

*Mutual Defense Financing
in Western Europe*

a part of

*The Mutual Security Program
for 1953-54*

Prepared for the use of the Committee on Foreign Relations of the Senate
and the Committee on Foreign Affairs of the House of Representatives

May 29, 1953

MUTUAL SECURITY AGENCY

THE MUTUAL SECURITY PROGRAM FOR 1954

President Eisenhower has recommended a \$5.8 billion Mutual Security Program for 1954 as the United States contribution to building up the security of the free world. However, only \$5,474 million is now being requested in new funds since rigorous screening of the presently authorized programs has resulted in an estimated saving of \$354 million, ^{carried over from previous years} which can be applied to reduce the new funds required for the 1954 program. In addition, authorization is being requested to use the equivalent of \$98 million of United States counter-part funds.

The program provides for \$5.3 billion for military weapons and direct support of the defense efforts of our allies in the free world. The remaining \$0.5 billion is scheduled for technical, economic, and developmental purposes designed to raise the standard of living in some of the less-developed countries in the Far East, Middle East, Africa, and Latin America and for emergency assistance in some areas.

In Western Europe, the Mutual Security Program provides for several types of contribution to the common defense. Of these, the principal ones are: Defense Materiel and Training, the contribution of equipment in the United States for use by European armies and the training of those troops by the U.S. This also includes equipment purchased off-shore in Europe; and (2) Mutual Defense Financing, U.S. direct support of the defense efforts of NATO countries, and Yugoslavia; and \$65 million of economic assistance to Austria, West Berlin, and other.

This booklet describes the second element of the program "Mutual Defense Financing in Western Europe". Materiel on other elements of the U.S. Mutual Security Program for 1954 is available as follows:

Defense Materiel and Training (Department of Defense).

Regular Technical Assistance (Department of State).

Technical and Economic Assistance in the Far East (Mutual Security Agency).

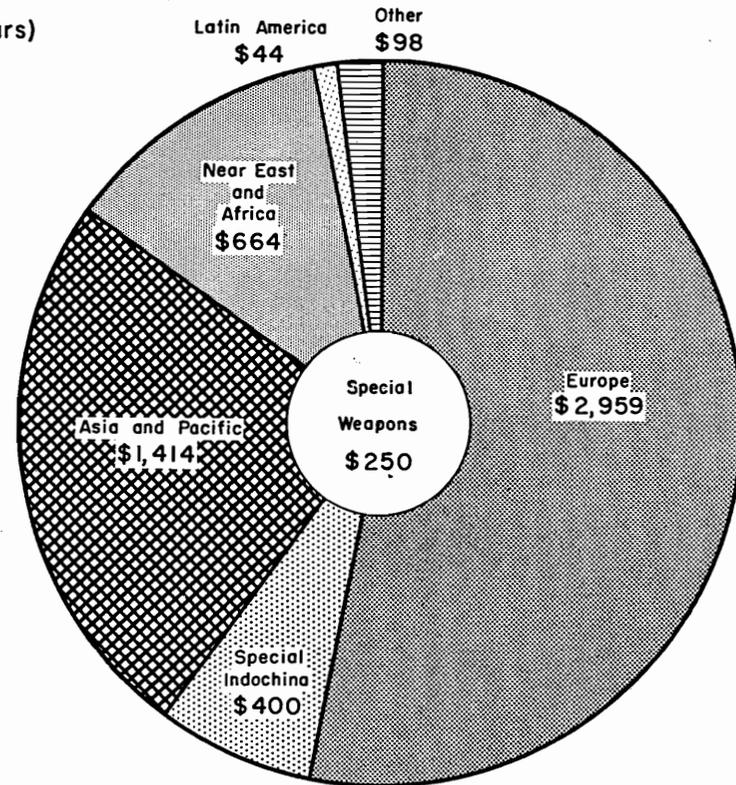
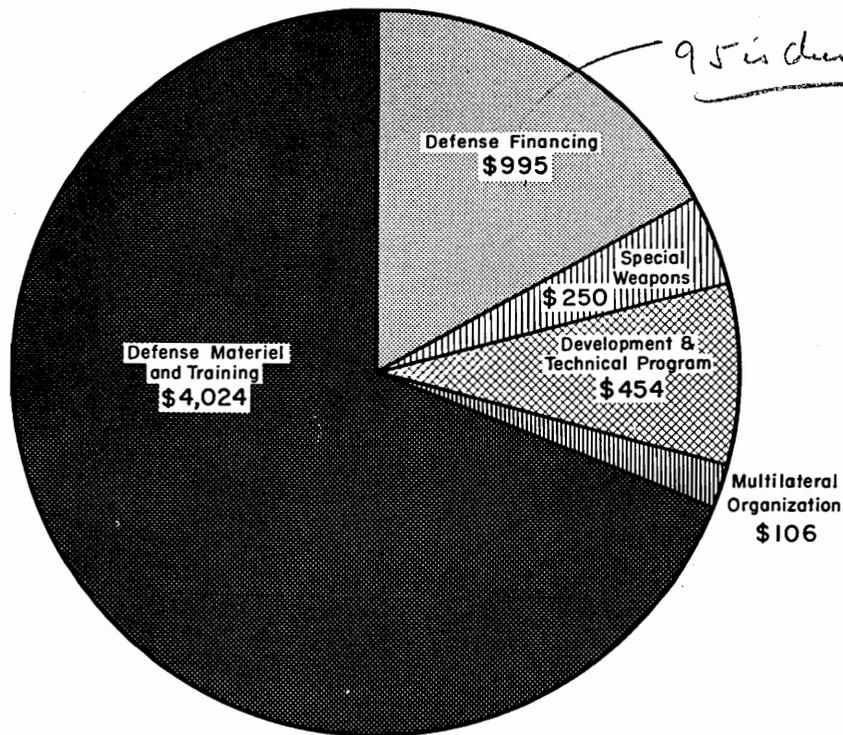
THE MUTUAL SECURITY PROGRAM FOR 1954

\$ 5,829*

BY FUNCTION

BY GEOGRAPHIC AREA

(Millions of Dollars)



* Represents a \$5,475 million request for new funds plus \$354 million requested carry-over of unprogrammed FY 1953 funds. Excludes \$98 million equivalent of U.S. counterpart funds.

MUTUAL DEFENSE FINANCING FOR EUROPE

The United States objective in Europe is to promote a rapid build-up of strength against the larger Soviet force; and to do so consistent with the goal of continuing economic progress for all countries contributing to the common effort.

It is planned to improve the defense forces in Europe 30 percent between December 1952 and December 1953; and to continue the essential build-up of air, ground, and naval forces thereafter. Targets for defense strength and contributions by each country are based upon the April 1953 review of military goals and economic capabilities undertaken at Paris by NATO.

Out of a total of \$3,397 million for Western Europe, \$900 million is designed to support the defense efforts of the NATO countries and Yugoslavia, of this total \$65 million is to provide economic assistance to Austria, West Berlin, and for other programs.

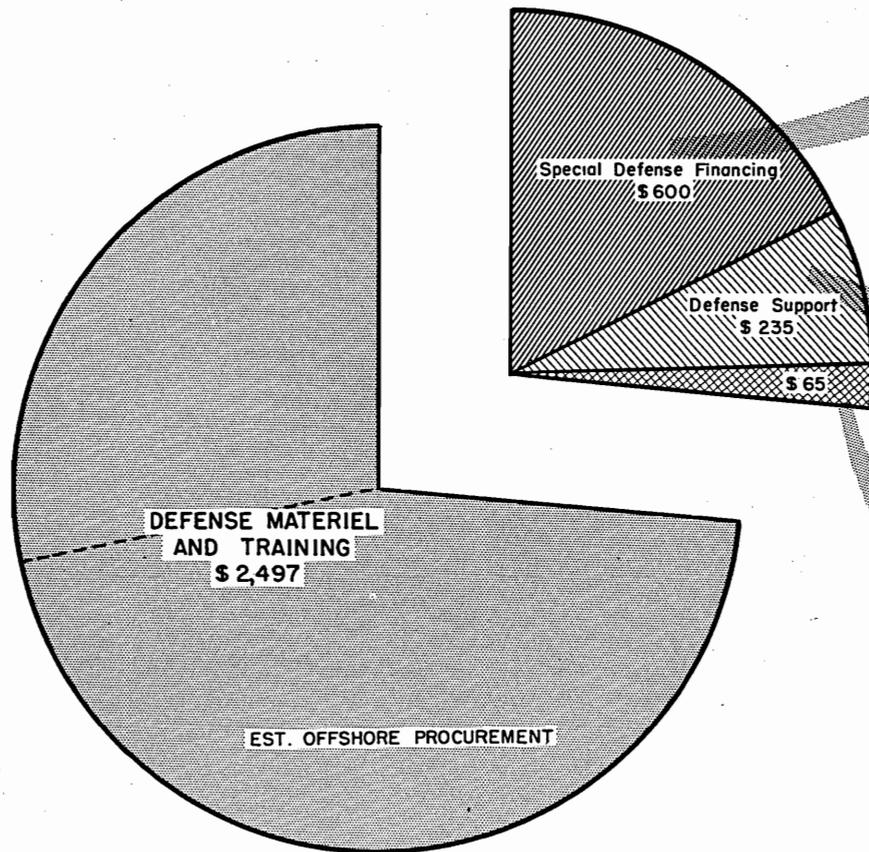
SPECIAL DEFENSE FINANCING - The largest portion of these funds, \$600 million, will be devoted to a new program of "Special Defense Financing" which is designed to make a larger and more effective contribution to the "hot war" in Indochina and to support the level of defense production provided for in the budgets of the United Kingdom and France. Through this program, \$400 million will finance French equipment and support of forces in Indochina; \$100 million will finance the manufacture of new and modern jet aircraft from British factories; and \$100 million will buy artillery, ammunition and semi-automatic weapons produced in French plants.

DEFENSE SUPPORT - This type of assistance is planned for Greece, Turkey, Italy, Yugoslavia, and the United Kingdom. A total of \$235 million of new funds is requested to finance the purchase of necessary raw materials, machines, equipment and other commodities, to support defense programs in these areas.

ECONOMIC AID - A small portion of the program, \$65 million, is devoted to economic aid. Austria, a country under joint control pending the negotiation of a peace treaty, is expected to receive \$20 million to support her economic build-up; the Federal Republic of Germany will receive \$15 million as United States support for West Berlin; an additional \$30 million is for technical assistance and for other economic programs.

THE EUROPEAN PROGRAM FOR 1954

MUTUAL DEFENSE FINANCING \$ 900 Million



\$ 3,397 Million

Special Defense Financing

United Kingdom.....	\$100.0
France (NATO).....	100.0
France (Indochina).....	400.0

Defense Support

Greece.....	\$ 20.0
Italy.....	57.5*
Turkey.....	50.0
United Kingdom.....	100.0
Yugoslavia.....	45.0

Economic Aid and Other

Austria.....	\$ 20.0
Germany.....	15.0
Other.....	30.0

* "Includes \$37.5 programmed for aircraft production from FY 1953 funds but estimated to be unobligated on June 30, 1953 and carried over for use in FY 1954."

THE EUROPEAN DEFENSE CONTRIBUTION

In fiscal year 1954, total defense expenditures of European countries (NATO plus Germany) will be almost \$15 billion* - more than double the pre-Korean level. Combat readiness of the European forces has increased sharply and the defense production of Europe is rising steadily.

An increasing proportion of defense budgets is being devoted to major materiel and construction - the hardware needed for equipping and expanding the combat forces. During the build-up period, the United States supplied most of the initial equipment of new European force units, enabling the Europeans to devote a greater share of their resources to the raising and training of the forces. Now, however, defense production and construction in Europe has been gaining momentum, and in fiscal year 1954, of every \$10 to be spent for defense by European NATO countries (excluding Germany) almost \$4 will go for major materiel and construction, compared to only \$2 prior to Korea.

DEFENSE EXPENDITURES - TOTAL EUROPEAN NATO PLUS GERMANY

(U.S. Fiscal Years - Millions of Dollars)

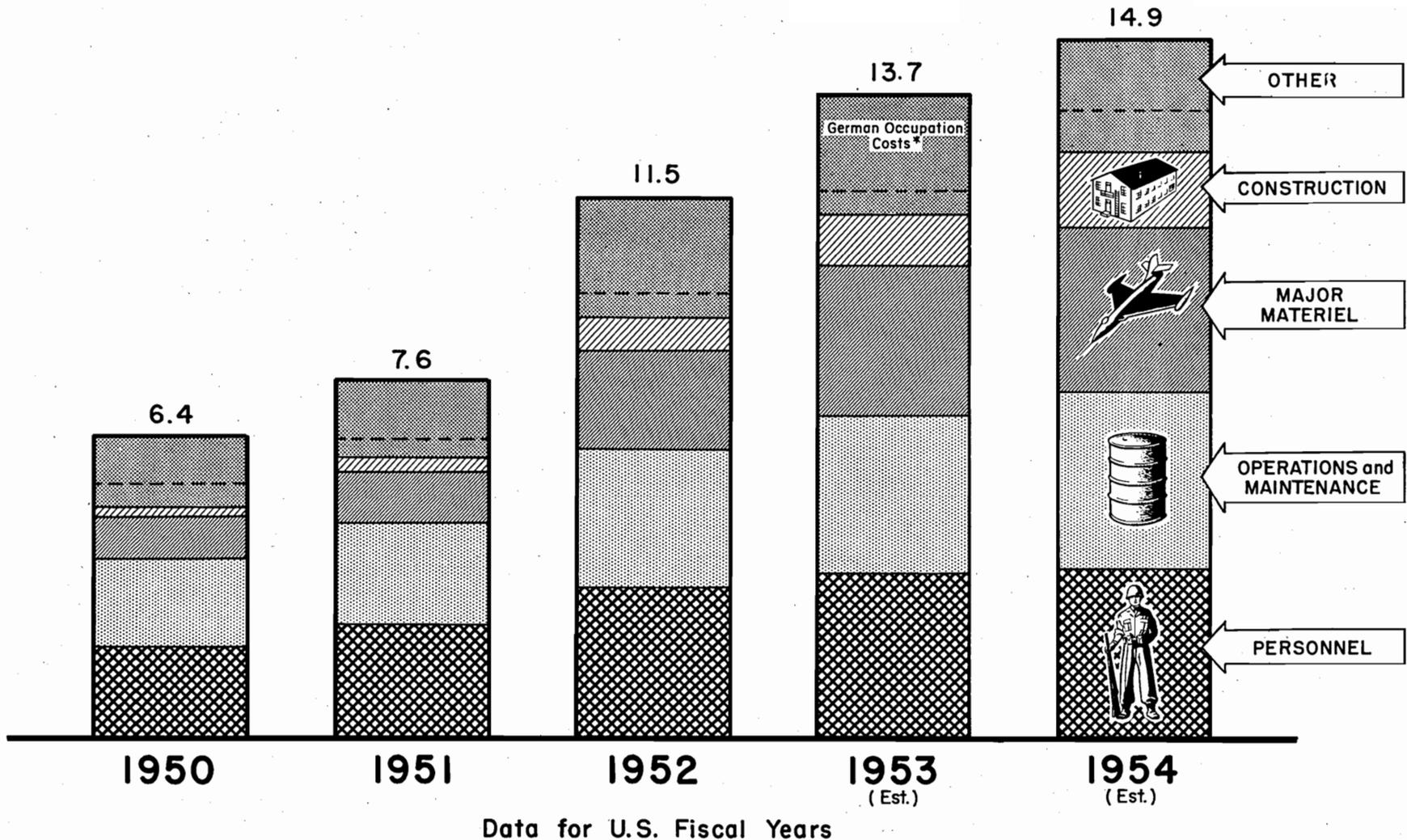
	ACTUAL			MSA ESTIMATES	
	1950	1951	1952	1953	1954
TOTAL	\$6,361	\$7,616	\$11,495	\$13,711	\$14,932
CATEGORY:					
Personnel	1,893	2,411	3,237	3,454	3,607
Major Materiel	845	1,082	2,028	3,150	3,569
Construction	223	290	743	1,084	1,548
Operation & maintenance	1,931	2,226	2,997	3,482	3,749
Other	1,469	1,607	2,490	2,541	2,459

*Most of the Germany contribution in past years has been for "Occupation costs" and for FY 1954 a large part of the German total of \$2.8 billion will still be for occupation costs.

EUROPEAN DEFENSE EXPENDITURES

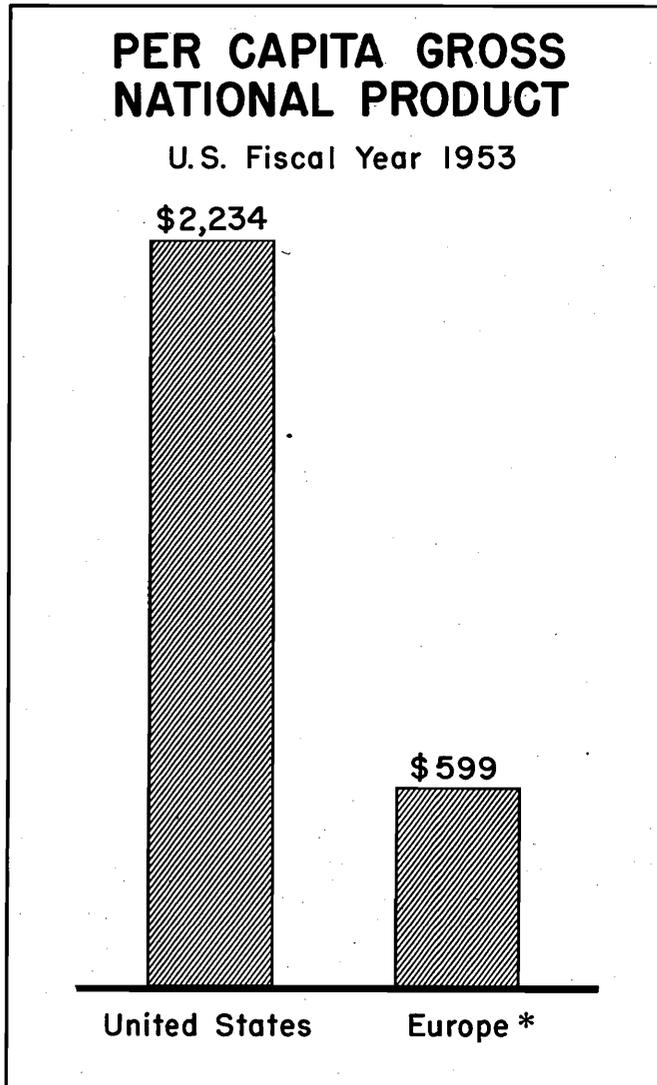
EUROPEAN NATO PLUS GERMANY

(Billions of Dollars)



* From 1950 to 1953 the entire German defense expenditure was for occupation and national costs. In FY 1954, there is an additional German expenditure of \$1,274 million for EDC contribution which is included in the categories shown on the chart.

HOW DOES THE EUROPEAN DEFENSE EFFORT COMPARE WITH THE UNITED STATES ?



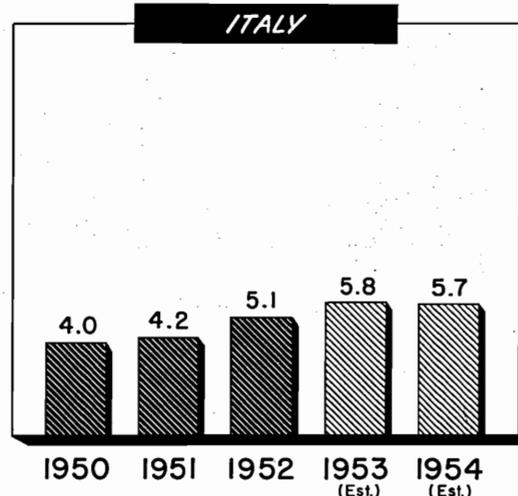
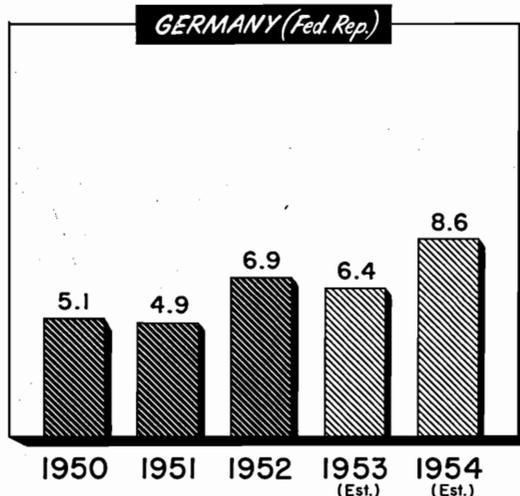
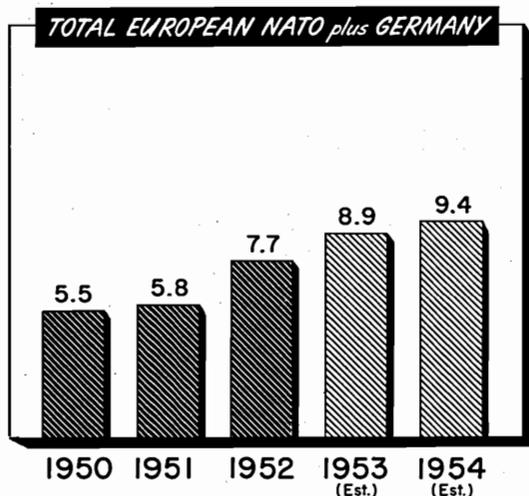
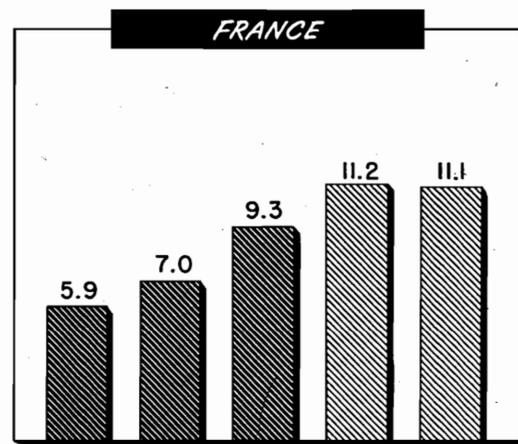
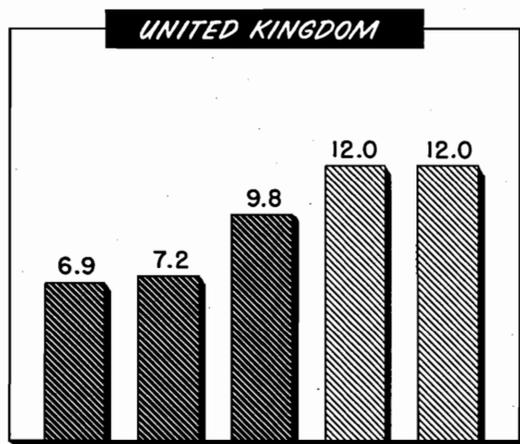
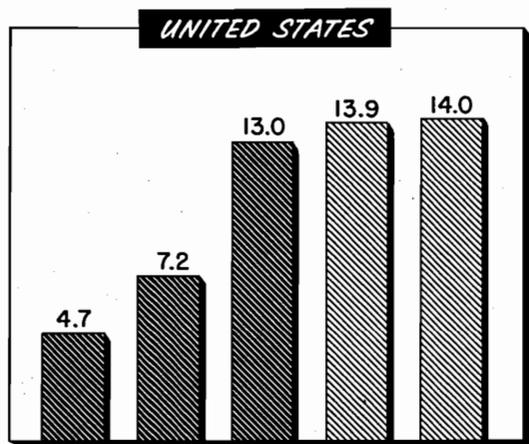
* NATO plus Germany

With per capita resources less than one-third of the U.S., Europe is bearing a heavy defense burden and is devoting an increasing share of her resources to defense.

Percent of gross national product devoted to defense has risen from 5.5 percent pre-Korea to 9.4 percent for FY 1954. In France and the U.K. defense expenditures are 11 and 12 percent of GNP. In the U.S., with much higher GNP the defense effort takes 14 percent of GNP.

PROPORTION OF GNP DEVOTED TO DEFENSE

DEFENSE EXPENDITURES AS A PERCENT OF GROSS NATIONAL PRODUCT



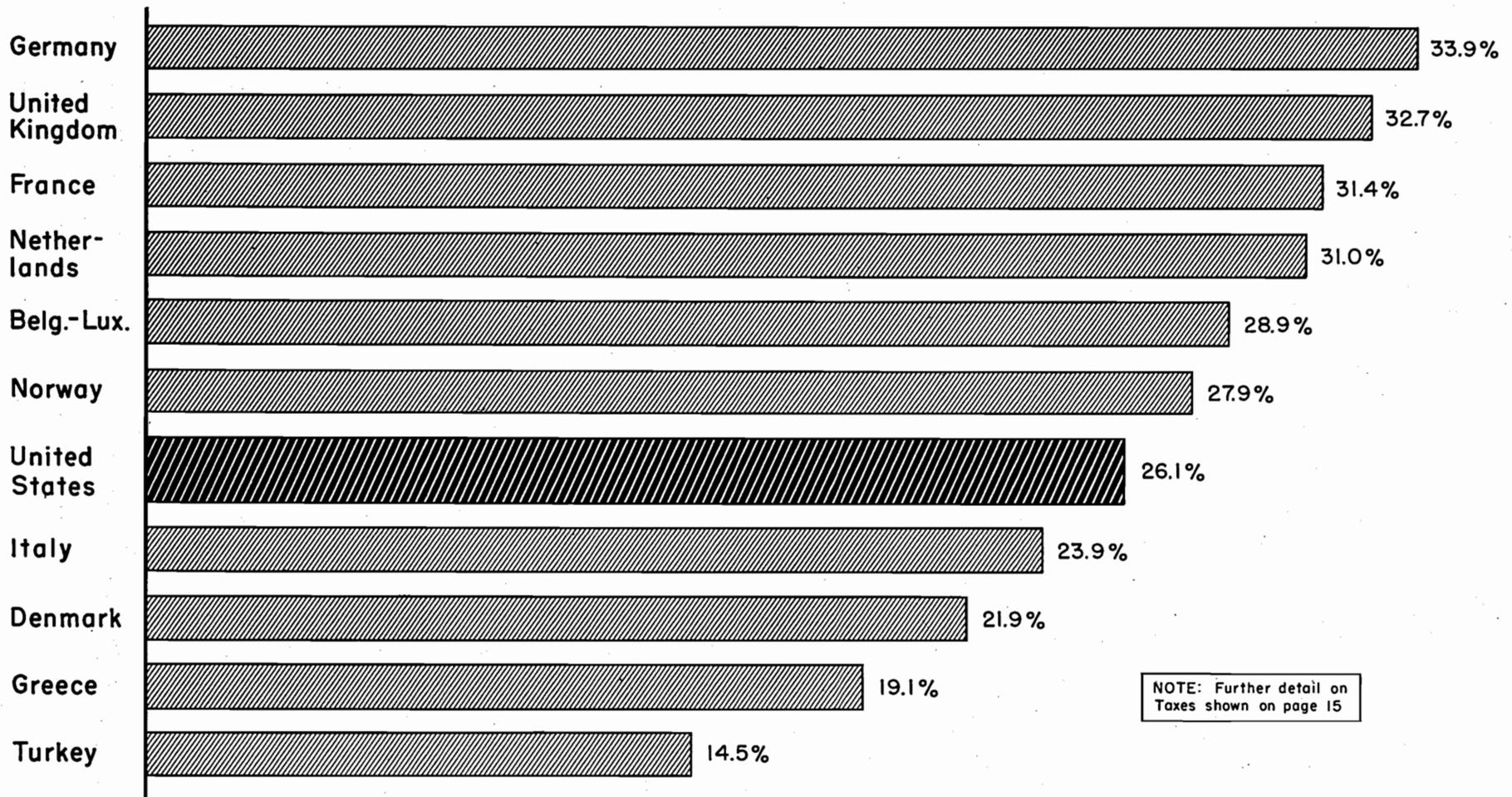
Data for U.S. Fiscal Years

NOTE: For additional countries and further details, see page 12.

EUROPE PAYS HEAVY TAXES

Even after the recent slight tax reductions in the United Kingdom and Germany their total tax burden is higher than in the United States. Also France, Netherlands, Belgium and Norway pay more taxes than the United States. Only the agricultural countries like Italy, Denmark, Greece and Turkey pay less taxes.

TAXES AS A PERCENT OF GROSS NATIONAL PRODUCT *



NOTE: Further detail on Taxes shown on page 15

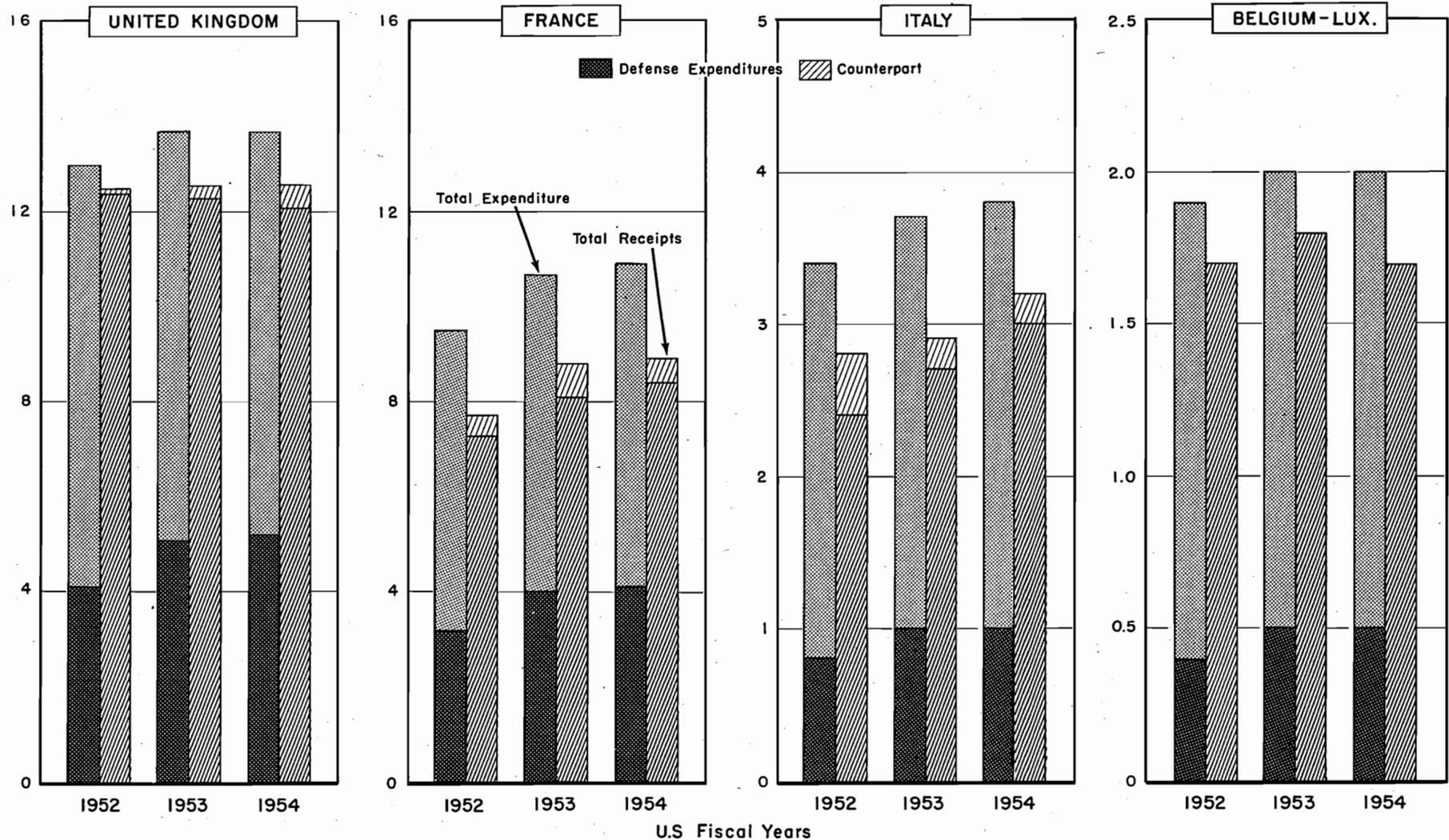
* Total tax receipts of all levels of Government as a percent of Gross National Product. Years ending Dec. 31, 1952 except Germany and Denmark FY ending Mar. 31, 1953 and Italy FY ending June 30, 1953.

THE BUDGET SITUATION IN SELECTED COUNTRIES

Largely as a result of their increased defense efforts, government expenditures exceed government receipts despite assistance from the counterpart of U.S. defense support.

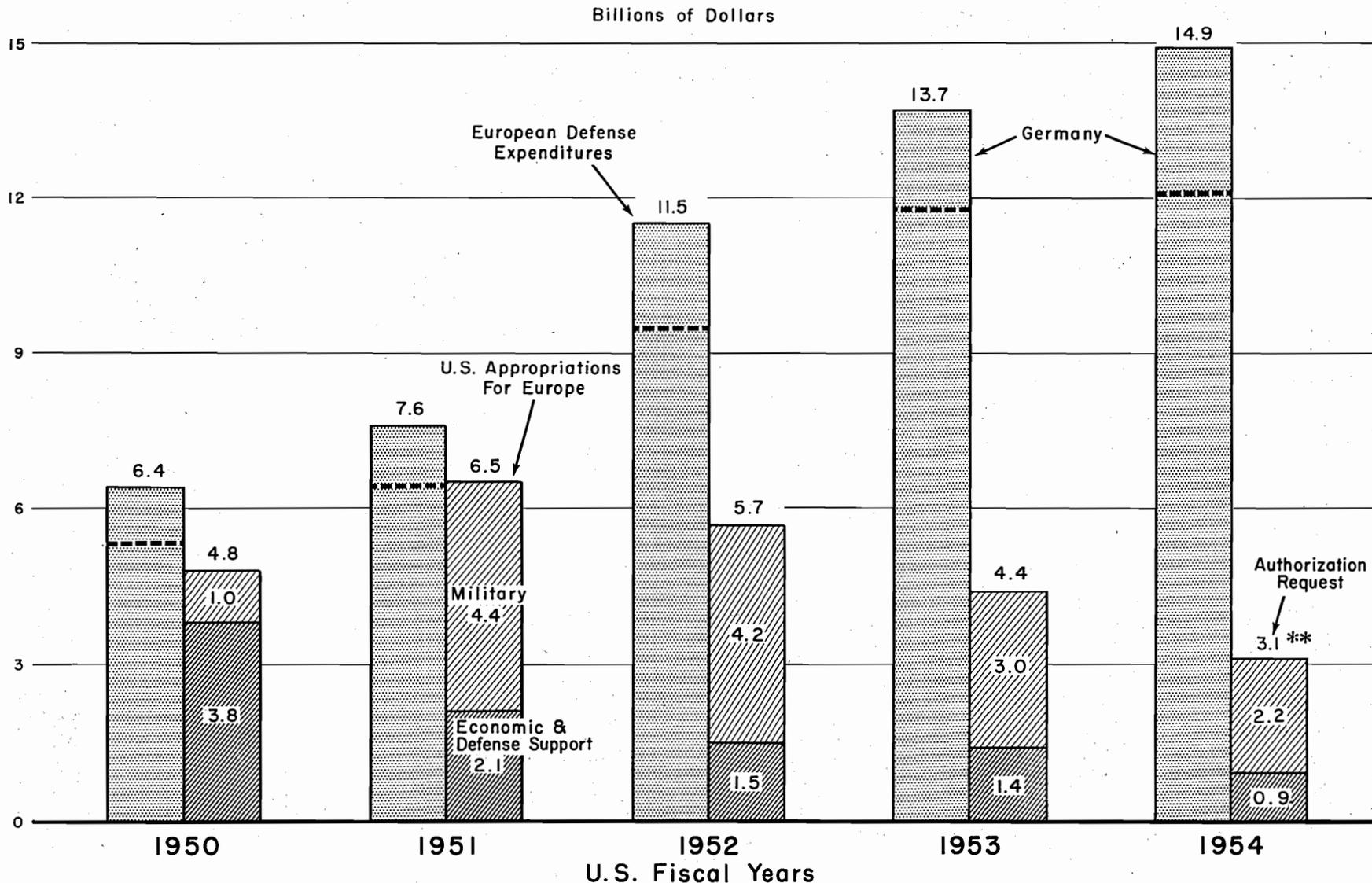
CENTRAL GOVERNMENT BUDGETS

(Billions of Dollars)



U.S. APPROPRIATIONS* FOR AID TO EUROPE AND EUROPEAN DEFENSE EXPENDITURES

While the U.S. contribution has been large, the main cost of the European defense effort has been borne by the Europeans themselves.



* Actual appropriations have been adjusted to reflect inter-appropriation transfers.
 ** Excludes estimated savings of \$0.3 billion carry-over from FY 1953 funds.

Europe's Economic Capabilities

The following pages contain additional data on the economic conditions and defense efforts of the NATO countries, Germany, Austria and Yugoslavia

DEFENSE EXPENDITURES: TOTAL AND PERCENT OF GROSS NATIONAL PRODUCT AT MARKET PRICES

BY U.S. FISCAL YEARS - IN MILLIONS OF DOLLARS

COUNTRY	1938	ACTUAL						MSA ESTIMATES			
	DEFENSE EXPENDITURE AS A PERCENT OF GNP	1949/50		1950/51		1951/52		1952/53		1953/54	
		DEFENSE EXPENDITURES	PERCENT OF GNP								
EUROPEAN DEFENSE COMMUNITY											
Belgium-Luxembourg	2.5	158	2.5	201	2.9	355	4.6	469	6.3	510	6.8
France	7.3	1,458	5.9	2,041	7.0	3,220	9.3	4,007	11.2	4,050	11.1
Germany (Federal Republic)	15.8	1,036	5.1	1,190	4.9	1,992	6.9	1,952	6.4	2,800	8.6
Italy (Incl. Trieste)	6.0	520	4.0	613	4.2	808	5.1	962	5.8	975	5.7
Netherlands	2.3	231	4.7	228	4.2	310	5.3	373	6.2	450	7.3
TOTAL EDC	-	3,403	4.9	4,273	5.3	6,685	7.2	7,763	8.1	8,785	8.8
U.K. AND NORTHERN EUROPEAN COUNTRIES											
Denmark	0.9	53	1.8	56	1.7	88	2.4	131	3.5	170	4.5
Norway	0.9	50	2.4	67	2.7	96	3.4	142	5.0	160	5.5
United Kingdom	6.5	2,449	6.9	2,752	7.2	4,094	9.8	5,107	12.0	5,200	12.0
SOUTHERN EUROPEAN COUNTRIES											
Greece	5.5	124	6.8	172	8.0	204	8.7	206	8.5	215	8.4
Portugal	3.7	46	3.6	49	3.6	50	3.5	71	5.0	75	5.0
Turkey	6.9	236	7.4	247	6.7	278	6.8	291	6.5	325	6.7
TOTAL NATO	5.8	5,325	5.6	6,426	6.0	9,503	7.9	11,759	9.6	12,120	9.6
TOTAL NATO PLUS GERMANY	9.3	6,361	5.5	7,616	5.8	11,495	7.7	13,711	8.9	14,930	9.4
Austria	2.2	28	1.5	21	0.9	21	0.7	23	0.7	23	0.7
Yugoslavia	n.a.	n.a.	n.a.	n.a.	n.a.	624	16.7	600	18.2	600	15.3
TOTAL 15 COUNTRIES	n.a.	n.a.	n.a.	n.a.	n.a.	12,140	7.8	14,334	8.9	15,553	9.3
Canada	0.7	441	2.6	763	4.0	1,643	7.8	2,000	8.7	n.a.	n.a.
United States	1.2	12,808	4.7	21,947	7.2	43,375	13.0	49,000 (approx.)	13.9	51,000 (approx.)	14.0

NOTE: Precise comparisons of the levels of defense expenditure between the European countries and the United States are not possible. The conversion into dollars has been made on the basis of official foreign exchange rates, and the purchasing power of the dollar is appreciably higher in most European countries than in the United States. Intra-European comparisons of the converted dollar figures are subject to similar limitations. Adjustments to make the figures truly comparable cannot now be made.

Germany: 1938 is for Prewar Reich (boundaries as of 1936). FY 1950 and 1951 represent occupation costs; FY 1952 represents occupation costs of \$1,802 million and national costs. FY 1953 represents occupation costs of \$1,714 million and national costs. FY 1954 includes occupation costs of \$429 million, allied troop support of \$762 million and national costs of \$345 million plus \$1,274 million for German defense build-up.

Turkey: MSA/W estimates for all years.

Austria: Postwar data represent occupation cost and security police. Prewar figure is for 1937.

United States: Preliminary and tentative estimates subject to change as departmental programs are officially submitted to the Congress.

INTERNAL ACCOUNTS PROJECTIONS - SUMMARIES
(U. S. Fiscal Years)

ITEM	SUMMARY - TOTAL 15 COUNTRIES*							
	MILLIONS OF DOLLARS				PERCENT DISTRIBUTION OF GNP			
	1950/51 ^{a/}	1951/52	1952/53	1953/54	1950/51 ^{a/}	1951/52	1952/53	1953/54
	(Current Prices)		(1951/52 Prices)		(Current Prices)		(1951/52 Prices)	
1. GROSS NATIONAL PRODUCT (At Market Prices)...	133,805	156,078	160,272	166,419	100.0	100.0	100.0	100.0
2. NET FOREIGN BALANCE (On Current Accounts)...	-1,404	-608	-892	-741	-1.0	-.4	-.6	-.4
3. TOTAL AVAILABILITIES (1-2)	135,209	156,686	161,164	167,160	101.0	100.4	100.6	100.4
(a) Consumption	91,587	102,329	104,706	107,363	68.4	65.6	65.4	64.5
(b) Gross Investment (Public & Private)...	24,254	28,563	28,083	29,811	18.1	18.3	17.5	17.9
(c) Total Government Services	19,368	25,794	28,375	29,986	14.5	16.6	17.7	18.0
Non-defense	11,731	13,654	14,041	14,431	8.8	8.8	8.8	8.7
Defense Expenditures	7,637	12,140	14,334	15,555	5.7	7.8	8.9	9.3

ITEM	SUMMARY - NATO PLUS GERMANY							
	MILLIONS OF DOLLARS				PERCENT DISTRIBUTION OF GNP			
	1950/51	1951/52	1952/53	1953/54	1950/51	1951/52	1952/53	1953/54
	(Current Prices)		(1951/52 Prices)		(Current Prices)		(1951/52 Prices)	
1. GROSS NATIONAL PRODUCT (At Market Prices)...	131,588	149,249	153,806	159,245	100.0	100.0	100.0	100.0
2. NET FOREIGN BALANCE (On Current Accounts)...	-1,302	-385	-692	-683	-1.0	-.3	-.4	-.4
3. TOTAL AVAILABILITIES (1-2).....	132,890	149,634	154,498	159,928	101.0	100.3	100.4	100.4
(a) Consumption	90,056	98,370	100,957	103,097	68.4	65.9	65.6	64.7
(b) Gross Investment (Public & Private)...	24,767	26,926	26,576	28,190	18.1	18.1	17.3	17.7
(c) Total Government Services	19,067	24,338	26,965	28,641	14.5	16.3	17.5	18.0
Non-defense	11,451	12,843	13,254	13,709	8.7	8.6	8.6	8.6
Defense Expenditures	7,616	11,495	13,711	14,932	5.8	7.7	8.9	9.4

* Consists of NATO countries plus Germany (Fed. Rep.), Austria and Yugoslavia.

a/ Excludes Yugoslavia.

GROSS NATIONAL PRODUCT AT MARKET PRICES - TOTAL AND PER CAPITA

COUNTRY	TOTALS - (Millions of U.S. Dollars)					PER CAPITA - (In U.S. Dollars)				
	CURRENT PRICES 1950/51	IN 1951/52 PRICES				CURRENT PRICES 1950/51	IN 1951/52 PRICES			
		1950/51	1951/52	1952/53	1953/54		1950/51	1951/52	1952/53	1953/54
EUROPEAN DEFENSE COMMUNITY										
Belgium-Luxembourg	6,820	7,472	7,642	7,420	7,550	762	835	849	821	835
France	29,037	33,857	34,776	35,645	36,535	674	786	803	818	834
Germany (Federal Republic) ...	24,369	26,733	28,671	30,676	32,585	509	559	594	630	663
Italy (Incl. Trieste)	14,480	15,360	15,980	16,500	17,250	310	329	340	348	362
Netherlands	5,475	5,754	5,824	6,005	6,201	538	565	565	575	588
TOTAL EDC	80,181	89,176	92,893	96,246	100,121	511	569	588	605	625
U.K. AND NORTHERN EUROPEAN COUNTRIES										
Denmark	3,374	3,617	3,650	3,740	3,812	787	843	846	864	877
Iceland	95	117	110	108	115	660	813	748	725	762
Norway	2,444	2,761	2,820	2,857	2,907	745	842	855	862	873
United Kingdom	38,357	40,656	41,913	42,500	43,400	756	801	828	835	850
SOUTHERN EUROPEAN COUNTRIES										
Greece	2,142	2,235	2,347	2,434	2,550	267	279	290	298	309
Portugal	1,329	1,350	1,410	1,428	1,488	155	158	166	166	171
Turkey	3,666	3,755	4,106	4,493	4,852	175	179	191	204	216
TOTAL NATO	107,219	116,934	120,578	123,130	126,660	523	571	585	592	605
TOTAL NATO PLUS GERMANY	131,588	143,667	149,249	153,806	159,245	521	569	586	599	616
Austria	2,217	2,917	3,099	3,161	3,254	321	422	448	456	469
Yugoslavia	n.a.	n.a.	3,730	3,305	3,920	n.a.	n.a.	227	199	234
TOTAL 15 EUROPEAN COUNTRIES.	n.a.	n.a.	156,078	160,272	166,419	n.a.	n.a.	562	572	590
Canada	19,833	n.a.	22,216	22,991*	n.a.	1,448	n.a.	1,576	1,597	n.a.
United States	311,100	n.a.	337,600	353,000	363,000	2,033	n.a.	2,164	2,234	2,269

NOTE: Precise comparisons of the levels of gross national product between the European countries and the United States are not possible. The conversion into dollars has been made on the basis of official foreign exchange rates, and the purchasing power of the dollar is appreciably higher in most European countries than in the United States. Intra-European comparisons of the converted dollar figures are subject to similar limitations. Adjustments to make the figures truly comparable cannot now be made.

* Preliminary.

UNCLASSIFIED

TOTAL TAXES OF ALL LEVELS OF GOVERNMENT*

(Millions of Dollar Equivalents)

TAX LEVIED BY	AUSTRIA		BELGIUM-LUXEMBOURG		DENMARK		FRANCE		GERMANY (FED. REP.)		GREECE	
	YEAR ENDED DEC. 31, 1952		YEAR ENDED DEC. 31, 1952		YEAR ENDED MAR. 31, 1953		YEAR ENDED DEC. 31, 1952		YEAR ENDED MAR. 31, 1953		YEAR ENDED DEC. 31, 1952	
	AMOUNT	PERCENT	AMOUNT	PERCENT								
1. Central Government (Excl. Social Insurance)	776	70.9	1,598	72.8	549	67.9	7,106	60.8	6,672	65.4	342	75.4
2. Social Insurance	234	21.4	532	24.3	49	6.1	2,951	25.3	2,506	24.5	82	18.0
3. Regional and Local Governments .	84	7.7	64	2.9	210	26.0	1,629	13.9	1,014	10.1	30	6.6
All Levels	1,094	100.0	2,194	100.0	808	100.0	11,686	100.0	10,192	100.0	454	100.0
Percent of GNP	33.4		28.9		21.9		31.4		33.9		19.1	
TAX LEVIED BY	ITALY		NETHERLANDS		NORWAY		TURKEY		UNITED KINGDOM		UNITED STATES	
	YEAR ENDED JUNE 30, 1953		YEAR ENDED DEC. 31, 1952		YEAR ENDED DEC. 31, 1952							
	AMOUNT	PERCENT	AMOUNT	PERCENT								
1. Central Government (Excl. Social Insurance)	2,417	62.7	1,488	81.8	555	68.4	500	78.3	11,774	82.9	62.5	69.4
2. Social Insurance	896	23.2	248	13.6	47	5.8	35	5.5	1,336 ^{a/}	9.4 ^{a/}	8.6	9.6
3. Regional and Local Governments .	544	14.1	84	4.6	210	25.8	104	16.2	1,095	7.7	18.9	21.0
All Levels	3,857	100.0	1,820	100.0	812	100.0	639	100.0	14,205	100.0	90.0	100.0
Percent of GNP	23.9		31.0		27.9		14.5		32.7		26.1	

^{a/} Excludes health insurance covered by general fund taxes.

* Duplications because of grants and shared taxes are excluded. Taxes shared with other governments are included in the level having the jurisdiction over the tax. Many data for the latest year are based on budgets. Most data for the local governments and some social insurance data represent MSA/Washington estimates.

TOTAL 15 COUNTRIES¹ - ESTIMATED BALANCE OF PAYMENTS

(Million Dollars and Dollar Equivalents—Current Prices)

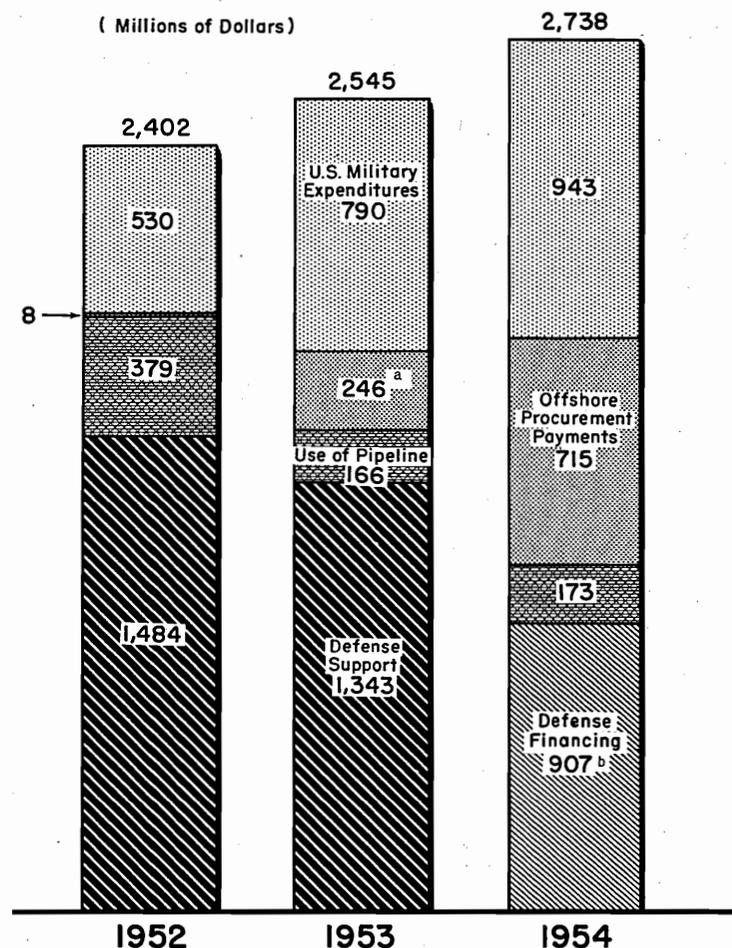
ITEM	FISCAL YEAR 1951 (EXCL. YUGOSLAVIA)		FISCAL YEAR 1952		FISCAL YEAR 1953		FISCAL YEAR 1954	
	TOTAL GOLD AND DOLLARS	TOTAL ALL CURRENCIES (Excluding own Dot)	TOTAL GOLD AND DOLLARS	TOTAL ALL CURRENCIES (Excluding own Dot)	TOTAL GOLD AND DOLLARS	TOTAL ALL CURRENCIES (Excluding own Dot)	TOTAL GOLD AND DOLLARS	TOTAL ALL CURRENCIES (Excluding own Dot)
1. Imports (f.o.b.)	4,490.8	21,163.9	5,824.2	24,510.6	4,450.3	22,212.0	4,531.6	23,409.1
2. Exports (f.o.b.)	2,612.5	18,623.0	2,848.1	22,224.9	2,888.1	20,721.1	2,926.2	21,524.9
3. Payments for Services ^{a/}	1,065.5	4,164.5	1,590.8	5,472.4	1,335.4	5,002.1	1,383.3	5,190.9
4. Receipts for Services ^{a/} (excl. U.S. Military Expend.) ...	1,028.2	5,117.1	826.7	5,798.0	1,097.3	5,640.7	1,082.5	5,870.2
5. U.S. Military Expenditures	121.9	121.9	530.2	530.2	790.2	790.2	943.4	943.4
6. Net Balance for Services (4 + 5 - 3) ^{b/}	+84.6	+1,074.5	-240.8	+828.0	+535.0	+1,394.7	+633.1	+1,599.8
7. Net Balance of Assoc. Monetary Areas	+880.6	+51.5 ^{c/}	-176.8	+73.6 ^{c/}	+434.0	+81.2 ^{c/}	+313.6	+104.0 ^{c/}
8. Net Settlements	+42.9		-102.5		+108.2		-193.85	
a. EPU	-1.7	[+49.3]	-137.9	[-446.4]	-70.7	[+13.2]	-154.05	[-90.7]
b. Other	+44.6		+35.4		+178.9		-39.8	
9. Net Capital Operations	+293.1		-105.0		+152.9		-367.6	
10. SUB-TOTAL (2+6+7+8+9 -1)	-577.1		-3,601.2		-332.1		-1,220.15	
MUTUAL SECURITY PROGRAM RECEIPTS								
11. Offshore Procurement Payments ..	0		8.4 ^{d/}		246.2 ^{e/}		714.7	
12. Mutual Defense Financing*	1,959.0		1,484.45		1,342.8		907.5	
13. Use of Pipeline (+ is use; - is accumulation)	+452.5		+379.05		+165.6		+172.5	
14. TOTAL MSP RECEIPTS	2,411.5		1,871.80		1,755.1		1,794.7	
15. NET BALANCE OF PAYMENTS (10+14). (Reserve increase +; reserve decrease -)	+1,834.4		-1,729.40		+1,423.0		+574.55	

[] Bracketed amount is total EPU position. *FY 1951 Economic Aid; FY 1952 and FY 1953 formerly identified as Defense Support. Includes Economic aid for Austria for all years.

¹ Consists of Austria, Belgium-Luxembourg, Denmark, France, Germany (Fed. Rep.), Greece, Iceland, Italy (incl. Trieste), Netherlands Norway, Portugal, Turkey, United Kingdom and Yugoslavia. ^a Excludes Yugoslavia. See footnote b. ^b Includes Net Balance for Services for Yugoslavia for Fiscal Years 1952-1954. ^c Does not include United Kingdom Associated Monetary Areas. ^d \$8.3 used in totals for lines 14 and 15 due to rounding in U.K. ^e \$246.7 used in totals for lines 14 and 15 due to rounding in U.K. and France.

EUROPE'S EXTRAORDINARY DOLLAR RECEIPTS

COUNTRY	FISCAL YEAR 1954					Total of Receipts from MSP Program and U.S. Military Expenditures
	RECEIPTS FROM MSP PROGRAM				U.S. MILITARY EXPENDITURES (LINE 5, B/P)	
	OFFSHORE PROCUREMENT PAYMENTS (LINE 11, B/P)	MUTUAL DEFENSE FINANCING (LINE 12, B/P)	USE OF PIPELINE (± IS USE, - IS ACCUMULATION) (LINE 13, B/P)	TOTAL MSP RECEIPTS (LINE 14, B/P)		
EUROPEAN DEFENSE COMMUNITY						
Belgium-Luxembourg ...	18.1	—	+ 9.9	28.0	77.3	105.3
France	322.7	500.0	- 75.3	747.4	330.0	1,077.4
Germany (Fed. Rep.) ..	11.8	15.0	+ 65.0	91.8	230.0	321.8
Italy	155.5	57.5	+ 27.5	240.5	53.5	294.0
Netherlands	31.2	—	+ 21.0	52.2	31.6	83.8
Total	539.3	572.5	+ 48.1	1,159.9	722.4	1,882.3
U.K. AND NOR. EUROPEAN COUNTRIES						
Denmark	4.8	—	+ 2.0	6.8	22.9	29.7
Iceland	—	—	+ 1.0	1.0	3.9	4.9
Norway	5.2	—	+ 18.3	23.5	14.2	37.7
United Kingdom	150.0	200.0	+ 40.0	390.0	135.0	525.0
Total	160.0	200.0	+ 61.3	421.3	176.0	597.3
SO. EUROPEAN COUNTRIES						
Greece	12.4	20.0	+ 25.0	57.4	—	57.4
Portugal	1.0	—	+ 2.3	3.3	7.6	10.9
Turkey	1.0	50.0	+ 4.8	55.8	6.9	62.7
Yugoslavia	1.0	45.0	+ 16.0	62.0	0.5	62.5
Total	15.4	115.0	+ 48.1	178.5	15.0	193.5
Austria	—	20.0	+ 15.0	35.0	30.0	65.0
TOTAL 15 COUNTRIES	714.7	907.5	+172.5	1,794.7	943.4	2,738.1

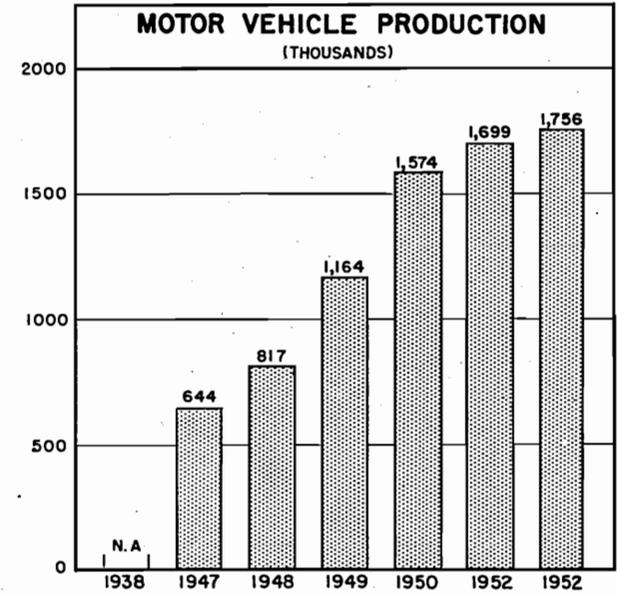
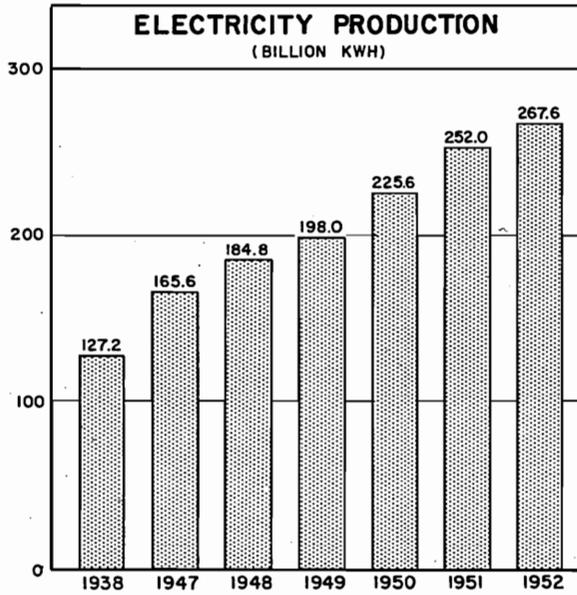
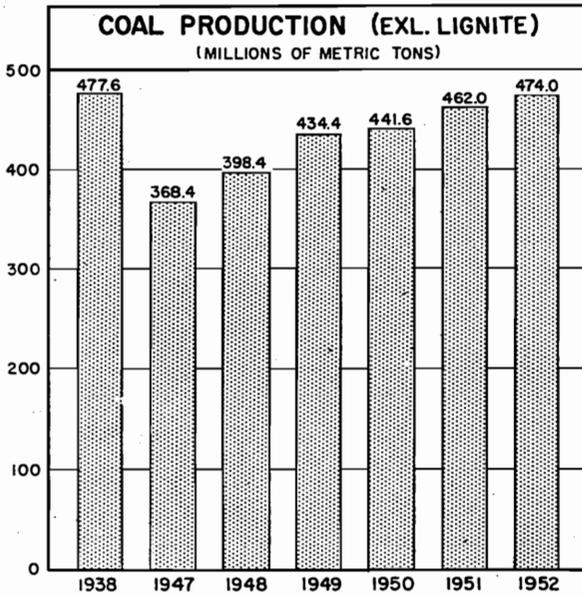
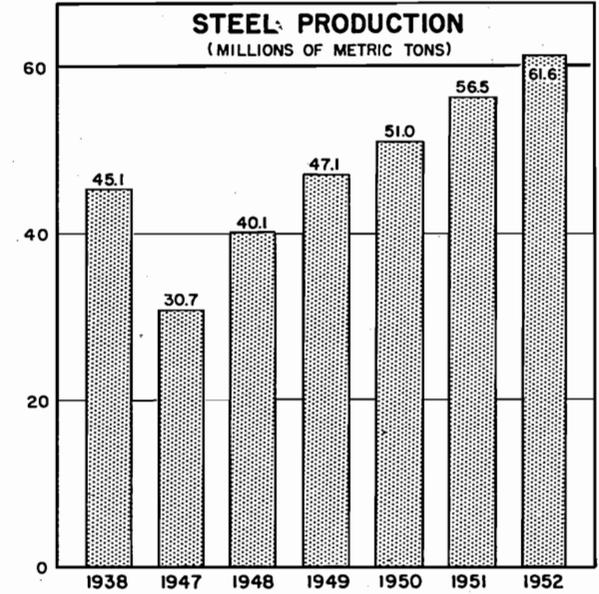
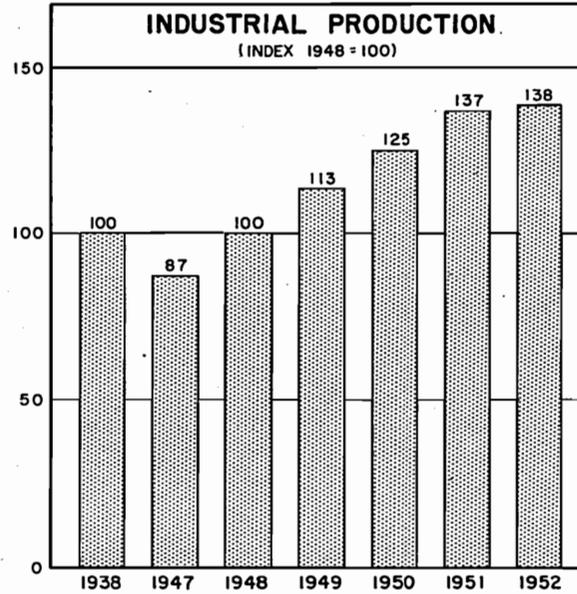
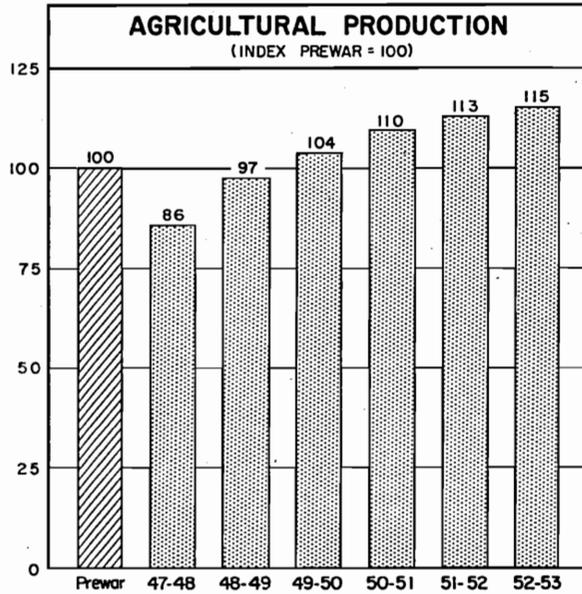


Data for U.S. Fiscal Years

^a Includes special U.S. defense financing for military production - \$159.5 million in 1953 and \$202.1 million in 1954.

^b Includes \$37.5 million for special Italian aircraft program from FY 1953 funds and excludes \$30 million for Technical Assistance and undistributed.

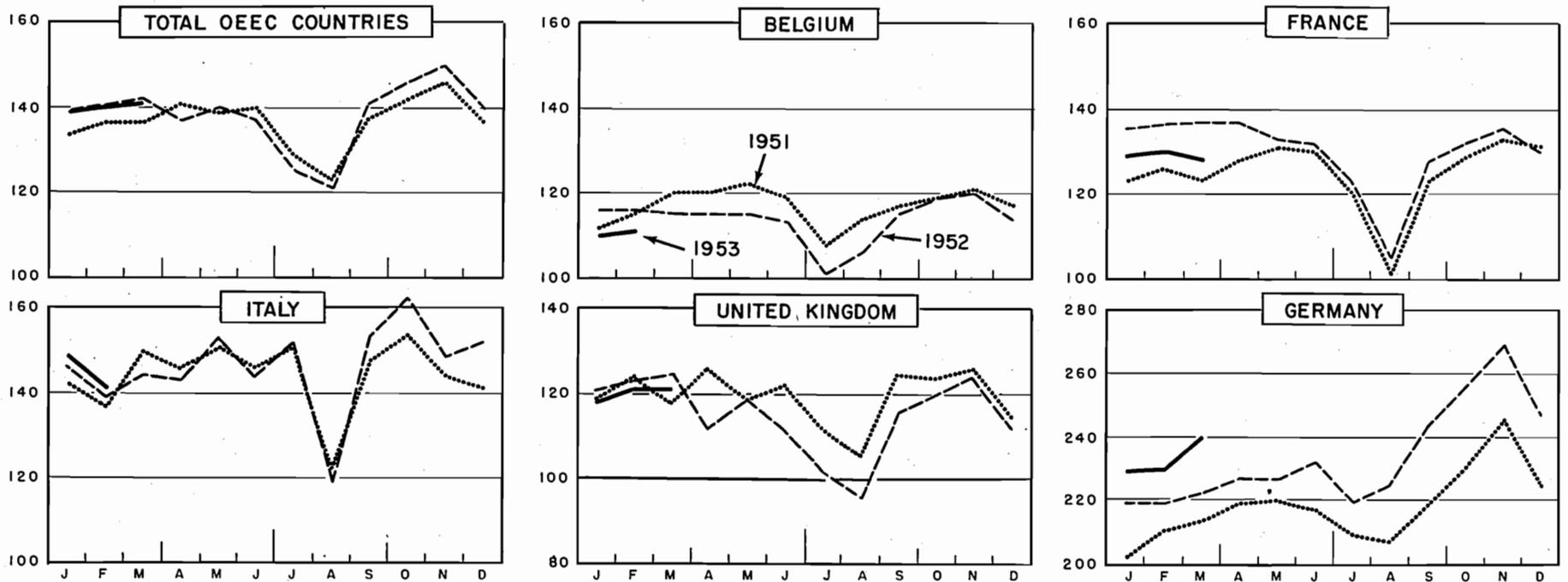
THE ECONOMIC BASE OF WESTERN EUROPE HAS GROWN STRONGER



INDEXES OF INDUSTRIAL PRODUCTION

1948 = 100

MONTHLY TRENDS



ANNUAL TRENDS

