weeks to several months, depending upon the nature of the training, were intended to better equip unemployed persons for future employment. These training courses included courses in agriculture, commercial enterprises, public service, and many branches of industry. By the end of March, 1,256 courses had become operative and more than 48,000 unemployed had already been given training at a total cost of over 1,800,000,000 lire. Some trainees found employment, but it was understood that such training courses were not a cure for the unemployment problem itself.

ANTIMALARIA CAMPAIGN. The antimalaria campaign of Italy and Sicily, financed by the Lira Fund, has already been discussed. An allocation of 300,000,000 lire was authorized from the Lira Fund, the entire amount to be used for labor costs only.

This antimalaria campaign has already had results. In 1944 there were more than 373,000 cases; 422 persons died. In 1947, the number of cases reported had dropped to 208,000 and deaths to 93. In the 1948 campaign it is proposed to spray 4,500,000 rooms with a total area of 225,000,000 square meters.

PENICILLIN PRODUCTION. In February the cornerstone was laid for a penicillin plant at an impressive ceremony in which Ambassador Dunn and high-ranking Italian Government officials took part. One hundred million lire had already been advanced from the Lira Fund, to supplement funds from other sources, for labor costs to build this

plant. When the plant is completed, Italy will be able to meet its penicillin requirements without any imports.

Mission's Administrative Expenses. Advances from the Lira Fund for the United States mission's administrative expenses totaled 200,000,000 lire.

Summary of Approved Projects. There follows a list of the projects approved through March 31, 1948. Most of them were primarily for the labor costs involved.

	Lire
State railways	12,754,000,000
Irrigation works	4,264,610,000
School refectories	2,990,000,000
Public works, Puglie	2,340,000,000
Public works (repairs, roads, and bridges)	2,100,000,000
Kindergartens	1,960,000,000
Winter Solidarity Fund	1,500,000,000
Public works, Lazio/Umbria	964,181,300
Public works, Udine/Gorizia	873,430,000
Anticholera campaign	450,000,000
Antimalaria campaign	300,000,000
Penicillin plant	300,000,000
Assistance to war-mutilated children	300,000,000
TB sanatorium, Monte Mario	150,000,000
Institute, Boys of the Street	147,973,000
Italian Red Cross	130,000,000
Land reclamation works	97,652,000
Opera Piccoli, Apostoli (conversion of concentration camp)	80,000,000
Pius XII Home, Catanzaro	12,000,000
Boys' Town, Salerno	7,050,000
Mission's administrative expenses	200,000,000
	<hr/>
Total	31,920,896,300
	<hr/> <hr/>

F. Publicity and Labeling

General Comments. Up to January the Government had publicized the source, quantity, and value of United States foreign-relief supplies in the public press. It was somewhat reluctant to use other means of advising the Italian people primarily because of the fear of criticism of more expensive publicity methods.

When it was pointed out, however, that only a very small percentage were adequately informed of the extent of American relief to Italy, the Italian Government promptly began to utilize all available means to fully publicize the United States Foreign Relief Program.

As already noted in the second report to Congress on interim aid, the publicity in Italy during the quarter did not distinguish between

supplies made available under the United States Foreign Relief Program and supplies made available under interim aid. In fact every effort of the Italian Government was directed to emphasize the tremendous amount of aid made available by the United States ever since the end of the war.

Press. The United States mission has received clippings indicating that from six to eight thousand columnar inches of space has been devoted monthly to the United States program. This does not represent the entire press comment, because it does not include space given and editorials written in some newspapers with limited circulation, nor any weekly or monthly periodicals.

Ceremonies. Ambassador Dunn, accompanied by the Italian High Commissioner for Food and other high-ranking officials, greeted the 400th cargo of United States supplies at Reggio Calabria on March 5.

The Ambassador took the occasion to review the aid which the United States had given Italy represented by the 400 cargoes. The United States program, when completed, would represent a value of more than \$300,000,000. "These 400 shipments and the hundreds of shipments coming", said the Ambassador, "represent a program of concrete substantive action to help Italy, and not vague promises." Italian High Commissioner for Food Ronchi responded by addressing the workmen who were unloading the ship, asking what would have happened to Italy had American supplies in this generous measure not been sent to Italy.

At the end of the quarter, Ambassador Dunn was making arrangements to meet the 500th vessel on April 2.

Posters. During the quarter no less than 14 different posters, issued in numbers from 60,000 to 500,000, were distributed to all parts of Italy. All posters were designed not only to attract attention to the amount of American relief but also to describe graphically certain elements of the program which had become the basis for criticism from the opposition.

Four of the posters distributed were designated to portray the quantities of supplies sent free from America. Two posters were concerned entirely with the Lira Fund. One of these, reproduced on page 53 in this report, shows the mechanism by which the local proceeds from the sale of United States relief supplies flow into the Lira Fund and how the Lira Fund in turn enables the Italian Government to extend further aid to its citizens.

Other posters were designed to reach specific sections of the Italian people because of family relationships in America.

Newsreels and Documentaries. During the three months, over 6,000 feet of newsreel shorts were shown in all motion-picture theaters throughout Italy. These news releases covered the reception and distribution of supplies, ceremonies which took place on the occasion of greeting the 300th and 400th vessels, and an address by Ambassador Dunn.

During March three documentaries, entitled *War on Hunger*, *War in the Swamps* (DDT), and *The Reconstruction of Italy*, have been shown throughout Italy. Each of the three documentaries was designed to reach an audience of approximately 13,000,000 persons to show the importance to Italy's future of aid from and collaboration with the United States. Several of these excellent reels have been sent to the Department of State.

Window Displays. Window displays were prepared in March, to be set up in stores in areas where there was the greatest amount of traffic. These window displays were to be moved from point to point in the larger cities.

Each of these displays told the story of American aid to the Italian people, without distinguishing between the aid made available under Public Law 84 and interim aid under Public Law 389.

One of these window displays emphasized that more than one half of the bread distributed in Italy and all the coal were supplied through American aid; that the proceeds from the sale of United States supplies remained in Italy to pay workers employed on public works, to establish vocational training courses for the unemployed, to give free school lunches to over 1,000,000 children, and to finance welfare and reconstruction activities.

The display concluded, "If there is a worker in the factories, if the railroad operates, if we continue to eat the essential daily bread, if motor cars and trucks run, all this we owe to the supplies donated by the United States to Italy, paid for by the American people."

Miscellaneous. Booklets and leaflets by the millions were distributed throughout the country. Signs were set up in all railway and bus stations and in trains and busses emphasizing that both trains and busses were able to run only by virtue of the coal and petroleum provided by the United States.

The Government authorized a cancellation stamp emphasizing aid from America for use in all post offices throughout the country.

Signs describing the extent of United States participation through the Lira Fund were set up at work-relief projects and at child-welfare centers and kindergartens which served free supplemental meals.

ITALY: Poster shows how proceeds of sale of commodities given by U.S. flow into Lira Fund, from which various projects are financed for the welfare of Italy.

L'AMERICA INVIA GRATIS ALL'ITALIA IL GRANO, LA BENZINA

TUTTI COLORO CHE

consumano gas... adoperano benzina... comprano pane...

...contribuiscono
alla ricostruzio-
ne dell'Italia.

I loro soldi
vengono spesi
dal Governo
per...

l'assistenza
al popolo

fondo
in lire
40 MILIARDI

inostri figli

le opere
pubbliche

Weekly radio programs on United States assistance were heard over both Italian networks with spot news analysis of the program in the news announcements every day.

Summary. The extent and variety of the publicity effort of the Italian Government during the quarter materially increased the familiarity of the Italian people with the extent of American aid. The United States mission believed that where, in the fall of 1947, possibly 30 to 40 percent were acquainted with the United States program, at the end of March it was believed that 75 percent of the Italian people were informed.

G. Compliance With Agreement

Production. The United States mission concluded that the Italian Government had made a sincere and concerted effort to increase production, to control food collections, to obtain the indigenous-food quotas, and in general to conserve indigenous resources in order to keep relief needs at a minimum.

Cereal planting increased approximately 4 percent, rice acreage about 7 percent above 1947. Although the new harvest was still months away, the amassing goals of indigenous supplies had been reached and were expected to be passed. Early estimates on the new crop indicated a yield of wheat of from 25 to 30 percent above 1947. Lignite and sulcis production had not increased, because of the seasonal industrial decline and the effects of governmental credit restrictions, but the production of both was expected to increase with industrial expansion.

Freedom of Inspection. Not only observers attached to the United States mission but representatives of the United States press and radio as well were permitted to travel freely and report without censorship on the distribution and utilization of United States supplies and on any matters pertaining to the funds accruing from their sale.

Information. The Italian Government was most cooperative in providing information and statistics to the United States mission. Wherever apparent abuses were reported by the mission, the Government promptly investigated and reported on the action it had taken to correct them.

Summary. The Italian Government meticulously observed both the letter and the spirit of the agreement based on Public Law 84. Although there developed questions of interpretation of its terms, the mission never entered the slightest difficulty in reaching an understanding with the Italian Government.

During the quarter some American newspaper correspondents traveling through certain out-of-the-way areas found delays in issuing rations and poor quality bread and *pasta*. They severely criticized the Italian Government for what they regarded as discrimination.

Wherever there were reports of discrimination on the part of local officials responsible for distribution, the Italian Government acted quickly and effectively. Considering the great volume of supplies which were distributed, with relatively poor transportation facilities and under conditions where the Government had to restrict seriously the diet of 35,000,000 persons, such cases were rare.

Chapter VII

Free Territory of Trieste

A. General Conditions

Unemployment. The overwhelming problem in the Free Territory of Trieste was still the large number of unemployed. Out of a population of 290,000 persons in the U.S. - U.K. zone, 70,000 adults were considered poverty cases. Of this number about 30,000 were pensioners; 5,000 were registered poor; 5,000 were quartered in institutions; and 28,000 actually unemployed. In addition to these 70,000 persons there were also an undetermined number of "hidden" poor. The pensioners whose benefits are paid on the basis of their prewar salaries now receive amounts that are practically worthless.

The Port of Trieste. The key to the recovery of Trieste is the reactivation of the port of Trieste. Until this port again becomes as active as before the war or until new industries can be developed, the unemployment situation is not expected to change materially.

Measures To Improve Economic Conditions. In order to improve the economic situation of Trieste and thus reduce the need for relief, a number of proposals have been made. Among the more important of these were the following:

(a) One concrete result of the attempt to secure new markets outside the Territory took the form of a contract between the Austrian Government and the Trieste vegetable-oil refinery for the procuring of edible oil from peanuts. Five thousand tons of peanuts will be shipped to Trieste. This represents some three months' work.

(b) The Allied Military Government developed projects for building, agriculture, roads, hydraulic projects, training schools, railroads, ship scrapping, and maritime expenditures involving 5,896,000,000 lire. These projects employ approximately 10,000 workers.

(c) The labor division of the Allied Military Government issued an order preventing all labor dismissals, subject to review by an arbitration board, until March 31, 1948.

(d) The Allied Military Government instructed the president of the shipbuilding association to prepare a program of new construc-

tion. Contact has been made with the Italian Government to attempt to secure for Trieste the refitting of the 34,000-ton S.S. *Biacanomo*.

(e) The Allied Military Government arranged a meeting concerning the participation of Trieste industries at the Praha Fair and for the opening of Chamber of Commerce publicity offices in Praha and Vienna. The meeting approved a budget to combat and counteract widespread propaganda concerning certain industries and port facilities of Port Trieste.

(f) An effort was underway at the end of the quarter to bolster the clothing industry by securing orders from the Preparatory Commission of the International Refugee Organization.

(g) The International Emergency Food Committee allotted 200 tons of cocoa beans for local manufacturing in Trieste.

(h) Five hundred men will be employed for five months to recondition an 8,800-ton British vessel, the S.S. *Dingle Bay*.

(i) Discussions were underway to obtain for Trieste from the Austrian Government a contract for coke processing.

Despite these efforts of the Allied Military Government to stimulate interest among industrialists to exert more initiative in finding markets, the situation did not materially improve.

B. Receipt and Distribution of Supplies; End Uses

During the quarter the receipts substantially completed the supply program for the Free Territory of Trieste under Public Law 84. However, a number of products which had not been received were very badly needed. Among these were 36,000 tons of coal and \$50,000 worth of medical supplies. Approximately 270 tons of milk, 850 tons of pulses, and 400 tons of fats and oils completed the list of expected items. The delay in the receipt of coal was cause for worry, because the lack of coal might cause a shutdown of the plants furnishing gas to Trieste.

The Allied Military Government accumulated 700,000 jute and cotton bags which had originally carried U.S. relief wheat and flour. The cotton bags were issued to institutions for bed linen and underclothing; the remaining bags were sold on the market, and the proceeds accrued to the special Lira Fund.

C. Price and Ration Control

During the quarter the number of calories of rationed items per day was increased from 1,029 to 1,478.

As in other countries, the ration scale varied from infants to

laborers in heavy industries. For the normal consumer the rations were as follows:

Item	Ration	Cost
	<i>grams</i>	<i>lire per kg.</i>
Bread	250 daily	48
Pasta	2,000 monthly	53
Flour	1,000 "	33
Fats	800 "	80
Milk (powdered)	500 "	85

The figures quoted refer to the rationed items furnished under the United States Foreign Relief Program. In addition, the Allied Military Government has furnished through ration tickets 500 grams monthly of rice at 124 lire per kg. and 600 grams of sugar at 250 lire per kg.

During March a special effort was made to make available extra supplies for the Easter holidays. The mission felt that plenty of food at Easter time was far more important than any other project that could be undertaken. Comments after Easter proved this to be correct.

For this purpose 65,000 parcels were distributed among the unemployed, the pensioners, and the indigent and to various welfare institutions. Twenty million lire were allocated from the special Lira Fund for these supplies of free food.

Similarly funds were made available to enable the American Women's Club of Trieste to distribute 3,500 candy parcels among the children in institutions.

Finally the Government rationing system issued each person an extra 1,000 grams of flour and an extra 400 grams of sugar.

D. Local Currency Fund

The status of the local currency proceeds from the sale of supplies made available by Public Law 84 at the end of the quarter could be summarized as follows:

1. STATUS OF ENTIRE PROGRAM

a. Total expected deposits in the special currency fund from the sale of P.L. 84 supplies, when all shipments are completed, are estimated at	Lire 1, 854, 526, 297
b. Deposits made from currency collections as the result of sales and advances by the Allied Military Government against goods already received and expected totaled	1, 746, 487, 241
Potential balance due	<u>108, 039, 056</u>

2. STATUS OF AMOUNTS DUE AND DEPOSITED

a. The amount due on shipments which had arrived by the end of the quarter and deposited in special account totaled	Lire 1, 546, 146, 107
b. Advance made by Allied Military Government against future arrivals	200, 341, 134
Total deposits	<u>1, 746, 487, 241</u>

3. STATUS OF SPECIAL ACCOUNT

a. Total deposits	Lire 1, 746, 487, 241
b. Withdrawals for expenses of U.S. mission and authorized projects	1, 703, 805, 568
Balance in special account	<u>42, 681, 673</u>

4. STATUS OF EXPENDITURES AND ENCUMBRANCES

a. Total commitments for expenses of U. S. mission and projects	Lire 1, 773, 991, 498
b. Administrative expenses of U.S. mission	10, 000, 000
c. Expenditures for relief and work-relief projects	1, 693, 805, 568
d. Encumbrances for projects	70, 185, 930
Total expenditures and encumbrances	<u>1, 773, 991, 498</u>

The deposits of the local currency proceeds are made in three banks—Banca d'Italia, Banca Commerciale, Banca d'America e d'Italia—in the name of "U.S. Relief Fund Supplies". The only person authorized to disburse these funds after approval of the head of the United States relief mission is the chief finance officer of the Allied Military Government.

E. Projects Financed From Local Currency Fund

Under the provisions of Public Law 84, the local currency proceeds from the sale of United States relief supplies are deposited in a special account from which the expenses of the United States overseas mission and the various relief and work-relief projects may be financed with the consent of the United States Government.

Screening of Projects. Over 70 percent of the approved projects were commitments to underwrite the obligations for public assistance and for health and welfare programs which were set out in the budget for Trieste.

The other 30 percent of the projects approved were the result of screening. Since the Free Territory of Trieste has no government, the United States mission dealt with the several departments



TRIESTE: Children receive clothing and powdered milk under project financed from Lira Fund.

of the Allied Military Government of the U.S. - U.K. zone. These departments of AMG—education, health, welfare, public works, and finance—are the counterpart of ministries of other countries.

For projects not included in the budget for Trieste, representatives of the interested AMG department, the U.S. mission, and the Trieste private agency met to consult on the project. Over 50 percent of the projects submitted were rejected.

After approval, the U.S. mission gave the agency specific instructions as to the use of the funds, required quarterly statements, and employed a local auditor to spot check its expenditures.

Because of the conditions in Trieste, it was decided to expend the entire proceeds for relief and work-relief projects, with the exception of the minor amount set aside for administrative expenses of the United States mission. The Allied Military Government committed itself for projects actually in excess of the amounts due at the end of the quarter because of the serious conditions arising

out of unemployment. In all, 51 projects had been authorized, totaling, as already noted, 1,763,991,498 lire.

The list of projects financed from the Trieste Lira Fund at March 31, 1948, follows. Opposite each project is set the total lire allocated for each project.

TRIESTE: APPROVED PROJECTS FINANCED FROM SPECIAL LIRA FUND AND ALLOCATIONS AT MARCH 31, 1948

No. of project	Name (and location) of project	Allocation in lire
1	Reducing cost of fishing nets to fishermen	1, 000, 000
2	Subsidy for firewood to be sold to the unemployed, pensioners, and indigent	50, 000, 000
2a	Subsidy for firewood to be sold to the unemployed, pensioners, and indigent	8, 742, 800
3	Small miscellaneous free issues of food, clothing, and relief supplies	8, 000, 000
4	Small project to provide welfare supplies for wards in the children's hospital	100, 000
5	Purchase of used clothing for distribution to the indigent of Trieste	1, 850, 000
5a	Purchase from U.S. Army of used clothing distributed by the American Women's Committee	616, 424
5b	Purchase of flannel for sewing baby clothes for distribution to needy families in Trieste	42, 416
6	Relief supplies for the Jewish community in Trieste	6, 500, 000
7	Normal public assistance	85, 832, 312
8	Assistance to children orphaned by war	6, 464, 889
9	Assistance and subsidies to war-bereaved families	712, 145
10	Assistance to infants, prenatal and postnatal care to mothers	10, 723, 000
11	Institute for the blind in Trieste	50, 000
12	Small miscellaneous free issues of coal to the needy of the Free Territory of Trieste	2, 000, 000
13	For repairs to knitting machine	6, 890
14	Normal public assistance, a continuance of project 7	176, 477, 688
15	Assistance to children orphaned by war, a continuance of project 8	5, 564, 111
16	Assistance and subsidies to war-bereaved families, a continuance of project 9	1, 282, 855
17	A continuance of project 10	8, 277, 000
18	Zone Presidency—for welfare expenditures in Trieste Province for period of six months	318, 060, 000
19	General repairs to properties of needy and indigent of Trieste	200, 000
20	U.S. foreign-relief mission's contribution to Winter Relief Fund	101, 300, 000
21	Relief to Serbian Orthodox community—Trieste	799, 500
22	U.S. relief-mission fund for direct relief projects	500, 000

No. of project	Name (and location) of project	Allocation in lire
23	Deficit of the children's hospital of Trieste for the calendar year 1947 and for the first half of the calendar year 1948	15, 939, 428
24	Relief to members of the Greek community	3, 000, 000
25	Assistance to needy farmers and fishermen by subsidizing purchases of veterinary medicines, serums, etc	9, 000, 000
26	Relief for members of the various Catholic institutions in the U.S./U.K. zone of the Free Territory of Trieste.	150, 000, 000
27	Relief assistance to public-school children of the Free Territory of Trieste	40, 000, 000
28	Small extra issue of relief food to needy people of Trieste in the form of Easter-gift parcels	20, 000, 000
29	Equipment for the Central Hospital, which includes the TB hospital and the main hospital	30, 839, 500
30	Relief aid for TB and psychiatric work among poor children	600, 000
31	Relief assistance to private welfare institutions.	35, 680, 000
32	Relief aid given to the two Scout organizations of Trieste.	4, 000, 000
33	Supplement to the resources available to the collective mess in order to increase the caloric value of the food served	12, 600, 000
34	Payment of communal expenses for the administration of the "Friendship Parcels" distribution	1, 530, 540
35	Provision for 500 layettes for the babies of needy families; project to be administered by Welfare Committee of TRUST ¹ Women's Club	3, 200, 000
36	Cost of labor and equipment for construction of Old Folks' Home in Muggia	60, 000, 000
37	Establishment of a maternity and infant-care center in Muggia	16, 000, 000
38	Subsidy to provide free food to destitute tubercular patients in the U.S./U.K. zone of the Free Territory of Trieste	6, 000, 000
39	351st Infantry Women's Club—for welfare work in Marianum Orphanage in Opicina and in various other communes	5, 000, 000
40	Establishment of a fund for the treatment of poliomyelitis	13, 000, 000
41	A continuance of project 7	140, 000, 000
42	A continuance of project 8	20, 000, 000
43	A continuance of project 9	6, 000, 000
44	A continuance of project 10	26, 000, 000
45	Zone Presidency—for school lunches at Central Hospital and other institutions.	93, 000, 000
46	Assistance to various organizations through budget of the commune of Trieste	109, 750, 000

¹ TRUST—Trieste United States Troops.

No. of project	Name (and location) of project	Allocation in lire
47	Assistance to various organizations through budget of the province of Trieste	72, 750, 000
48	Renewal of medical and scientific equipment for the Trieste Provincial Psychiatric Hospital	30, 000, 000
49	Assistance to various child-welfare institutions in the U.S./U.K. zone of the Free Territory of Trieste	8, 000, 000
50	Antituberculosis program—for repairs and renewal of equipment for tuberculosis dispensaries, preventoria, and sanatoria	25, 000, 000
51	For supplying streptomycin to poor patients at the United Trieste Hospitals	12, 000, 000

F. Publicity and Labeling

Press and Radio. The local press and Radio Trieste have both given full and enthusiastic accounts of the activities surrounding the receipt and distribution of United States foreign-relief supplies.

PUBLIC OPINION POLL. In order to check up to discover how much the general public really understood about the United States Foreign Relief Program, the Italian Institute of Public Opinion and Research took a public-opinion poll on this subject. From this analysis, three points were strikingly clear.

(a) More than 80 percent of the people of Trieste—of both Italian and Slovene origin, Communist and non-Communist—were well aware of the fact that the rationed food in Trieste comes from the United States.

(b) The financial arrangements of the program were not well understood. Only 34 percent of the people knew that the food was a gift from the American people. Only 29 percent knew that the ultimate use of the special Lira Fund was for work-relief and welfare programs.

As in other countries, the “man in the street” does not understand why the money which he pays for rations should be collected in a Lira Fund and then be given back to him as a gift from the United States. It is difficult to make clear to him that the function of free food from America is to release local Trieste money for reinvesting in Trieste to carry out necessary welfare projects.

(c) According to the public-opinion poll, the relief-mission food posters, shown in every food distribution point in the Territory, are the most effective means of informing the people of the nature of the United States Foreign Relief Program. These posters were

reported as far outranking either the radio or newspapers in conveying the information.

At March 31 nearly one half of the funds allocated from the Lira Fund were paid directly into the Trieste Government Treasury to cover budget deficits of the state health and welfare institutions. The use of lira proceeds for this purpose was essential to keep the welfare services of the communities operating. Because neither the public nor the heads of the several institutions were fully aware that the United States was underwriting their operating budgets, the mission undertook an educational campaign, with the aid of the AMG information section, to inform them of this feature of the relief program.

CLIPPINGS. The United States relief mission has submitted a variety of materials to show how the source and quantity of the United States relief supplies have been publicized. The Department of State has received clippings from local newspapers covering a conference of early January at which an increase in the ration scale was amended.

Window Displays; Posters. The window displays in four prominent windows under lease to the Allied Military Government also carried the message of the source and quantity of United States assistance.



TRIESTE: Supplementary free hot meal for school children, financed from Lira Fund.



TRIESTE: Distribution of supplementary food parcels at Easter, a project financed from Lira Fund.

Among these were several posters issued by the Trieste Area Agriculture Office which announced, "The United States Foreign Relief Mission for Trieste has generously put at the disposal of the office the amount of 3,000,000 lire in order to support those initiatives aiming to increase the agricultural products of the Free Territory and in order to come to the help of the farmers in other current economic difficulties." The poster explained how the Agriculture Office intended to use the money and gave information on how the farmers could get their share.

Labeling. The 65,000 parcels distributed to the unemployed, pensioners, indigent, and members of welfare institutions, as well as 3,500 candy parcels distributed to the children in institutions, for Easter were all marked "with greetings from the American people."

Labels for gift parcels of the Opera per la Protezione Maternita ed Infanzia likewise carried the inscription that the items were furnished by the United States relief mission.

All Trieste ration cards carried the inscription in Italian and Slovenian that the basic food items supplied on the ration card were furnished by the United States.

In all schoolrooms serving luncheon to children under the supplemental child-feeding program, cards were posted explaining the source of the supplies.

The soap manufactured from inedible fats furnished under the foreign-relief program bore the stamp "Furnished by USA".

Miscellaneous. Besides information transmitted through newspapers or radio, by posters, placards, and labels, a number of the institutions in Trieste have put up prominent plaques, on which is inscribed the name of the American relief mission. In fact, all projects financed from the proceeds of the sale of United States relief supplies are marked by certificates bearing the inscription, "This project is subsidized by the United States foreign-relief mission, Trieste, from funds accruing from the proceeds of sale of food-stuffs purchased by you with your ration cards."

Postcards and booklets on children's diseases carry the inscription, "The Opera per la Protezione Maternita ed Infanzia carries on its activities by means of the aid furnished by the United States foreign-relief mission for Trieste."

Identity cards and particularly mess cards issued for mothers with infant children bear the notation that the subsidy of the mess by the United States relief mission accounts for the low cost of the meals.

The mission has received letters of appreciation from organizations, individuals, and authorities of the communes in the U.S.-U.K. zone expressing gratitude for the firewood subsidy under which those unable to pay received firewood free.

G. Compliance With Agreement

United States correspondents and radio announcers visiting the Free Territory of Trieste have had every freedom of movement to follow up all phases of the United States Foreign Relief Program.

In March, when the proposal was made that Trieste be returned to Italy, a great many press representatives visited Trieste. On this occasion, the mission officers had the opportunity to outline the work of the relief program and to conduct tours to projects financed from the Lira Fund.

The Allied Military Government has cooperated with the mission in supplying all information required and has also taken prompt remedial action where abuses or violations were called to their attention.

Chapter VIII

China

A. General Conditions

From January to March 1948 military and economic conditions in China deteriorated considerably.

Military Situation. In Manchuria Chinese Communist forces conducted their sixth offensive. They reduced the territory held by Nationalist forces to a very small portion of Southern Manchuria. The Communists captured several important industrial cities but not the principal cities of Mukden and Changchun.

In North China above the Yangtze River Communist military operations appeared to have reduced Government control to a small fraction of the entire area and to have severed several important sectors of the strategic rail lines.

EFFECT ON ECONOMY. Communist control of almost all of Manchuria cut off Manchurian food and industrial production from the rest of China. The loss of agricultural areas in North China and of effective control of rail lines further decreased the Government's access to valuable economic resources there. The deterioration of the Government's situation in North China hastened the flight of capital to coastal cities in Central and South China and removed important industrial facilities and raw materials from the National Government's control.

In effect, the economy of North China gradually became separated from Central and South China. These indirect effects of civil warfare on China's economy seriously hindered economic rehabilitation and added fuel to inflationary conditions.

Economic Conditions. In addition to the disrupting effects of civil warfare, several other difficulties hampered economic development.

DECREASED ECONOMIC ACTIVITY. The shortage of foreign exchange limited imports of raw materials and manufactured goods. Continued shortages of power and raw materials limited production. Consequently, trade suffered.

INDIGENOUS FOOD SUPPLIES. On the other hand, indigenous

supplies of food appeared to be satisfactory, except in certain parts of China. Weather conditions were favorable. In the large coastal cities the food outlook even improved during the quarter, as a result of the institution of rationing systems in March and the arrival of United States relief supplies. However, military activities in North China and the disrupted state of transport facilities prevented foodstuffs from moving to deficit areas and into the coastal cities.

INFLATION. The rapid course of inflation during 1947 increased in pace during the first quarter of 1948. All its harmful effects bore down even more severely on the Chinese population. In Shanghai, for example, the cost of living for industrial and occupational workers rose about 200 percent during the quarter and about 185 percent for salaried employees. The working population faced the twin evils of spiraling living costs and increasing unemployment. Quotations for commodities and shares increased about 200 percent on the average. Throughout Nationalist China inflation imperiled all phases of the economy in spite of efforts to restrain rising prices.

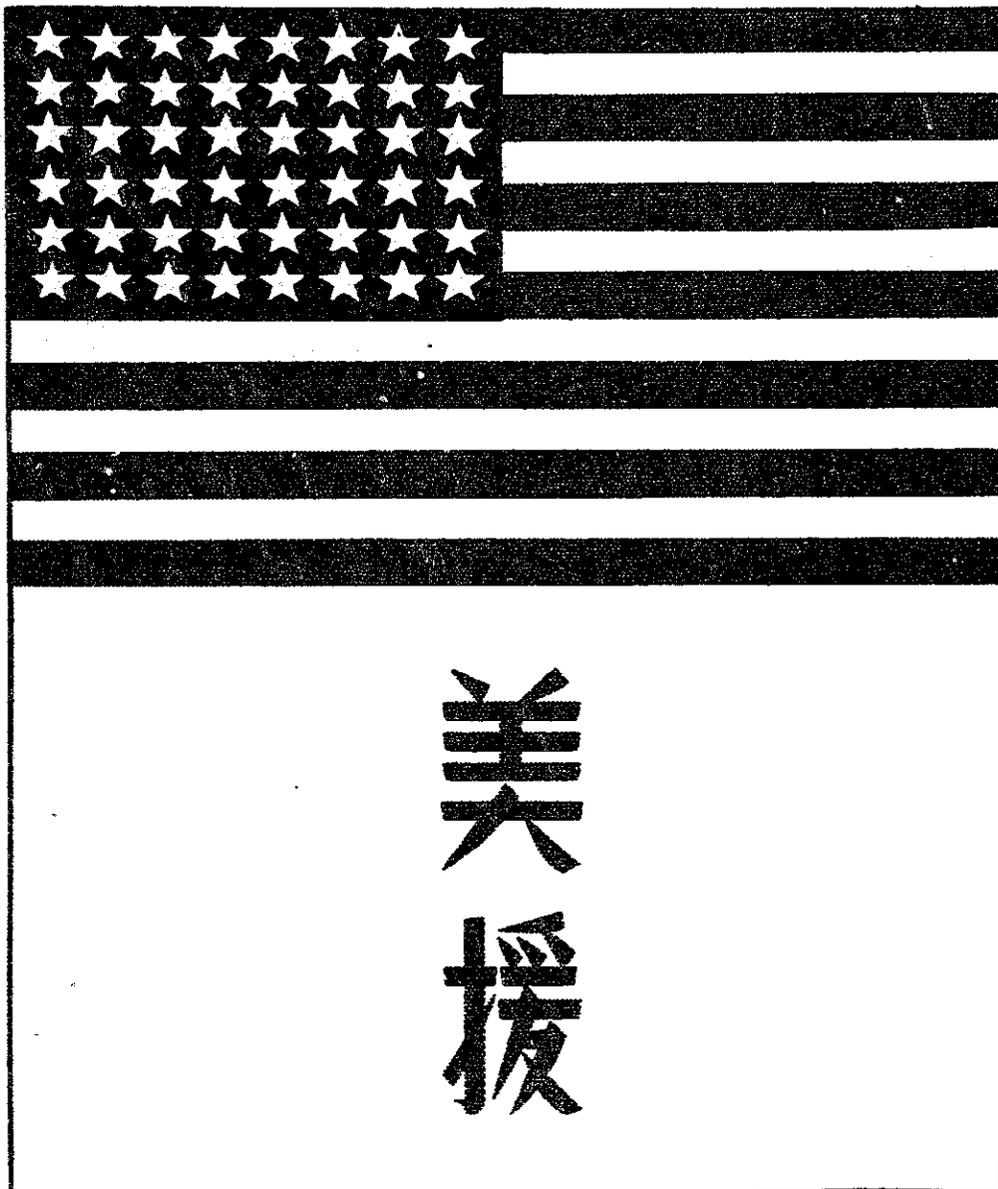
B. Receipt and Distribution of Supplies; End Uses

The United States relief program was designed to alleviate acute suffering and economic hardships by providing food supplies under controlled distribution to all persons in certain large urban areas, by distributing seeds, pesticides, and medical supplies, and by committing funds from the proceeds of the sale of U.S. food supplies for relief and productive projects.

During the quarter no seeds, pesticides, or medical supplies were distributed in China. Considerable time was required for the Chinese Government and the United States relief mission to draw up and agree upon the detailed lists of items to be included in these special programs. However, by the end of the quarter, U.S. procurement agencies had initiated the procurement of the bulk of these items.

During the first quarter of 1948, 108,712 tons of foodstuffs arrived in China. Distribution of relief supplies did not begin, however, until late in March because the rationing and price control system, required by the terms of the agreement on relief assistance, entered into by the Chinese Government and the United States on October 27, 1947, was agreed upon with the Chinese Government only late in February and did not become effective until March.

The significant event of the quarter was the actual inauguration



CRM 2

CHINA: Label for United States relief supplies. Translation of Chinese characters: "American Aid".

in Shanghai and Nanking of a rice- and flour-rationing system worked out by representatives of the United States and the Chinese Governments.

Joint Organizations. In December 1947 the Chinese Government established the Executive Yuan Commission for American Relief Supplies, generally referred to as EYCARS. This organization was to assist the China relief mission in the administration of the relief program and to carry out the obligations of the Chinese Government under the agreement. EYCARS proved to be reasonably effective in carrying out this objective.

U. S. PARTICIPATION. American representatives actively participated with Chinese official agencies at various levels in organizing the distribution of U.S. relief supplies and in handling related operations. Thus mission personnel worked closely with EYCARS and the Ministry of Food at all stages of the development of the rationing program. Once this program was instituted, major policy was determined jointly by EYCARS and the mission.

At the municipal level the directors of the mission's regional offices represented the mission on the city food committees handling the rationing program.

C. Price and Ration Control

Rationing Agreement. During January and February the United States relief mission carried on the negotiations to give effect to article 2, paragraph (f) of the relief agreement.

"A distribution and price-control system shall be inaugurated in such major urban centers of China as circumstances permit, with the intent of insuring that all classes of the population, irrespective of their purchasing power, shall receive a fair share of the imported or indigenously produced relief supplies. In permitting United States relief supplies made available under this Agreement to be utilized in support of Chinese efforts to improve consumption and price controls, it is understood that the United States Government undertakes no responsibility for the success of these urban programs."

The institution of such a program encountered certain difficulties because of the accelerated inflation already described and because it involved extensive changes in the rationing system which the Chinese Government had already set up in some cities to cover certain selected classes of the population, such as civil servants and students.

General Distribution Plan. The general rationing plan, adopted late in February, included the entire population of the five principal cities of China—Shanghai, Nanking, Peiping, Tientsin, and Canton. The Executive Yuan approved the plan and transmitted it to the mayors of the five cities. The plan was a significant document because it represented the first inclusive rationing and price-control system in postwar China. It is included in this report as appendix G.

In this plan the Chinese Government recognized the principles that *all classes* of the population should receive a fair share of foreign or indigenous foodstuffs and that both countries, and not the United States alone, were responsible for supplying food for the rationing program.

To secure adequate indigenous supplies, the mission conducted extensive negotiations with EYCARS, the Ministry of Food, and municipal representatives. It was agreed that each Government would supply the total food requirements of the five cities *in alternate months*. Thus, the Chinese Government undertook to supply indigenous foodstuffs to inaugurate the program in March, while the United States relief mission agreed to furnish the food requirements for April from U.S. relief supplies which had been delivered and stored during the first quarter.

The rationing and price-control plan was enthusiastically received by municipal authorities. Shanghai and Nanking representatives inaugurated it immediately. The municipal authorities in Canton, Peiping, and Tientsin decided to wait until the first of April.

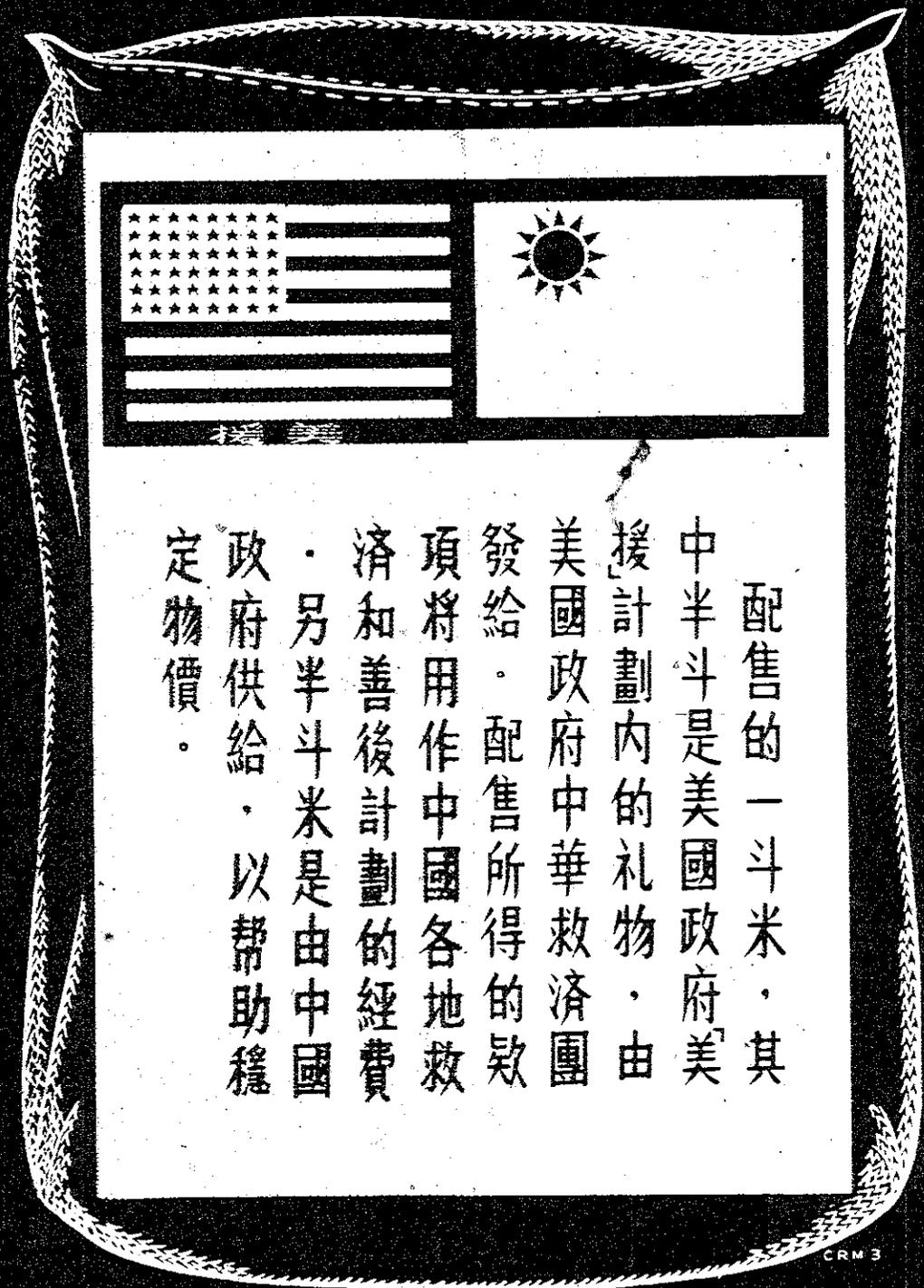
In Shanghai and Nanking the new rationing program was started early in March and achieved considerable success.

Rationing Mechanism. In Shanghai, the city food-rationing committee, in five days after receiving notification of Executive Yuan ratification of the rationing plan, printed and issued several million coupons and delivered initial supplies of rice to the food shops. Each person was issued one coupon for the purchase of 17½ pounds of rice in the free market. The coupons were distributed through the local district (*Pao Chia*) authorities to the Chinese population and by the police bureau to the foreign population. Distribution of rice was made directly from the *godowns* (warehouses) to the rice shops by established city rice dealers at a nominal fee of 3.6 percent of the total value of supplies handled.

In Nanking the program was a little slower in starting than in Shanghai. Ration coupons were issued to each family as a unit. The amount of rice was fixed by the number of persons in the family, about 17½ pounds per person. The distributing agencies were 244 designated rice shops and 28 food cooperatives. Each agency was supposed to show an official badge, to exhibit samples of rice, to mark the price of rationed rice, and to furnish the standard measurement.

Popular Reaction. In both cities the people reacted to the program with interest, enthusiasm, and general confidence. They seemed to appreciate the fact that supplies were made available to all classes of the population. However, they felt that, even though they were receiving the rationed rice for 5 percent less than the price on the free market—in accordance with the ration plan—this price was still too high.

Effectiveness of Program. Both central and municipal govern-



配售的一斗米，其中半斗是美國政府美援計劃內的禮物，由美國政府中華救濟團發給。配售所得的款項將用作中國各地救濟和善後計劃的經費。另半斗米是由中國政府供給，以幫助穩定物價。

CHINA: Poster describing U.S. contribution to food supplies. Translation: "Of the one tou of ration rice, half a tou is a gift from the United States Government as part of the 'American Aid' program to China, administered through the U.S. China Relief Mission. Proceeds from its sale will be used for relief or rehabilitation projects in various areas of China. The other half tou of rice is provided by the Chinese Government for the stabilization of commodity prices."

ment authorities were gratified with the initial progress made during the program's first month. The rationing system to provide food for all inhabitants of a city was an innovation of considerable scope in Chinese municipal administration. The initial experience with the system was generally satisfactory.

In Shanghai 4,826,234 persons received rationed rice, roughly 97 percent of the population. The program was designed also to retard mounting food prices; it did seem to stabilize food costs. In Shanghai the price of rice in the free market, after rationing began, at first continued to increase but reached a peak and then declined as a result of the controlled price for the rationed supplies. In Nanking the same price trend was noted. The capable administration of the rationing program by the city food-rationing committees had much to do with its achievements.

Some difficulties were inevitably encountered in an untried operation of such scope. For instance, customers complained about the different qualities of rationed rice and about shortages of weights per ration. Distribution of rice to the distributors was uneven. Although none of the complaints or abuses endangered the program, the authorities concerned undertook to have them corrected immediately and to improve distribution in April.

D. Local Currency Fund

Since American relief supplies were not distributed for sale in the first quarter of 1948, no local currency proceeds from the sale of U.S. supplies were available for deposit by the Chinese Government in the special account. However, the Central Bank of China from time to time made advances in local currency to meet the administrative expenses of the U.S. relief mission and of EYCARS, to defray administrative costs in operating the rationing plan, and to finance relief projects authorized from December 1947 through March 1948. The Central Bank will be reimbursed from local currency receipts from sales of American relief supplies in April. By March 31, 1948, the Central Bank had made available about CN\$900 billion.

The status of these funds at March 31, 1948, was as follows:

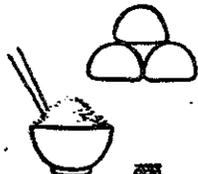
a. Advances made by Central Bank against prospective local	CN\$
currency proceeds of sale of PL 84 supplies	900, 000, 000, 000
b. Withdrawals by March 31, 1948	375, 000, 000, 000
	<hr/>
Balance at March 31, 1948	525, 000, 000, 000
	<hr/> <hr/>



美援華物資實行配售



美國以下列各項物資作為無酬報的禮物贈與中國：



麵粉一萬萬一千萬餘斤

食米一萬萬五千萬餘斤



藥物價值五百萬美元



植物種子和殺蟲劑價值五十萬美元

美援華糧食自三月起將在上海，南京，北平，天津及廣州五大城市配售，其價格畧低於市價或與市價相同，出售所得款項將充作中國各地救濟事業之用。



市民欲購此項糧食，必須登記領取配售証，注意報上配售日期，詢問保甲長關於配售之消息或直接詢問社會局。



美援華物資總計價值達四千五百餘萬美元，預料可於六月前完全交清。

CHINA: Poster describing distribution of U.S. relief supplies. Translation: "The United States Government is sending the following supplies as a gift to China: flour—over 110 million catties; rice—over 150 million shen; medical supplies—worth US\$5,000,000; seeds and pesticides—worth US\$500,000. 'American Aid' food supplies will be rationed in Shanghai, Nanking, Peiping, Tientsin, and Canton beginning in March. Prices will be slightly lower than, or same as, the market rates. The proceeds realized from sales will be used for relief work throughout China. Citizens wishing to buy this kind of food must register and get their ration coupons, watch for the date of sales in the newspapers, and inquire at the *Pao Chia* offices or directly at the Bureau of Social Affairs. The total American relief supplies are worth more than US\$45,000,000, and they are expected to be completely delivered the end of June."

E. Projects Financed From Local Currency Fund

During the period from December 1947 to March 1948 the China relief mission, in consultation with Chinese Government agencies, considered many individual project applications for relief. The Chinese Government and the mission jointly approved the authorization of local currency expenditures for a total of 86 main projects. Actual disbursements of local currency were made on 28 projects. The local currency value of the authorizations totaled a little over CN\$2,000 billion, or the equivalent of about \$7,000,000 in U.S. dollars. Disbursements equaled CN\$375 billion, or the equivalent of \$1,650,000 in U.S. dollars.

Criteria of Selection. Applications received careful screening by both Chinese and American authorities. Final approval depended on whether or not a project met certain general qualifications:

(a) The project should promote immediate relief or work relief rather than long-term reconstruction or rehabilitation;

(b) The project had to provide relief for the most needy persons and the most needy districts; and

(c) The project had to be operated by Chinese Government agencies ordinarily engaged in rendering welfare or health service, or by existing *bona fide* private welfare institutions of recognized standing.

Organization for Screening Applications. The China relief mission and EYCARS assumed the joint responsibility for processing applications for relief assistance. Chinese and American representatives worked out plans to screen the large volume of applications.

Four administrative bodies were set up: a project finance board to determine major policy on authorizations and disbursements; coordinating committees in the Ministry of Social Affairs and the Ministry of Health to study applications; a joint Chinese-American secretariat to expedite the processing of applications; and screening committees under the secretariat to review and recommend approval or rejection of projects.

Description of Projects. The authorized projects covered medical, welfare, and agricultural relief and a few conservancy projects. Thirty-nine medical projects included 10 projects which provided medical services mainly for refugees; 12 projects providing funds to rehabilitate or enlarge existing hospital buildings or their facilities; 10 projects for establishing new or for expanding existing disease-control facilities; and 7 projects for purchasing medical supplies and equipment.

The mission authorized 21 welfare projects of the following three types: 10 projects providing food and care for refugees in various

parts of China; 7 projects furnishing assistance to welfare institutions, mainly for the care of children, but including also care for the blind and for students; and 4 projects for emergency relief.

Of 19 agricultural relief projects, 13 were designed mainly to provide employment for refugee agricultural workers on 5 reforestation projects, 7 agricultural production projects, and one soil erosion project. Five other projects provided agricultural supplies such as seeds, insecticides, and implements for needy farmers. One project was for irrigation and drainage in the Yu Hang Chung area. Most of these agricultural projects were multiple-purpose projects.

Finally, 7 conservancy projects were of a large-scale nature and provided for the construction of dikes, dams, or sea walls to protect agricultural areas from inundation, to increase food production, and to give employment to refugee workers. These projects included, for example, the repair of the Kwangtung dike along the Pearl River for flood control and land reclamation, and the building of the Chien Tang sea wall in Chekiang Province to protect 6,000,000 people from overflow from ocean tides.

F. Publicity and Labeling

Although the distribution of American relief supplies did not begin until April, the development of the United States relief program in China and the inauguration of a rationing system in Shanghai and Nanking received widespread comment during the quarter.

Ceremony. The food program evoked much interest. Considerable publicity was given to the arrival on January 12 of the first two ships carrying food. An appropriate ceremony on this occasion took place in Shanghai at which speeches were made by T. Y. Miao, chairman of EYCARS, Mayor Wu of Shanghai, and John M. Cabot, the United States Consul General. These speeches were widely publicized.

A portion of Mr. Cabot's speech was quoted in Chinese translation in the poster which the mission issued for wide circulation to publicize the relief program and which is reproduced on page 76.

Facilities were not available to translate all articles on the relief program appearing in the Chinese press. Spot samplings indicated that press releases issued by the mission were given relatively wide

of the American people as a gift to alleviate those temporarily distressed among the people of China, will be accepted as another token of our enduring friendship and esteem and as evidence that the United States will continue to bear its share in relieving and restoring a war-weary world, despite the efforts of destructive forces to spread chaos and misery in order to impose an unprecedented tyranny on the free peoples of the world.' "

coverage. For example, the releases appeared in an average of four Shanghai papers in March. During the first month's operation of the rationing plan in Shanghai and Nanking extensive comment appeared on various aspects of the plan, and pictures illustrated the inauguration of the system. At the end of the month five important Shanghai papers highlighted the initial success of the rationing plan in curbing the rise in the price of rice.

Another aspect of the mission's activities to receive wide publicity was the extensive rehabilitation of some 200 miles of dikes in the Canton area in South China, to be financed by proceeds from the sale of relief supplies.

Labeling. In early March the mission adopted the phrase *Mei Yuan* ("American aid") as the slogan to publicize in simple and self-explanatory fashion the source and aims of the United States Foreign Relief Program in China. Posters showing this label with the characters for *Mei Yuan* printed under an American flag were distributed to all rice shops in the cities where American-supplied rice was to be distributed. In addition, shipments of seeds, pesticides, and medical supplies to be made in the second quarter were to be clearly marked with this label.

Posters. In addition to the use of the *Mei Yuan* label as a poster, the mission issued three basic posters to explain the source and aims of the relief program. The poster on page 74 states that the United States Government is sending flour, rice, medical supplies, seeds, and pesticides as a gift to China, explains that "American Aid" food supplies will be rationed, and urges Chinese citizens to register for food coupons.

The other two posters explain that half of the rationed rice or flour is a gift from the United States Government and that proceeds from their sale will be used for relief and rehabilitation projects in various parts of China.

G. Compliance With Agreement

A close working partnership has developed between the United States relief mission and Chinese officials at all levels concerned with distribution of relief supplies. This has facilitated the development of a program which has succeeded beyond expectations.

At all levels of the Chinese Government, Chinese officials have shown a full spirit of cooperation and a desire to give a broad interpretation to the Chinese-American relief agreement. The Chinese welcomed the participation of United States officials in the development of the rationing plan.

Appendixes

Appendix A

PUBLIC LAW 84—80th CONGRESS

Joint Resolution providing for relief assistance to the people of countries devastated by war.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby authorized to be appropriated to the President not to exceed \$350,000,000 for the provision of relief assistance to the people of countries devastated by war, such relief assistance to be limited to the following: Food, medical supplies, processed and unprocessed materials for clothing, fuel, fertilizer, pesticides, and seed: *Provided,* That from the funds authorized under this section the President shall make contributions to the International Children's Emergency Fund of the United Nations for the special care and feeding of children, and such contributions shall not be subject to the limitations and requirements provided in this joint resolution, but after \$15,000,000 has been so contributed, no further contributions shall be made which would cause the aggregate amount so contributed by the United States (1) to constitute more than 57 per centum of the aggregate amount contributed to said fund by all governments not receiving assistance from said fund, including the United States [¹]; or (2) to exceed \$40,000,000, whichever is the lesser.

There shall be established and maintained, out of the funds authorized under this joint resolution, a relief distribution mission for each of the countries receiving aid under this joint resolution. Such missions shall be comprised solely of American citizens who shall have been investigated as to loyalty and security by the Federal Bureau of Investigation. Such missions shall have direct supervision and control, in each country, of relief supplies furnished or otherwise made available under this joint resolution, and, when it is deemed desirable by the field administrator provided for in section 4, such missions shall be empowered to retain possession of such supplies up to the city or local community where such supplies are actually made available to the ultimate consumers.

¹ Amended by section 16, Foreign Aid Act, 1947 (Public Law 389), by striking out the phrase, "not receiving assistance from said fund".

Not more than \$15,000,000 of the funds authorized under this joint resolution shall be available for relief in any countries or territories other than Austria, Greece, Hungary, Italy, Poland, Trieste, and China. This provision shall not imply any obligation to give relief to any of the countries mentioned.

Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to this section, to make advances, not to exceed in the aggregate \$75,000,000, to carry out the provisions of this joint resolution, in such manner and in such amounts as the President shall determine. From appropriations authorized under this section, there shall be repaid to the Reconstruction Finance Corporation the advances made by it under the authority contained herein.

SEC. 2. (a) Under the direction of the President, such relief assistance shall be provided in the form of transfers of supplies, or the establishment in this country of credits subject to the control of the President, in such quantities and on such terms as the President may determine; except that no such transfers of supplies or establishment of credits may be made after June 30, 1948, and except that not more than 6 per centum of the amount herein authorized shall be used for the procurement of supplies outside the United States and its Territories and possessions.

(b) In carrying out this joint resolution, funds authorized herein may be used to pay necessary expenses related to the providing of such relief assistance, including expenses of or incident to the procurement, storage, transportation, and shipment of supplies transferred under subsection (a) or of supplies purchased from credits established under subsection (a).

(c) Funds authorized under this joint resolution may be allocated for any of the purposes of this joint resolution to any department, agency, or independent establishment of the Government and such sums shall be available for obligation and expenditure in accordance with the laws governing obligations and expenditures of the department, agency, or independent establishment, or organizational unit thereof concerned, and without regard to sections 3709 and 3648 of the Revised Statutes, as amended (U. S. C., 1940 edition, title 41, sec. 5, and title 31, sec. 529).

(d) Such additional civilian employees as may be required by the War Department in connection with the furnishing of procurement, storage, transportation, and shipment services under this joint resolution and which services are paid for from funds herein authorized, shall not be counted as civilian employees within the meaning of sec-

tion 607 of the Federal Employees Pay Act of 1945, as amended by section 14 of the Federal Employees Pay Act of 1946.

(e) When any department, agency, or independent establishment of the Government receives request from the government of any country for which credits have been established under subsection (a) and receives, from credits so established, advancements or reimbursements for the cost and necessary expenses, it may furnish, or procure and furnish (if advancements are made), supplies within the category of relief assistance as defined in section 1 and may use sums so received for the purposes set forth in subsection (b) of this section. When any such reimbursement is made it shall be credited, at the option of the department, agency, or independent establishment concerned, either to the appropriation, fund, or account utilized in incurring the obligation, or to an appropriate appropriation, fund, or account which is current at the time of such reimbursement.

(f) In order to supplement the general relief assistance made available under the terms of section 1 and to effect the economical and expanded use of American voluntary relief contributions, funds authorized under this joint resolution, not to exceed \$5,000,000, may be used to pay necessary expenses related to the ocean transportation of supplies donated to or purchased by American voluntary and nonprofit relief agencies, and in such quantities and kinds and for such purposes as the President may determine to be essential supplements to the supplies provided for such general relief assistance.

(g) The relief supplies provided under the terms of this joint resolution shall be procured and furnished by the appropriate United States procurement agencies unless the President shall determine otherwise.

SEC. 3. No relief assistance shall be provided under the authority of this joint resolution to the people of any country unless the government of such country have given assurance satisfactory to the President that (a) the supplies transferred or otherwise made available pursuant to this joint resolution, as well as similar supplies produced locally or imported from outside sources, will be distributed among the people of such country without discrimination as to race, creed, or political belief; (b) representatives of the Government of the United States and of the press and radio of the United States will be permitted to observe freely and to report fully regarding the distribution and utilization of such supplies; (c) full and continuous publicity will be given within such country as to the purpose, source, character, scope, amounts and progress of the United States relief program carried on therein pursuant to this joint resolution; (d) if food, medical supplies, fertilizer, or seed is transferred or otherwise

made available to such country pursuant to this joint resolution, no articles of the same character will be exported or removed from such country while need therefor for relief purposes continues; (e) such country has taken or is taking, insofar as possible, the economic measures necessary to reduce its relief needs and to provide for its own future reconstruction; (f) upon request of the President it will furnish promptly information concerning the production, use, distribution, importation, and exportation of any supplies which affect the relief needs of the people of such country; (g) representatives of the Government of the United States will be permitted to supervise the distribution among the people of such country of the supplies transferred or otherwise made available pursuant to this joint resolution; (h) provision will be made for a control system so that all classes of people within such country will receive their fair share of essential supplies; and (i) all supplies transferred pursuant to this joint resolution or acquired through the use of credits established pursuant to this joint resolution and any articles processed from such supplies, or the containers of such supplies or articles, will, to the extent practicable, be marked, stamped, branded, or labeled in a conspicuous place as legibly, indelibly, and permanently as the nature of such supplies, articles, or containers will permit in such manner as to indicate to the ultimate consumer in such country that such supplies or articles have been furnished by the United States of America for relief assistance; or if such supplies, articles, or containers are incapable of being so marked, stamped, branded, or labeled, that all practicable steps will be taken to inform the ultimate consumers thereof that such supplies or articles have been furnished by the United States of America for relief assistance.

SEC. 4. When supplies are transferred or otherwise made available to any country pursuant to this joint resolution, the President shall cause representatives of the Government of the United States (1) to supervise the distribution of such supplies among the people of such country, (2) to observe and report with respect to the carrying out of the assurances given to the President pursuant to section 3, and (3) to seek arrangements that reparations payable from current production by any such country to any other country by treaty be postponed during the period of such relief.

With respect to the furnishing of relief assistance pursuant to this joint resolution, the President shall appoint, by and with the advice and consent of the Senate, a field administrator who shall direct the supervision of such relief assistance. Such administrator shall receive compensation at a rate not to exceed \$12,000 per annum, and any

necessary expenses, as the President shall determine. He shall act in accordance with the instructions of the President.

The authority of the President under sections 2 and 3 and under this section may, to the extent the President directs, be exercised by the Secretary of State.

SEC. 5. (a) The President shall promptly terminate the provision of relief assistance to the people of any country whenever he determines (1) that, by reason of changed conditions, the provision of relief assistance of the character authorized by this joint resolution is no longer necessary, (2) that any of the assurances given pursuant to section 3 are not being carried out, (3) that an excessive amount of any supplies transferred or otherwise made available pursuant to this joint resolution, or of similar supplies produced locally or imported from outside sources, is being used to assist in the maintenance of armed forces in such country, or (4) that supplies transferred or otherwise made available pursuant to this joint resolution, or similar supplies produced locally or imported from outside sources, are being exported or removed from such country.

(b) Relief assistance to the people of any country, under this joint resolution, shall, unless sooner terminated by the President, be terminated whenever such termination is directed by concurrent resolution of the two Houses of the Congress.

SEC. 6. To the extent that relief supplies procured with funds authorized under this joint resolution are not furnished on terms of repayment in dollars, they shall be furnished only upon condition that the government of the receiving country agree that when it sells such relief supplies for local currency (a) the amounts of such local currency will be deposited by it in a special account; (b) such account will be used within such country, as a revolving fund, until June 30, 1948, only upon the approval of the duly authorized representative of the United States, for relief and work relief purposes, including local currency expenses of the United States incident to the furnishing of relief; and (c) any unencumbered balance remaining in such account on June 30, 1948, will be disposed of within such country for such purposes as the United States Government, pursuant to Act or joint resolution of the Congress, may determine.

SEC. 7. The President shall submit to the Congress quarterly reports of expenditures and activities under authority of this joint resolution.

Approved May 31, 1947.

Appendix B

PUBLIC LAW 271—80th CONGRESS

An Act Making supplemental appropriations for the fiscal year ending June 30, 1948, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, to supply supplemental appropriations for the fiscal year ending June 30, 1948, and for other purposes, namely:

RELIEF ASSISTANCE TO WAR-DEVASTATED COUNTRIES

Relief assistance to war-devastated countries: To enable the President to carry out the provisions of the joint resolution providing for relief assistance to countries devastated by war, approved May 31, 1947 (Public Law 84), \$332,000,000: *Provided*, That not to exceed \$600,000 shall be available for the administrative expenses of the Department of State incident to the foregoing, to be allocated to and consolidated with such appropriations of the Department of State as the Secretary of State may determine: *Provided further*, That (except from funds allocated therefrom by the President as contributions to the International Children's Emergency Fund of the United Nations under the provisions of said Public Law 84) no relief assistance shall be provided under this appropriation to the people of any country unless the government of such country has given assurance satisfactory to the President that (a) the supplies transferred or otherwise made available pursuant to this appropriation, as well as similar supplies produced locally or imported from outside sources, will be distributed among the people of such country without discrimination as to race, creed, or political belief; (b) representatives of the Government of the United States and of the press and radio of the United States will be permitted to observe freely and to report fully regarding the distribution and utilization of such supplies; (c) full and continuous publicity will be given within such country as to the purpose, source, character, scope, amounts and progress of the United States relief program carried on therein pursuant to this appropriation; (d) if food, medical supplies, fertilizer, or seed is transferred or otherwise made available to such country pursuant to this appropriation, no articles of the same character will be exported or removed from such country while need therefor for relief purposes continues; (e) such country has taken or is taking, insofar as possible,

the economic measures necessary to reduce its relief needs and to provide for its own future reconstruction; (f) upon request of the President, it will furnish promptly information concerning the production, use, distribution, importation, and exportation of any supplies which affect the relief needs of the people of such country; (g) representatives of the Government of the United States will be permitted to supervise the distribution among the people of such country of the supplies transferred or otherwise made available pursuant to this appropriation; (h) provision will be made for a control system so that all classes of people within such country will receive their fair share of essential supplies; and (i) all supplies transferred pursuant to this appropriation or acquired through the use of credits established pursuant to law and any articles processed from such supplies, or the containers of such supplies or articles, will, to the extent practicable, be marked, stamped, branded, or labeled in a conspicuous place as legibly, indelibly, and permanently as the nature of such supplies, articles, or containers will permit in such manner as to indicate to the ultimate consumer in such country that such supplies or articles have been furnished by the United States of America for relief assistance; or if such supplies, articles, or containers are incapable of being so marked, stamped, branded, or labeled, that all practicable steps will be taken to inform the ultimate consumers thereof that such supplies or articles have been furnished by the United States of America for relief assistance: *Provided further*, That subject to the limitations and requirements of this paragraph this appropriation shall be available for the transportation of voluntary relief supplies shipped by relief agencies licensed for operation in Europe and in Asia including the occupied areas under such regulations as the Secretary of State may prescribe.

TITLE III

GENERAL PROVISIONS

SEC. 302. In making expenditures for foodstuffs from funds appropriated in this Act for relief abroad, it is the sense of the Congress that preference be given to the purchase, within the United States, of products, which can be purchased with benefit to the national economy, and that such purchases should include articles that are in surplus where possible and practicable.

SEC. 303. This Act may be cited as "The Supplemental Appropriation Act, 1948".

Approved July 30, 1947.

PUBLIC LAW 393—80th CONGRESS

An Act Making supplemental appropriations for the fiscal year ending June 30, 1948, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, to supply supplemental appropriations for the fiscal year ending June 30, 1948, and for other purposes, namely:

FUNDS APPROPRIATED TO THE PRESIDENT

Foreign Aid

Foreign aid: To enable the President to carry out the provisions of the Act entitled the "Foreign Aid Act of 1947" (Public Law 389, Eightieth Congress) insofar as applicable to Austria, France, and Italy, \$522,000,000, and to enable the President to carry out the provisions of Public Law 84, in respect to China, \$18,000,000; in all, \$540,000,000: *Provided*, That any administrative expenses which may be incurred by the Department of State in carrying out duties assigned to it under said Act may be paid from any funds available to said Department for administrative expenses, except that funds herein appropriated shall not be available for such purpose: *Provided further*, That none of the funds appropriated or made available by this Act shall be used or made available for use for the acquisition of nitrates or nitrogenous fertilizer, or petroleum products, or wheat, wheat flour, or cereal grain in the United States or the shipment thereof from the United States unless the President shall first—

(1) survey the requirements of other countries which are dependent upon the United States for a portion of their supplies of such commodities, and

(2) estimate the quantities of such commodities which probably will be made available to such countries from the United States, and

(3) estimate the total amount of such commodities available for export from the United States to the recipient countries, after giving due consideration to the quantity thereof required in this country to meet essential domestic needs and for wastage, food, feed, seed, and industrial uses, and for the needs of other countries dependent upon the United States for supplies of such commodities. In determining the amount of such commodities available for export from the United States the President shall allow for a carry-over of wheat in the United States as of July 1, 1948, of not less than one hundred and fifty million bushels, and: *Provided further*, That the funds

appropriated in this Act shall not be made available or used to acquire a quantity of wheat, wheat flour, and cereal grain in the United States which, after taking into consideration the amount estimated for export to other countries, and the amount needed for domestic consumption in the United States, will leave a carry-over of less than 150,000,000 bushels of wheat on July 1, 1948.

The losses incurred by agencies of the Government through sales of commodities in accordance with the terms of subsection (e) of section 11 of the Foreign Aid Act of 1947 shall not exceed \$57,500,000.

TITLE II

GENERAL PROVISIONS

SEC. 201. No part of any appropriation contained in this Act shall be used to pay the salary or wages of any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit has not, contrary to the provisions of this section, engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or that such person does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation contained in this Act shall be guilty of a felony and, upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

SEC. 202. This Act may be cited as the "Third Supplemental Appropriation Act, 1948".

Approved December 23, 1947.

PUBLIC LAW 395—80th CONGRESS

Joint Resolution To aid in the stabilization of commodity prices, to aid in further stabilizing the economy of the United States, and for other purposes.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

DECLARATION OF PURPOSES

SECTION 1. The purposes of this joint resolution are to aid in stabilizing the economy of the United States, to aid in curbing inflationary tendencies, to promote the orderly and equitable distribution of goods and facilities, and to aid in preventing maldistribution of goods and facilities which basically affect the cost of living or industrial production.

FOOD AND FEED CONSERVATION PROGRAM

SEC. 8. (a) In order to alleviate shortages in foods and feeds, and to assist in stabilizing prices, the President shall carry out a program for the conservation of food and feed. In carrying out such program, the President is authorized, through the dissemination of information, educational and other campaigns, the furnishing of assistance, and such other voluntary and cooperative measures as he deems necessary or appropriate, to encourage and promote the efficient utilization, care, and preservation of food and feed, the elimination of practices which waste food and feed, the control and eradication of insects and rodents, the consumption of less of these foods and feeds which are in short supply and more of those foods and feeds which are in abundant supply, and other conservation practices. The authority herein conferred may be exercised by the President through such departments, agencies, independent establishments, and officials of the Federal Government and such State, local, and private agencies as he may determine.

(b) There is hereby authorized to be appropriated to the President such sums as may be necessary to carry out this section. To enable the President to carry out this section for the remainder of the fiscal year ending June 30, 1948, there is hereby made available not to exceed \$1,000,000 from any funds made available by the Congress for carrying out Public Law 84, Eightieth Congress, or from any funds made available by the Congress for interim foreign aid. Funds

made available for the purpose of this section may be used for necessary administrative expenses, including personal services in the District of Columbia and elsewhere, purchase or hire of motor vehicles, temporary or intermittent services of experts or consultants or organizations thereof, including stenographic reporting services, by contract, without regard to the civil service and classification laws (the compensation of any such individual not to exceed \$50 per day). Funds made available for the purposes of this section may be allotted for any of the purposes of this section to any department, agency, or independent establishment of the Government, or transferred to any other agency requested to assist in carrying out this section. Funds allotted to any department, agency, or independent establishment of the Government shall be available for obligation and expenditure in accordance with the laws governing obligations and expenditures of the department, agency, or independent establishment, or organizational unit thereof concerned, and without regard to sections 3709 and 3648 of the Revised Statutes, as amended (U. S. C., title 41, sec. 5, and title 31, sec. 529).

AUTHORIZATION FOR APPROPRIATIONS

SEC. 9. There is hereby authorized to be appropriated such amounts as may be necessary for purposes of carrying out the provisions of this joint resolution.

Approved December 30, 1947.

Appendix E

EXECUTIVE ORDER 9864

Regulations for Carrying Out the Provisions of the Joint Resolution Entitled "Joint Resolution Providing for Relief Assistance to the People of Countries Devastated by War"

By virtue of the authority vested in me by the joint resolution of May 31, 1947, entitled "Joint Resolution Providing for Relief Assistance to the People of Countries Devastated by War," hereinafter referred to as the joint resolution, and section 202 of the Revised Statutes, and as President of the United States, I hereby prescribe the following regulations for carrying out the provisions of the joint resolution:

1. The Secretary of State is hereby authorized:

(a) To exercise the authority vested in the President by sections 2, 3, and 4 of the joint resolution, except with respect to the appointment of the field administrator pursuant to section 4.

(b) To take such other action, not inconsistent with the authority reserved to the President, as may be necessary for providing relief assistance in accordance with the terms of the joint resolution, including the making of such arrangements with the heads of other Executive departments, agencies, and independent establishments of the Government as may be necessary and proper for carrying out the provisions of the joint resolution.

(c) To exercise the authority vested in him by this order directly or through the field administrator appointed pursuant to section 4 of the joint resolution or through such officers and employees of the Department of State, including those of the Foreign Service, as he may designate to act on his behalf.

2. The field administrator shall act under the guidance and in accordance with the instructions of the Secretary of State.

HARRY S. TRUMAN

The White House
May 31, 1947.

Appendix F

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE ITALIAN GOVERNMENT

Concerning Assistance to Italy under the United States Foreign Relief Program

WHEREAS, it is the desire of the United States to provide relief assistance to the Italian people to prevent suffering and to permit them to continue effectively their efforts toward recovery; and

WHEREAS, the Italian Government has requested the United States Government for relief assistance and has presented information which convinces the Government of the United States that the Italian Government urgently needs assistance in obtaining the basic essentials of life for the people of Italy; and

WHEREAS, the United States Congress has by Public Law 84, Eightieth Congress, May 31, 1947, authorized the provision of relief assistance to the people of those countries which, in the determination of the President, need such assistance and have given satisfactory assurances covering the relief program as required by the Act of Congress; and

WHEREAS, the Italian Government and the United States Government desire to define certain conditions and understandings concerning the handling and distribution of the United States relief supplies and to establish the general lines of their cooperation in meeting the relief needs of the Italian people,

The Government of the United States of America represented by
JAMES CLEMENT DUNN, *Ambassador of the United States of America to Italy*

and the Italian Government represented by

ALCIDE DE GASPERI, *President of the Council of Ministers*
CARLO SFORZA, *Minister for Foreign Affairs*

have agreed as follows:

ARTICLE I

Furnishing of Supplies

(A) The program of assistance to be furnished shall consist of such types and quantities of supplies and procurement, storage, transportation and shipping services related thereto, as may be determined from time to time by the United States Government after consultation with the Italian Government in accordance with the Public Law 84, Eightieth Congress, May 31, 1947, and any Acts amendatory or supplementary thereto. Such supplies shall be confined to certain basic essentials of life, namely, food, medical supplies, processed and unprocessed material for clothing, fertilizers, pesticides, fuel and seeds.

(B) Subject to the provisions of Article III, the United States Government will make no request, and will have no claim, for payment for United States relief supplies and services as furnished under this agreement.

(C) The United States Government agencies will provide for the procurement, storage, transportation and shipment to Italy of United States relief supplies, except to the extent that the United States Government may authorize other means for the performance of these services in accordance with procedures stipulated by the United States Government. All United States relief supplies shall be procured in the United States except when specific approval for procurement outside the United States is given by the United States Government.

(D) The Italian Government will from time to time submit in advance to the United States Government its proposed programs for relief import requirements to be furnished by the United States.

These programs shall be subject to screening and approval by the United States Government and procurement will be authorized only for items contained in the approved programs.

(E) Transfers of United States relief supplies shall be made under arrangements to be determined by the United States Government in consultation with the Italian Government. The United States Government, whenever it deems it desirable, may retain possession of any United States relief supplies or may recover possession of such supplies transferred, up to the city or local community where such supplies are made available to the ultimate consumers.

ARTICLE II

Distribution of Supplies in Italy

(A) All United States relief supplies shall be distributed by the Italian Government under the direct supervision and control of the United States representatives and in accordance with the terms of this Agreement. The distribution will be through commercial channels to the extent feasible and desirable.

(B) All United States relief supply imports shall be free of fiscal charges including customs duties up to the point where they are sold for local currency as provided by Article III of this Agreement unless when because of price practices, it is advisable to include customs charges or government taxes in prices fixed, in which case the amount thus collected on United States relief supply imports will accrue to the special account referred to in Article III. All United States relief supply imports given free to indigents, institutions and others will be free of fiscal charges, including custom duties.

(C) The Italian Government will designate a high ranking official who shall have the responsibility of liaison between the Italian Government and the United States representatives responsible for the relief program.

(D) The Italian Government will distribute United States relief supplies and similar supplies produced locally or imported from outside sources without discrimination as to race, creed, or political belief, and will not permit the diversion of any of such supplies to nonessential uses or for export or removal from the country while need therefor for relief purposes continues. The Italian Government will not permit the diversion of an excessive amount of United States relief supplies and similar supplies produced locally or imported from outside sources in the maintenance of armed forces.

(E) The Italian Government will so conduct the distribution of United States relief supplies and similar supplies produced locally or

imported from outside sources as to assure a fair share of the supplies to all classes of the people and will maintain a ration and price control system to that end, wherever practicable.

(F) Distribution shall be so conducted that all classes of the population, irrespective of purchasing power, shall receive their fair share of supplies covered in this agreement.

ARTICLE III

Utilization of Funds Accruing from Sales of United States Supplies

(A) The prices at which the United States relief supplies will be sold in Italy shall be agreed upon between the Italian Government and the United States Government.

(B) When the United States relief supplies are sold for local currency, the amount of such local currency will be deposited by the Italian Government in a special account in the name of the Italian Government.

(C) Until June 30, 1948, such funds shall be disposed of only upon approval of the duly authorized representatives of the United States Government for relief and work relief purposes within Italy, including local currency expenses of the United States incident to the furnishing of relief. Any unencumbered balance remaining in such account on June 30, 1948, shall be disposed of within Italy for such purposes as the United States Government, pursuant to Act or Joint Resolution of Congress, may determine.

(D) The Italian Government will, upon request, advance funds to the United States representatives to meet local currency expenses incident to the furnishing of relief.

(E) While it is not intended that the funds accruing from sales of the United States relief supplies normally will be used to defray the local expenses of the Italian Government in handling and distributing the United States relief supplies, including local currency costs of discharging cargo and other port charges, the United States representatives will consider with the Italian Government the use of the funds to cover the unusual costs which would place an undue burden on the Italian Government.

(F) The Italian Government will each month make available to the United States representatives reports on collections, balances and expenditures from the fund.

(G) The Italian Government will assign officials to confer and plan with the United States representatives regarding the disposition of funds accruing from sales and to assure a prompt and proper use of such funds.

ARTICLE IV

Effective Production, Food Collections and Use of Resources To Reduce Relief Needs

(A) The Italian Government will exert all possible efforts to secure the maximum production and collection of locally produced supplies needed for relief purposes.

(B) The Italian Government will undertake not to permit any measures to be taken involving delivery, sale or granting of any articles of the character covered in this Agreement which would reduce the locally produced supply of such articles and thereby increase the burden of relief.

(C) The Italian Government will furnish regularly current information to the United States representatives regarding plans and progress in achieving this objective.

(D) The Italian Government affirms that it has taken and is taking, insofar as possible, the economic measures necessary to reduce its relief needs and to provide for its own future reconstruction.

ARTICLE V

United States Mission

(A) The United States Government will attach to the United States Embassy in Rome, representatives who will constitute a relief mission and will, in cooperation with the regular Embassy staff, discharge the responsibilities of the United States Government under this Agreement and the Public Law 84, Eightieth Congress, May 31, 1947. The Italian Government will permit and facilitate the movement of the United States representatives to, in and from Italy.

(B) The Italian Government will permit and facilitate in every way the freedom of the United States representatives to supervise, inspect, report and travel throughout Italy at any and all times and will cooperate fully with them in carrying out all the provisions of this Agreement. The Italian Government will furnish the necessary automobile transportation to permit the United States representatives to travel freely throughout Italy and without delay.

(C) The United States representatives and the property of the mission and of its personnel shall enjoy in Italy the same privileges and immunities as are enjoyed by the personnel of the United States Embassy in Italy and the property of the Embassy and of its personnel.

ARTICLE VI

Freedom of United States Press and Radio Representatives To Observe and Report

The Italian Government agrees to permit representatives of the United States press and radio to observe freely and report fully and without censorship regarding the distribution and utilization of relief supplies and the use of funds accruing from the sale of United States relief supplies.

ARTICLE VII

Reports, Statistics and Information

(A) The Italian Government will maintain adequate statistical and other records on relief and will consult with the United States representatives, upon their request, with regard to the maintenance of such records.

(B) The Italian Government will furnish promptly upon request of the United States representatives information concerning the production, use, distribution, importation and exportation of any supplies which affect the relief needs of the people.

(C) In case United States representatives report apparent abuses or violations of this Agreement, the Italian Government will investigate and report and promptly take such remedial action as is necessary to correct such abuses or violations as are found to exist.

ARTICLE VIII

Publicity Regarding United States Assistance

(A) The Italian Government will permit and arrange full and continuous publicity regarding the purpose, source, character, scope, amounts and progress of the United States relief program in Italy, including the utilization of funds accruing from the sales of United States relief supplies for the benefit of the people.

(B) All United States relief supplies and any articles processed from such supplies, or containers of such supplies or articles, shall, to the extent practicable, be marked, stamped, branded, or labelled in a conspicuous place in such manner as to indicate to the ultimate consumer that such supplies or articles have been furnished by the United States for relief assistance; or if such supplies, articles or containers are incapable of being so marked, stamped, branded, or labelled, all practicable steps will be taken by the Italian Government to inform the ultimate consumer thereof that such supplies or articles have been furnished by the United States for relief assistance.

ARTICLE IX

Termination of Relief Assistance

The United States Government will terminate any or all of its relief assistance at any time whenever it determines (1) by reason of changed conditions, the provision of relief assistance of the character authorized by the Public Law 84, Eightieth Congress, May 31, 1947, is no longer necessary (2) any provisions of this Agreement are not being carried out (3) an excessive amount of United States relief supplies, or of similar supplies produced locally or imported from outside sources, is being used to assist in the maintenance of armed forces in Italy, or (4) United States relief supplies or similar supplies produced locally or imported from outside sources are being exported or removed from Italy. The United States Government may stop or alter its program of assistance whenever in its determination other circumstances warrant such action.

ARTICLE X

Date of Agreement

This Agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two governments.

DONE in duplicate in the English and Italian languages at Rome, this Fourth day of July, 1947.

For the
Government of the United States
of America

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For the
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DE GASPERI
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Appendix G

AN OUTLINE OF THE DISTRIBUTION PROGRAM IN NANKING, SHANGHAI, PEIPING, TIENTSIN AND CANTON

(Drafted by the Executive Yuan Commission for American Relief Supplies and passed at the Five City Food Distribution Conference, February 17, 1948)¹

I. INTRODUCTION

In accordance with clause (E) and clause (F) of Article II of the Sino-American Agreement, stating that "The Chinese Government will take appropriate steps regarding the distribution of United States relief supplies and similar supplies produced locally and imported from outside sources designed to assure a fair and equitable share of the supplies to all classes of the people;" and that "A distribution and price-control system shall be inaugurated in such major urban centers of China as circumstances permit, with the intent of insuring all classes of the population, irrespective of their purchasing power, shall receive a fair share of the imported or indigenously produced relief supplies;" the Chinese Government has now decided to provide an equal quantity of food as contributed by the American Government, and to start an equitable distribution program for the whole population in Nanking, Shanghai, Peiping, Tientsin and Canton. The principles and plan of procedure with regard to the said program are as follows:

II. PRINCIPLES

1. Total Distribution: Every citizen of domicile is entitled to purchase rationed food against issued coupons.
2. Quantity: Every citizen, irrespective of sex and age, is entitled to buy one tou of rice or an equal quantity of flour (fifteen catties) per month.
3. Price: The price of the food shall be a little lower than that of the free market and will be readjusted each month.
4. Duration: The program is tentatively scheduled to cover four months beginning from March or April, depending on the stock of food available in the various cities.
5. Sources of Food: One half of the food will be supplied by the American Government and the other half by the Chinese Government. The American portion will be supplied through

¹ This is a certified English translation submitted by the China Relief Mission. The distribution plan was approved by the Executive Yuan Feb. 24, 1948.

EYCARS and the Chinese portion by the Ministry of Food. The ways and means of supplying the food by the Ministry of Food will be worked out separately.

The total requirement is 88,000 tons for each month and 352,000 tons for 4 months. (These figures include the rice requirement for Nanking, Shanghai, and Canton and the flour requirement for Peiping and Tientsin.) See below:

City	Population	Monthly requirement in each city (1 tou of rice or 15 catties of flour per head per month)	Tons	Four months' requirement
Nanking .	1, 200, 000	1,200,000 tous	9, 600	<i>Tons</i> 38, 400
Shanghai .	5, 000, 000	5,000,000 tous	40, 000	160, 000
Canton . .	1, 400, 000	1,400,000 tous	11, 200	44, 800
Peiping . .	1, 700, 000	25,500,000 catties = 1,700,000 tous of rice.	13, 600	54, 400
Tientsin .	1, 700, 000	25,500,000 catties = 1,700,000 tous of rice.	13, 600	54, 400
TOTAL .	11, 000, 000	11,000,000 tous	88, 000	352, 000

III. PROCEDURE

1. Organization:

As a supplement to the American portion, our Government is undertaking to provide an equal amount of food supplies toward the implementation of the program. In compliance with administrative lines of authority and for the sake of effective procedure, the Ministry of Food shall assume over-all responsibility. The distribution activities in each municipality shall be in direct charge of the respective Mayor or of some existing food control organization (such as Food Control Board or Office) or some adequate office to be established. They shall function in direct line of responsibility under the Ministry of Food. The City Committees originally established by the Executive Yuan Commission for American Relief Supplies (EYCARS) are intended to supervise and inspect the distribution of the portion of American food supplies in the locality. In the following are listed the various organizations connected with the distribution:

- (a) City Committee (for Distribution of American Relief Supplies).
- (b) Municipal Food Control Board (or Office), composed of Inspection, Coupon Issuance, Storage and Transportation, Retail Control and Accounting Divisions.

- (c) Price Fixing Committee.
- (d) Appointed Banks.
- (e) "District" and "Pao" Offices for issuing coupons.
- (f) Retail Agencies.
- (g) EYCARS Regional Office.

The attached chart shows the order and functions of the various organizations connected with the distribution of American food supplies. (See page 103.)

2. *Food Supplies:*

The American portion of the food will be supplied by the regional offices of EYCARS and the Chinese portion by the Ministry of Food on a monthly basis.

3. *Ration Coupons:*

Before the inauguration of the program, the Municipal authorities shall issue purchasing coupons through the Coupon Issuing Office, to each family or each resident as a unit on the basis of the accurate census recently taken by each city government. Each resident will then be able to buy from the retail agencies the fixed quantity of food on fixed days.

Coupons are for the use of the holders and are not transferable.

4. *Price:*

- (a) A Price Fixing Committee composed of the chairman of the City Committee and one representative each from the Ministry of Food and EYCARS shall be set up in each of the five cities.
- (b) The Committee shall make inquiries concerning food prices prevailing on the market in each city and fix the price of rationed food five days before the end of each month. The price of rationed food for any month shall be publicly announced on the first day of each month, a report to be submitted to EYCARS and the Ministry of Food for reference.

The price of rationed food shall be lower than that of the market, but not by more than 5 per cent.

5. *Expenditures:*

The following has been agreed upon by EYCARS and the China Relief Mission for expenses payable from the proceeds of the sales of American Relief Supplies.

- (a) Expenditure for the printing of Coupons to be borne in full by EYCARS.
- (b) Administrative expenses incurred by the various local distri-

bution agencies to be borne by EYCARS to the extent of not more than 1% of the proceeds accruing from the sale of the American food supplies in various cities.

- (c) Operational expenses incurred by local distribution agencies to be borne by EYCARS to the extent of not more than 4% of the proceeds accruing from the sale of American food supplies.
- (d) The handling charges for each Retail Agency not to be higher than 5% of the proceeds accruing from the sale of American food supplies in each agency.

All Distribution Agencies in various cities shall be responsible for submitting a detailed report of the above-mentioned accounts to EYCARS for record.

6. *Collection and Custody of Funds:*

Proceeds from the sale of American food supplies shall be deposited into the appointed bank (i. e. the Bank of China) every day by the Retail Agency, and entered into a special account set up by each City Committee.

The disposition of the sales proceeds of American food supplies shall be governed by a separate contract to be drawn between EYCARS and the Central Bank.

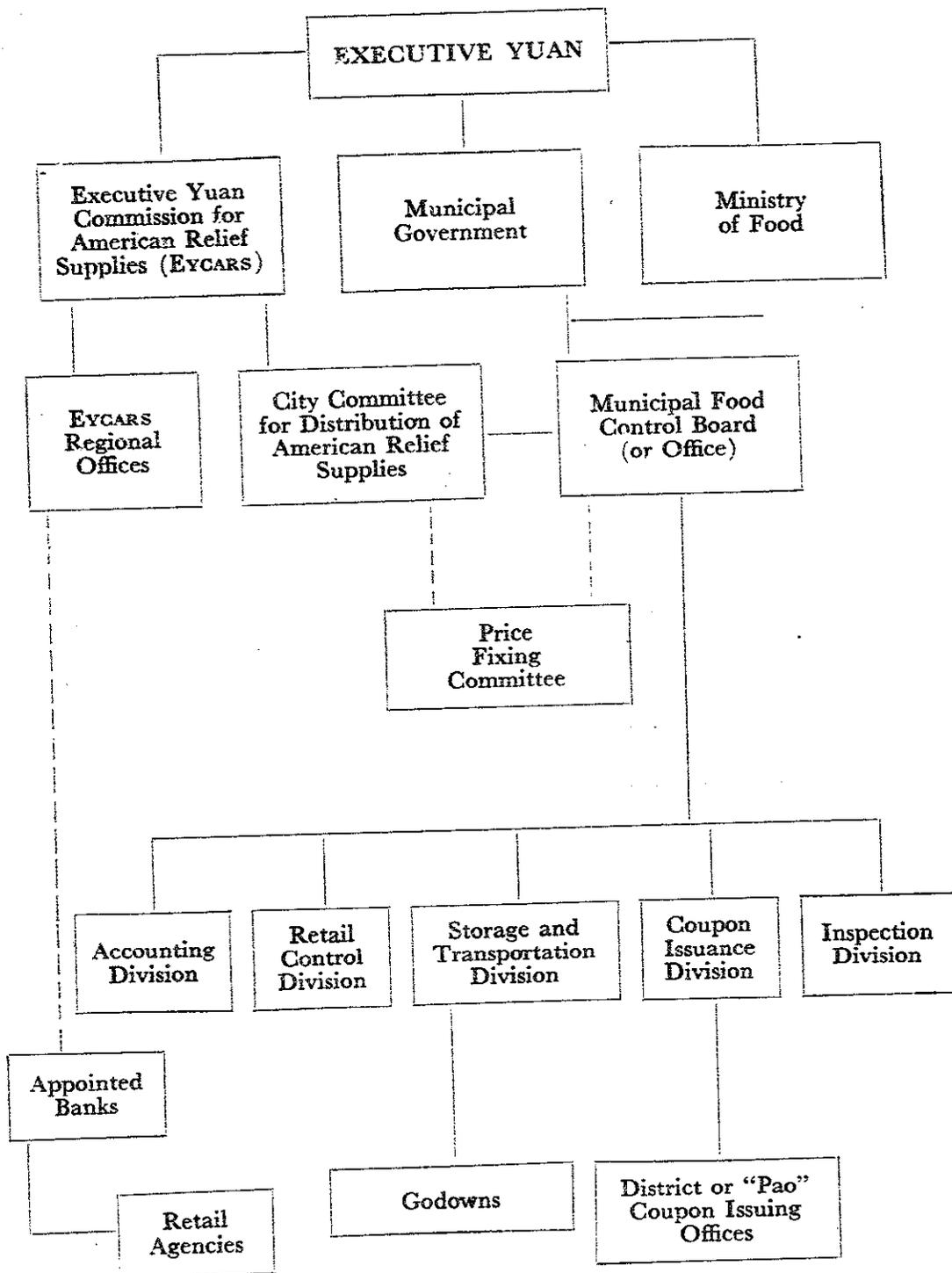
The funds mentioned in the preceding paragraph shall be deposited daily and accounts closed at the end of each month. If a retail agency should fail to turn in the sales proceeds to the bank on the following day, the City Committee shall be held responsible for investigating into the matter and taking proper disciplinary action against the offender.

7. *Accounts, Statistics and Reports:*

- (a) All matters pertaining to the accounting of ration food may be entrusted to well-established firms of Public Accountants. EYCARS, the Ministry of Food and the China Relief Mission shall jointly audit the accounts.
- (b) The City Committee shall submit to EYCARS and the Ministry of Food a report in duplicate covering food supplies and bank deposits once every ten days.

8. *Inspection:*

EYCARS shall from time to time assign representatives to the various cities to inspect the distribution of food. The City Committee shall provide all necessary facilities to representatives of the China Relief Mission who may be sent to inspect the local activities in connection with food distribution.



Appendix H

STATUS OF ALLOCATIONS, OBLIGATIONS
AND EXPENDITURES

Under the United States Foreign Relief Program
As of March 31, 1948

The following fiscal statement is compiled from information furnished by the United States procuring and servicing agencies. The information lags considerably behind the operating statistical information set forth in the body of this report.

Agency	Allocations	Obligations	Expenditures
Department of Agriculture.	\$224, 295, 000. 00	\$222, 582, 926. 88	\$190, 458, 766. 84
Treasury Department . .	7, 000, 000. 00	3, 645, 523. 37	1, 125, 277. 46
Department of the Army .	34, 550, 000. 00	31, 990, 017. 49	23, 218, 608. 38
Department of State . . .	68, 554, 258. 36	53, 309, 508. 24	51, 304, 457. 31
Executive Office of the President	250, 000. 00	226, 434. 37	102, 165. 83
TOTAL	\$334, 649, 258. 36	\$311, 754, 410. 35	\$266, 209, 275. 82