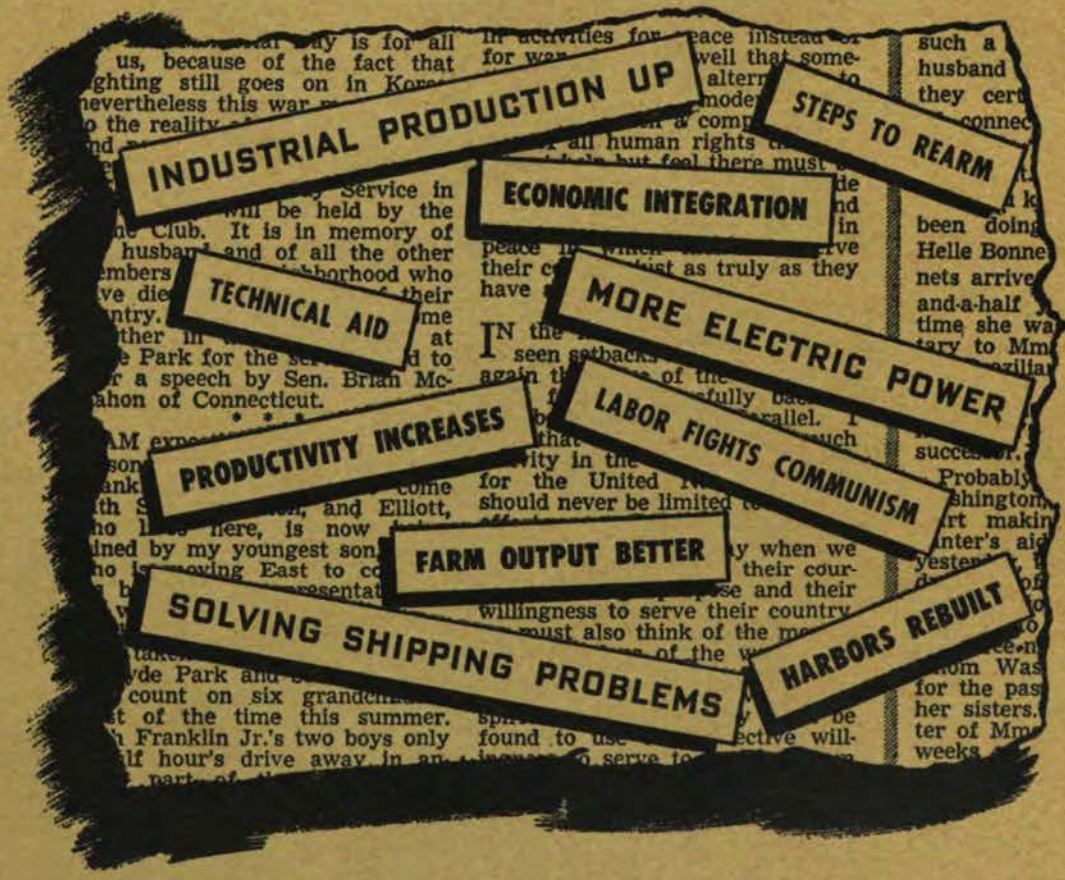
3 years of The MARSHALL PLAN



ECONOMIC COOPERATION ADMINISTRATION
WASHINGTON 25, D. C.

Foreword

On April 3, 1951, the Economic Cooperation Administration, the governmental agency created by Congress to administer the Marshall Plan, was three years old.

In a report to the American people on the progress of the recovery program, the News Division of ECA's Office of Information issued a series of releases which summarized achievements made in stimulating economic recovery and combating Communism in many nations throughout the world. These releases have been assembled in convenient pamphlet form in response to many requests for complete sets.

Additional copies of this booklet may be obtained by writing the Division of Public Liaison, Office of Information, Economic Cooperation Administration, Washington 25, D. C.

Contents

Improved harbor facilities, financed partly by ECA, will help ease a critical shipping shortage.

I. Three Years of the Marshall Plan

Europe's Accomplishments and America's Investment

Washington——"In three years, the Marshall Plan has accomplished almost all that most of us dared hope could be accomplished in the full four years allotted to it," Economic Cooperation Administrator William C. Foster declared.

"This 'year of grace,' which was won principally through the determined efforts of the people of Europe themselves, could well represent the margin of safety which will permit the free world to successfully gird itself against any aggression from the Soviet sphere of slavery," Foster said.

Predicting that some other Marshall Plan countries would be able to follow the lead of the United Kingdom and "drop the crutch of American aid," Foster said that Western Europe was just beginning to stand on its own two feet when open aggression broke out in Korea.

Foster, reporting on the record of the Marshall Plan on the agency's third anniversary (April 3, 1951), said that American aid must continue to flow to Europe during the next year.

"For most of the Marshall Plan countries, the aid will be designed to maintain the economic base built in the last three years while also helping to build the armaments necessary to mold a strong defensive force," Foster said.

"We must give Europe the aid that she needs to supply her people with both bread and guns. The United States has a twin objective."

Warning that American aid could not be expected to supply Europe with luxuries, Foster said that the Marshall Plan was "doffing its overalls in favor of combat fatigues."

"In the fourth year of our operation," Foster continued, "ECA will devote all its energies to the task of helping the free world to build a strong defense program that will make it a bastion to resist Communist aggression."

If it were possible to separate purely "recovery aid" from "defense aid," less than $1 billion in recovery funds would be necessary next year, the Administrator said, pointing out that original estimates called for more than twice that amount for the last year of the Marshall Plan.

"And that aid," Foster continued, "would primarily be needed in only several countries—notably Austria, Greece, Germany and Italy."

Looking back on the third year of the Marshall Plan, Foster reported these examples of the positive achievements which have been accomplished with the expenditure to date of some $11 billion.

Over-all industrial production of Western Europe is now running 40 percent higher than in 1938; harvests this year are expected to be about ten percent above prewar; exports to non-Marshall Plan countries are now about 58 percent above the 1938 level and 72 percent above the 1948 level; while intra-European trade is 85 percent higher than it was in the first Marshall Plan year of 1948.

The United Kingdom, keystone in Europe's economic and military stability, had fought its way up, with the aid of $2,706,000,000 worth of American goods and services, to the point where she was able to have aid suspended as of last January 1.*

The results of $2,329,000,000 in economic assistance to France is reflected in rising indexes in every sector of the French economy. Her industrial level, as of last January, was 40 percent above the 1938 level and her output of both crude and finished steel is the highest in her history.

Italy, which has just experienced her worst winter weather in the past half century, is looking with justifiable pride at three years of Marshall Plan-aided achievements in such fields as reconstruction, social reforms, measureable prosperity and continued growth of democratic institutions, including such vital organisms as free labor unions. Revenue collections are almost double the pre-Marshall Plan period, industrial production is 28 percent over the 1948 levels, and there are 71 percent more freight cars on Italy's railroad network than there were in 1948.

Largely as a result of the Marshall Plan, there is almost no resemblance between the West German economy of 1951 and that of three years ago. In this three-year span, Western Germany's industrial production has climbed from 60 percent of the 1936 base level to approximately 130 percent. Exports have risen to $2 billion in 1950 compared with approximately $300 million in 1947. Living standards have risen from near-starvation levels to a point not far below the prewar levels.

Throughout Western Europe, Communism has steadily lost ground as economic recovery has been achieved. In France, the CGT, the Communist-dominated trade union organization, which boasted a membership of six million shortly after the war, is believed to have but two million members today, while the Communist newspaper in Paris has dropped in circulation from 620 thousand to fewer than 240 thousand. In Italy, the Communist Party has been torn with strife from top to bottom.

From a long-term viewpoint, however, Foster said, the most important developments of the three years of the Marshall Plan lie not so much in industrial indexes or declines in Communist movements, but in the new spirit of a cooperative Europe which holds the promise, despite many obstacles and pitfalls ahead, of getting at the cause of Europe's economic and political ills.

Progress toward adoption of the Schuman Plan for pooling Western Europe's coal and steel production was one of the most significant steps achieved in the third year of the European Recovery Program. The plan was initialed March 19 by technical experts of six Western European countries and now awaits ratification by the legislative bodies of France, Italy, Belgium, Luxembourg, The Netherlands and the Federal Republic of Germany.

The agreement, Foster said, "is an important step towards the Marshall Plan goal of a free United Europe," and will, upon adoption, become the third such sweeping development undertaken by the nations of Europe within the span of the Marshall Plan.

Establishment of the Organization for European Economic Cooperation at the outset of the Marshall Plan, and the later formation of the European Payments Union are other moves made by the Marshall Plan countries in demonstration of "the spirit and determination of the free peoples of Western Europe to unite for their common good."

Pointing to ECA's role as a defense agency, Foster said that the agency was now serving as the economic arm of the Mutual Defense Assistance Program of the Atlantic Pact nations.

"Through this program of financing the cost of materials and machinery needed by Europe to produce her own armaments, we assure the production of weapons at the place of the most acute necessity and also permit economies in the use of United States resources and labor," Foster said.

"An intelligent, well-directed course of economic aid throughout the free world can make a substantial reduction in arms costs to the United States while helping this country and the other free nations along an ascending course of prosperity," he added.

ECA has also stepped up its activities in the field of strategic materials, the Administrator re-

* (On May 2, 1951, Ireland became the second Marshall Plan country to have direct aid suspended.)

ported. This program includes the purchase of critical materials for the U. S. stockpile and defense production as well as the development of new sources of materials in the overseas areas of Marshall Plan countries and in the ECA-aided countries of Southeast Asia.

The agency's program in Asia—started during the last year—is devoted to the task of helping nations struggling in the growing pains of a new freedom attain economic stability and social justice in order to assume their rightful place in the community of free peoples.

ECA begins the fourth year of its operation with a new goal of providing "Strength for the Free World." "It is determined," Foster said, "to devote all of its energies to its fulfillment whether that entails money to withdraw ships from the United States 'mothball' merchant fleet, technical assistance programs for increasing productivity of vital European defense plants, financing of new developments of strategic materials, supplying of machines and equipment or fighting crippling diseases which sap the resistance of the peoples of Southeast Asia."

(Press release No. 2134)

Industrial, Agricultural Goods Share ECA Financing

Washington———The free countries of Europe needed to import almost equal Marshall Plan dollar amounts of agricultural and industrial goods during the past year to help them adjust their economies to the demands of the mutual defense program, the Economic Cooperation Administration reported.

Compiling purchase approval figures for the third year of the Marshall Plan, ECA found that the European countries had been authorized to use 949,606,000 in Marshall Plan dollars for purchases of food and agricultural commodities during the year, and $904,775,000 for purchases of industrial items.

As it marked the beginning of its fourth year, ECA pointed out that the communist aggression in Korea in June 1950, forcing the free world to build its mutual defenses, brought a change in ECA policy. A year ago, ECA said, the Marshall Plan agency's main policy was to help the free nations of Europe recover from the devastation of World War II. Now it is ECA policy to build strength for the free world by aiding the free nations to bulwark their miltary programs as well as the basic civilian programs which support their defense effort.

Increased steel production is necessary to mutual defense.

A total of $11,095,919,000 in purchase authorizations was approved for the Marshall Plan countries during the first three years of the economic aid program.

The total in authorizations for the third year—April 3, 1950 through April 2, 1951—was $2,369,469,000. In addition to the sum of $949,606,000 for purchases of food and agricultural commodities and $904,775,000 for purchases of industrial items, the third year total included $85,246,000 for ocean freight charges on European Marshall Plan shipments, $23,842,000 for technical services provided by American firms in connection with use of American-built machinery and equipment in Marshall Plan countries, $350,000,000 for the European Payments Union, and $56,000,000 for a special prepaid freight account. This account is making it possible for the U.S. Maritime Administration to get ships out of the mothball fleet to transport vital commodities to the participating countries.

The third year total, ECA said, reflects the diminishing need of the Marshall Plan countries for United States dollar aid to rebuild their postwar economies. Compared to $2,369,469,000 in the third year, the total for purchase approvals in the second year was $3,959,211,000, and, in the first year, $4,767,239,000.

In addition, ECA said, the third year total reflects the changing demands on Marshall Plan

dollars stemming from Western Europe's postwar recovery as well as the need for mutual defense against the threat of Communist aggression. In the first place, the third year total includes the $350,000,000 to the European Payments Union, which the Western European countries were able to set up with Marshall Plan help to strengthen intra-European trade as a result of their recovery from the ravages done to their economies by the war. The $56,000,000 authorization for releasing U.S. merchant ships from the mothball fleet illustrates the need for dollars to underwrite the transportation of vitally-needed defense items.

A year ago, ECA pointed out, the Marshall Plan countries had used a cumulative total of a little more than $4,127,000,000 for purchase approvals for industrial items, compared to a two-year total of about $3,935,000,000 for food and agricultural commodities. The difference has now declined to less than $150,000,000.

On the basis of figures for the first three years of the Marshall Plan, the breakdown on purchase approvals is:

Industrial Commodities	$ 5,032,119,000
Food and Agricultural Commodities	4,884,627,000
Ocean Freight	725,829,000
Technical Services	47,344,000
European Payments Union	350,000,000
ECA Prepaid Freight Account	56,000,000
TOTAL	$11,095,919,000

The breakdown on country totals for the three-year period follows (excluding the European Payments Union and freight account authorizations):

United Kingdom	$ 2,703,049,000
France and French Territories	2,223,880,000
Italy	1,213,059,000
Federal Republic of Germany	1,188,757,000
The Netherlands	949,779,000
Belgium-Luxembourg	529,765,000
Austria	513,978,000
Greece	432,516,000
Denmark	239,270,000
Norway	218,659,000
Ireland	146,200,000
Turkey	117,262,000
Sweden	116,334,000
Portugal	45,745,000
Trieste	33,247,000
Iceland	18,419,000
TOTAL	$10,689,919,000

(Press release No. 2145)

The "Marshall Plan Floating Exhibit" carries ECA's story to remote coastal villages of Greece.

II. The Road Back

Austria Builds to Resist Communism

Washington,———Marking the third anniversary of Marshall Plan aid, Austria might be looked upon as an object lesson in successful resistance to Communist pressures.

Austria has only 7 million people. It is 32,000 square miles in size. It is surrounded by Communist nations on three sides. Yet with the aid of the Economic Cooperation Administration's direct aid and technical assistance this country's industrial index has risen to 130 percent of prewar, to 250 percent of 1947—the year before ECA aid began.

Although productivity per man hour has not reached the prewar level, it is now estimated at 46 percent higher than in 1947. Exports have mounted from $198 million in 1948 to $326 million in 1950. In the last quarter of the year, the export total topped $100 million for the first time since the war.

The Vienna International Trade Fair greets the coming of Spring with a display of the wares that have been selling throughout Europe and in the United States in steadily increasing quantity. The Austrian Productivity Center is concentrating on textile mills and other plants in the Vorarlberg area. Courses and discussions on work simplification are being given to foremen and shop stewards representing about 1,000 workers. Teams of experts also travel around showing technical films in all industries, lecturing to factory managers and trade union delegates on factory management, time study and work load. Emphasis throughout the productivity drive is on improved management-labor relations, with supplementary attention to better utilization of equipment.

Austria's farmlands have now come up to 90 percent of prewar production. To better this mark, an advisory and extension service plans to transmit information directly from agricultural schools and research institutes to the farm. The 4-H Club program, begun in February 1949, has snowballed to 900 clubs with almost 27,000 members, many of them in the Soviet-occupied zone. A land reclamation program carried out by the Austrian government with Marshall Plan bulldozers and earth-moving machinery will increase available acreage to assist the long-range program—which is intended to produce as much as possible of Austria's own food requirements.

Since the principal natural resources of Austria are water power and timber, the export of

2.2 million cubic meters of lumber in 1950—only 450,000 went out in 1948—is a significant development. On the Austro-German border, a huge new plant at Branau will soon turn out 500 million kilowatt hours of power annually. The output will be divided between Austria and Western Germany, with Austria's share going toward increased aluminum production at the Ranshofen works.

Always a tourist's paradise, Austria has used counterpart funds to rehabilitate hotels, build ski lifts, etc. As a result, tourism brought $16 million into the country in 1950, as compared to slightly more than $3 million in 1949. In these years, hotel construction has made 15,000 additional beds available for tourists, and the 1951 season should hit a new high.

Austria's only line of defense against Soviet efforts to achieve economic and political domination of the country is a strong and healthy economy. It is still occupied by four foreign armies, with the Soviet Union blocking chances for a peace treaty.

Nevertheless, its total Communist voting population is less than five percent. That in itself—against all odds—is a proud achievement.

(Press release No. 2187)

Benelux Countries Prepare for Defense

Washington———The third year of the Marshall Plan was a period of further economic strides in the Benelux countries until the necessity for rearmament against Communist aggression dimmed prospects of extending these gains.

While rearmament needs have raised great problems in The Netherlands, Belgium and Luxembourg, the three countries are making genuine efforts to join in the defense of freedom, the Economic Cooperation Administration reports.

Holland has acted to boost its defense budget by 50 percent; Belgium has increased its defense appropriations by 75 percent, and has placed restrictions on the use of certain materials in short supply in Western Europe, even though Belgium herself has adequate supplies of these materials.

Belgium-Luxembourg's physical plant, bolstered by $529 million of Marshall Plan aid since 1948, is in relatively good condition to contribute to the common effort.

Similarly, The Netherlands' record-high production in nearly all fields during the past year strengthened that country's base for rearmament. However, the Dutch defense effort is hampered by a scarcity of raw materials resulting from both the world-wide scramble since Korea and the nation's loss of Indonesia.

The fighting in Korea, while strengthening the moral spirit of the Dutch considerably as they saw the United Nations go into action against aggression, also raised thorny economic problems for The Netherlands.

Reacting to the Communist aggression, Holland continued its industrialization and showed a growing interest in increased productivity and technical assistance during the third year of the Marshall Plan.

Unfortunately, with practically no domestic resources on which to draw, the Dutch plan to redirect their production towards rearmament was soon slowed down by raw material shortages.

Prices began to climb, not only effecting the cost of living but also weakening the Dutch position in international trade. Trade balances were further effected by a German embargo against Dutch imports early last month.

These troubles and the problem of trying to maintain a balanced economy between wages and prices in the face of an inflationary trend, were intensified by the fall of the cabinet the last of January and the ensuing political stalemate of almost eight weeks.

Aided by more than $848 million in Marshall Plan aid since the program began, The Netherlands increased industrial production 49 percent by 1950, with agricultural production rising 24 percent. However, the wholesale price index went up 25 percent by November 1950.

Exports in 1950 rose to 233 percent of the total for 1948, with Rotterdam handling a record 29 million tons of seaborne cargoes. The world's fifth largest shipbuilder in 1950, Holland turned out 108 vessels and its merchant fleet grew to a record size of more than three million registered tonnage.

Production of coal, one of The Netherlands' few domestic resources, was more than a million tons higher in the past year than in 1948.

Belgium and Luxembourg enter the fourth year of the Marshall Plan with a higher living standard than most of their neighbors, the practical elimination of the dollar gap—and fewer Communists than almost any other Western European country.

Belgium's economic picture has changed considerably since the European Recovery Plan went into operation. At that time, the dollar deficit was more than 200 million, production and investment

were lagging, unemployment was serious and other countries were discriminating against her trade.

Production has soared to all-time highs since November, foreign trade is 30 percent higher than ever before, dollar exports are double the rate of a year ago. Belgium-Luxembourg are now covering 70 percent of their dollar imports with dollar exports, compared with only 35 percent a year ago.

Formation of the European Payments Union during the past year meant that much of the reluctance of other European nations to buy Belgian-currency goods was eliminated and that Belgium was assured of being paid satisfactorily for her exports.

Except for a $3 million direct aid allotment early in 1948 and a $50 million loan, ECA aid to Belgium has been on a conditional basis—that is, conditional on extension of equivalent amounts of credit by Belgium to other Marshall Plan countries. This year, however, $14.7 million of direct aid has been allotted to Belgium to speed up her investment program.

At the present time the Belgium economy is far more capable of making a real contribution to European defense than it would have been without ECA's financial and economic aid.

(Press release No. 2167)

French Production High Above Prewar

Washington———American dollar aid plus the impact of the Marshall Plan technical assistance program on French industry has helped in the past three years to lift French industrial production to a peak 40 percent above the 1938 level.

This economic rehabilitation has given France the industrial strength to become a full partner in the defense of Western Europe and at the same time improve the standard of living for its people. Only high food prices, a lagging wage scale and an agricultural production index which has not caught up with population increases mar the picture.

France has received in three years about $2.3 billion in commodity, industrial and agricultural aid. The measure of its value to Western Europe will be the manufacture of new weapons which are the military means of containment, and social adjustments which are the strongest political weapon against Communism.

Output of crude and finished steel and iron ore for defense needs recently have hit a postwar peak. At the same time, rising indexes in all industries and increased export trade have aided the civilian economy.

Within the last six months, French foreign trade has spurted under the pressures of the Korean war. In January, exports were up 50 percent over the same month of last year, and imports showed a 26 percent increase. January exports of $202.4 million covered 85 percent of imports totalling $238.5 million.

Agricultural production in France topped the 100 index of prewar peaks for the first time in the 1949-50 period. Rising from 84 per cent in 1948-49, the index went up to 101 for the 1949-50 season. Livestock products also jumped from 86 percent of prewar to 103. Estimates for both fields during 1950-51 are about 106 percent.

While this upswing was encouraging in view of the inevitably increased food requirements which will come with a rearmament program, France's total population is above the prewar level. As a result, the daily per capita caloric intake was only 98 percent of prewar, and there were deficiencies in some types of food, especially fluid milk. A recent ECA report points out "At the present relationship of wages to food prices in France, many families of the working class cannot afford adequate diets, even when a disproportionately large share of their total earnings are devoted to food purchases."

France and her neighbors took an important step toward economic integration last year by joining the European Payments Union. France now has a substantial surplus in the payments pool. This surplus would help to implement a more liberal import policy and to combat domestic inflationary pressures. Dollar exports have risen rapidly in the last three months as a result of the increased U. S. demand for steel and other industrial products. This generally higher level of demand in the United States should also provide France with an opportunity to gain a permanent dollar market for consumer goods.

The Schuman Plan for pooling Western Europe's coal and steel production was another auspicious development of 1950. This French proposal, another major step toward European integration and mass marketing, has been initialled and should soon be signed.

The technical assistance program has emerged as one of the Marshall Plan's most successful activities in France. To date, about 60 teams of 700 specialists from nearly every French industry and profession have come to the United States to study productivity in specialized fields. The program has

produced a close and fruitful association between individual Americans and Frenchmen. Inside France, it has also resulted in the first breakdown of the traditional iron-clad trade secrecies. Team members now visit each other's plants—usually for the first time in their lives—before going to the United States in order to have a rounded picture of their own industries.

An outgrowth of the program is the new French productivity center, which is playing a vital role in the country's economy. It constitutes in French opinion the mainspring of a long-term effort destined to continue far beyond the life of the Marshall Plan.

(Press release No. 2177)

Western Germany On Way to Recovery

Washington———Germany, after three years of Marshall Plan aid, now is in a position to lend strong economic support to Western European defense.

ECA said the Federal Republic has indicated its willingness to assist in a mutual defense program by:

1. Increasing expenditures for defense and initiating controls on consumption and credit;
2. Channeling investments into bottleneck industrial sectors;
3. Developing a system of priorities and allocations for accepting and insuring deliveries of Western defense orders.

ECA pointed out that unlike Marshall Plan countries belonging to the North Atlantic Treaty Organization, Germany has been assigned no agreed responsibilities towards Western defense, but that counterpart funds — Deutschemarks deposited to match ECA dollar grants — already are being put to work on defense production. Germany's latest withdrawal of counterpart funds, equivalent to about $335 million, is being released only to specific firms and projects that contribute to the production effort, that do not participate in strategic commodity trade with Eastern Europe, and that provide a maximum expansion of new activity.

West Berlin has also obtained Marshall Plan and GARIOA counterpart funds for an investment program in some of its major industries; chiefly, electrical products, clothing, machinery and chemicals which, together, account for about three-fifths of present total industrial output of the western sector. Although a long-range program for Berlin is still tentative, ECA said plans are under discussion to bring the Western sector into a more stable economy by encouraging private industrial investment, boosting productivity, reducing unemployment and increasing exports.

Berlin's productivity today is 68 percent of prewar, but could be raised to prewar levels in about four years under a large investment program. In 1936, per capita productivity in industry was about 12 percent higher for Berlin than for Western Germany; in 1950, it was 10 percent lower.

ECA said it is estimated that West Berlin could, within the next four years: (1) increase industrial production to 166 percent above 1949-50 levels; (2) employ an additional 200,000 workers; (3) bring the total output of goods and services to 72 percent above 1949 levels; and (4) increase its annual exports from $171 million in 1949-50 to $625 million.

German industrial output has made a speedy "come-back" under the European Recovery Program and currently is 30 percent above the 1936 base level. Exports in 1950 rose to $2 billion, as compared with $200 million in 1947, $599 million in 1948, and $1.2 billion in 1949.

In the past year alone, Germany has expanded its production by 40 percent, and virtually doubled its export sales to the United States. Commodities being imported by the United States from Germany are mostly glass and clay products, coal tar products, iron and steel scrap, and steel mill products.

The chemical industry, in which Germany enjoyed world leadership before the war, has boomed to a point where its productivity exceeds former peacetime levels. German pharmaceutical exports in 1950 were triple that of 1949.

Germany currently has an intensive program under way to promote exports and improve industrial efficiency, marketing and standardization.

Last Christmas, German exports bore their first real resemblance to prewar days. United States department stores displayed world famous German toys, musical instruments, cameras and binoculars bearing such well-known trade marks as Leitz, Weztlar and Agfa. All branches of the German export trade speeded up their activities last year to build an efficient export sales organization. The principal effort in this direction was the formation of the German-American Trade Promotion Company last June.

Tourism once again has become an important

dollar earner. Today, in Germany, a tourist can go to any hofbrau and eat his fill of "sauerbraten," "wiener schnitzel," or crisp, hot "kartoffelpuffer." The tourist also can take a first-class train to the resort town of Garmisch in the Bavarian Alps, spend dollars at night clubs in Munich and Frankfurt, or buy paintings and fine wood carvings in the shops of Heidelberg. Last year, Germany earned $17 million from American tourists, as compared with $2.5 million in 1948.

Germany produced more food last year than in any year since the war. The German housewife can't get much variety into her meals, but she no longer has to worry about ration tickets. She and her family are eating more, although their per capita consumption still is below prewar. (Total daily caloric intake is estimated at 2,789, as compared to the 1935-38 average of 2,976.) Other signs of agricultural progress: In 1950, all-time records were established for potatoes and sugar beet production, the harvest of bread grains was above prewar, and hogs (which provide over half of the meat supply) increased so rapidly as to exceed the 1951 goal. On the whole, three years of excellent crop weather, the reconstruction of war-damaged farms, and the use of modern agricultural machinery have helped to fill the grain bins and to provide a nearly normal—though far from lavish—diet.

Major strides taken by Germany toward Western European integration include joining the Organization for European Economic Cooperation (OEEC) and participating in negotiations for the Schuman Plan to combine the coal and steel industries of six European countries.

Since the start of the European Recovery Program, ECA has urged the removal of trade barriers that blocked the flow of goods from one Marshall Plan country to another. Germany, an ardent advocate of this trade liberalization movement, eased her import restrictions, thereby helping the economic recovery of other participating nations. Her imports from participating nations increased much more rapidly than her exports to these countries, and resulted in a very large payments deficit with The Netherlands, the sterling area and several other Western European nations.

Germany quickly ran through its original credit of $320 million and almost exhausted an additional credit of $120 million that was advanced by the European Payments Union. The Germans have accumulated a total deficit of more than $450 million and have been forced to draw heavily on their gold reserves. The German deficit has resulted largely from a determination in the terms of trade, and a rush to buy goods which was made easy by liberal credit policies.

Other major problems still remain: Lack of housing in industrial areas, a 22 percent increase in population resulting from an influx of refugees from Communist areas, shortages in plant capacity due in part to dismantling and war damage, but also to the failure of the Federal government to take adequate action to stimulate investment in such critical sectors as electricity, workers' housing, coal and sections of the steel industry. Lack of coal is one of Germany's chief worries, since production of hard coal still is considerably less than prewar. Germany also needs more electric energy for her heavy chemical and aluminum industries.

To get Germany to the point where she is today, ECA has poured more than $1.2 billion worth of machinery, food and equipment into her farms and cities. In addition, a total of 3.6 billion Deutschemarks ($900 million) has been released for food and industrial development. These sums do not include GARIOA funds (Government and Relief in Occupied Areas).

(Press release No. 2168)

Economic Progress Reported by Greece

Washington———On the third anniversary of the Marshall Plan in Europe, Greece, which probably presented one of the most complex problems of all participating countries, shows great economic progress.

Direct American aid to Greece began with the Truman Doctrine in mid-1947 when it became clear that the independence of Greece was threatened by outside Communist influences. Both military and economic aid were provided under the Truman Doctrine.

A year later, the Marshall Plan began to function and offered economic rehabilitation for Greece integrated with the European Recovery Program.

The Communist guerrilla war which raged in many sections of Greece until late 1949, when the bandits were finally driven across Greece's northern frontiers, seriously retarded economic recovery and caused one-tenth of the population to become refugees. It was only during 1950 that these refugees were

repatriated to their villages and homes and the Marshall Plan program was able to get into full swing.

Nine years of war and foreign occupation had largely destroyed Greece's industries, communications, transportation and trade. Under the Marshall Plan program the Greek railway system was fully restored throughout Greece. Main lines now operate from Athens to the Yugoslav and Turkish frontiers, rail traffic has been resumed with Yugoslavia and the famous Simplon-Orient Express once again links Greece with the free countries of Europe.

The Greek highway system has been rebuilt, and resurfaced roads stretch to almost every corner of the country. Greek ocean shipping was revived and the coastal fleet substantially increased. Many new airports were built and others repaired.

The country's telecommunications system was restored and meteorological and other aviation services vastly improved. Greece's ports were cleared of the debris of war and many were rebuilt. Factories, idle for years, again are operating and production is growing. Crop yields on Greek farmlands are being increased.

Hundreds of thousands of acres of formerly useless land are being made fertile by reclamation and irrigation. Farmers are learning modern farming methods and new farm skills. New hospitals and health clinics were built and others are under construction, and new laws were passed which are expected to give Greece better government.

Apprenticeship training and vocational education programs are teaching Greek youths new skills which are expected to aid the Greek economy.

Perhaps the outstanding development during the past year has been the implementation of a new power program for Greece, which eventually will provide a nationwide electric power and distribution network.

Another major development has been in the field of mining, involving vast lignite deposits and hard cores. In the latter group, the ancient silver, lead and zinc mines of Laurium which made Athens rich 2,000 years ago are being revitalized under a plan which will provide lead and zinc to the Western nations' stockpile of strategic materials.

(Press release No. 2170)

Marshall Plan aid helped reopen vital war-blasted Corinth Canal.

Italy Steps Ahead In Many Directions

Washington———Italians are hailing the third spring of the Marshall Plan with understandable jubilation. Behind them lies a winter of bitter cold, torrential rains, blizzards, avalanches, floods and flu. The people have unqualifiedly assessed it as the worst winter in half a century, and meteorologically speaking it undoubtedly was.

Yet economically speaking, it was a better winter than any since prewar time. To this the Italian workers, peasants, businessmen and industrialists from Turin to Taranto and from the Po Valley to Sicily and Sardinia attested.

"This winter," said a Roman housewife, "the lights didn't flicker, there was gas to cook with, and, although prices were a bit higher than last year, I could buy shoes for my bambini, shirts for my husband and even a dress for myself."

Agreement is general that the year just ending has been the best of three Marshall Plan years with tangible progress made on the economic and social fronts. Looking backward to the spring of 1948, the Italians justifiably could be proud of what they've achieved with Marshall Plan aid: reconstruction, reforms, measurable prosperity and continued growth of democratic institutions, including such vital organisms as free labor unions.

Not the least of gauges of growing Italian strength was the increasing evidence of the uncer-

tainty of the Kremlin's grip on its Communist stooges in Italy, and the determined manner in which the Italian Government moved to discharge its obligations under treaties with the West—the rearmament program, European integration and others.

Only the uncertainties of the international situation dimmed the fullest appreciation of past and present progress and somewhat dulled a sense of optimism about the future.

Outstanding among achievements in which Marshall Plan aid played a direct or an indirect role were agrarian and fiscal reforms which mean land for landless peasants and increased government revenues from direct income taxes. To these must be added creation of a $160 million annual fund for development of the poverty-stricken South and a number of surveys to determine the existence of vital resources, such as natural gas in Sicily, which will help blueprint a prosperous national future.

Despite being a nation lacking in major raw materials, Italy has made progress toward healthy development which can be measured by these facts:

Revenue collections during the first half of fiscal 1950-51 reached a total of 643 billion lire—almost as high as the 765 billion lire collected during the entire fiscal year immediately preceding the Marshall Plan. A total of 1,455 billion lire is expected to be collected during fiscal 1951-52, an increase of more than 200 billion over 1950-51, owing to both a new tax bill and an increase in national income.

Bank time deposits more than doubled from 87 billion lire at the end of 1948 to 198 billion at the end of 1950, and other forms of savings deposits at banks rose from 564 billion to 791 billion in the same period. Postal savings almost doubled the 1948 figure and reached a total of 658 billion lire by December 1950. Finally, the commitments budget deficit substantially declined from a level of 822 billion lire in 1947-48 to 179 billion thus far in 1950-51.

But 1950-51 produced other evidence of a Marshall Plan-aided upsurge of the Italian economy: industrial production rose 28 percent above 1948 performances; agricultural production, six percent; methane gas output, 212 percent; construction of houses, 62 percent; electric power production, 21 percent; aluminum production, 21 percent; lead production, 71 percent.

There are 76 percent more new tractors on the farms today than there were in 1948. Over 50 percent more vehicles are being produced annually and there are 71 percent more freight cars on Italy's railroad network.

These are things of which every Italian is aware—he sees the results on his table, in the regularity of trolley and bus service, in well-stocked stores and on the well-ordered trains. There are other aspects of Italy's three-year comeback with which he is less familiar.

On the international front, Italy has been among the most cooperative of nations. She was the first nation to publicly endorse the Schuman Plan, and when Eisenhower called for men to defend Western Europe, Italy was among the first to respond with a promise of three divisions.

Discussions of liberalizations of trade find Italy in the forefront of those in favor. During 1950, Italy liberalized nearly 76 percent of her imports from other Marshall Plan countries and dependent territories. Nineteen major trade agreements were negotiated with countries from Pakistan to Brazil.

But with all her successes, Italy still faces a number of serious problems. Unemployment is still high—close to two million unemployed. Many people lack adequate housing and certain areas remain destitute. Italy's dependency on imports makes her particularly vulnerable in time of world material shortages. Despite the stable financial situation of the past three years, the spectre of the sweeping inflation following World War II still haunts Italy and makes wise guidance doubly necessary as the nation adjusts her economy to include considerable defense spending.

While Italy thus faces the exigencies of the world situation with many difficult problems to solve, she does have a large manpower pool with which to supply (1) workers for her large unused and underused industrial plant capacity; (2) farmers able to increase both the food supply in Italy and in Western Europe generally, and (3) an exportable surplus of manpower to aid other Western European nations to fully man their farms and factories.

Competent authorities are convinced that Italy can thus not only contribute measurably to Western strength, but at the same time continue her progress on the road to full economic stability.

(Press release No. 2170)

Scandinavia Breaks Production Records

Washington———The Scandinavian countries of Norway, Denmark and Sweden were well on the road to full economic recovery by 1951 when the Korean war and the resulting rearmament of the Western World intervened.

With Marshall Plan aid, they made postwar records in production and trade during the third year of U. S. assistance.

But the same factors which helped to reduce the dollar gap materially since the Communist attack in Korea have also increased inflationary pressures as the Scandinavian defenses are tightened.

Norway, whose land stretches into the Arctic up to Russia's northern border, has reached an excellent condition of political health and democratic unity. Economically, the country has a number of achievements to its credit during the third-year period, sparked by Marshall Plan direct and indirect grants and loans of approximately $402 million.

Its people, who number slightly more than three million, are tackling the job of building their defenses with determination. Although manpower has been very short during the postwar period, making any increase in the armed forces difficult, Norway has already increased the number and length of service of its conscripts.

An expansion of about 30 percent in the nation's armed forces, a goal previously set for the end of 1954, is expected now to be met by the end of 1952. At the same time, the use of manpower in defense industries will be increased by about 33 percent. The resulting increase in general defense expenditures will total about 100 percent.

Norway has made considerable strides in production and export since the war which destroyed almost one-fifth of the nation's wealth, including the loss of about half its merchant fleet while carrying cargoes for the Allied nations.

The nation has had to devote resources equal to about 30 percent of its annual production to rebuilding and expanding its productive capacity. Much of the needed equipment and material had to be purchased abroad, since Norway habitually exchanges a limited number of commodities—pulp, paper, fish, shipping services, electro-chemical and electro-metallurgical products—for the broad range of raw materials and finished products required by its economy.

For example, in restoring its merchant fleet, Norway bought from the shipyards of other Marshall Plan countries—Britain, Sweden, Denmark, Belgium and Italy—as well as the United States.

To make these investment purchases, the Norwegians have kept consumption down through rationing and other measures. Norway also spent the foreign exchange accumulated during the war from shipping earnings and insurance payments for ship losses. Other sources were also exhausted before Norway turned to the ECA for loans and credits, and thus Marshall Plan aid has been supplementary to the efforts of the Norwegian people.

As a result of these efforts, the nation repaired its war damages, and has expanded production and shipping capacity beyond prewar levels. After meeting requirements of its productive plant, and home consumption needs, Norway was able to concentrate on production for export, which has shown a noteworthy 15 percent increase in 1950 over the previous year.

The result has been considerable headway in reducing the gap between the country's imports and exports, and before Korea it looked as though the balance-of-payments deficits would be eliminated by the middle of 1952. Defense program needs may now make this impossible. However, Norway is attempting to compensate for a large part of these additional needs by reducing its investments further than originally planned and holding consumption to about the present level.

Denmark, bolstered by $244,350,000 of ECA aid, has achieved a new postwar internal prosperity during the Marshall Plan's first three years.

In sharp contrast with 1945, unemployment is low, most consumer goods are relatively plentiful, crop output is about 10 percent higher than before the war, and industrial production is the highest ever—more than 60 percent above prewar. Livestock production, one of the foundations of the Danish economy, is seven percent over prewar.

But in the field of external trade and finance, Denmark faces new problems. A country which must both export and import to live, it is becoming the victim of a squeeze. The costs of imports are going up, while prices of its major exports have been more or less fixed, largely due to long-term contracts with the United Kingdom, Denmark's leading customer.

While the Korean war inflation, major factor in the recent rise in Danish import prices and the cost of living, is generally beyond the nation's control, some steps have already been taken to stabilize the home economy.

Denmark is in a strategic and vulnerable spot at the entrance to the Baltic Sea, and since joining the Atlantic Pact has appropriated the equivalent of about 50 million dollars for extraordinary defense measures. These include creation of a new defense system, training of troops in the use of new weapons received under the Mutual Defense Assistance Program, a six-weeks extension in the training of new conscripts and retraining of earlier classes.

Whether the nation can satisfactorily meet its new responsibilities depends in large part on solution of its external trade problems as well as assurance of a flow of raw materials and finished military equipment from abroad.

While the Marshall Plan has helped to restore the economy and lay a foundation for the defense effort, Denmark is without such resources as coal, oil, iron and other raw materials. This lack, and its previous long tradition of neutrality, have kept the nation from building up any but a small, specialized armaments industry.

Sweden, which has received $118.4 million in conditional and loan Marshall Plan aid, can point to such significant indications of recovery as an over-all industrial production double that of prewar years and a trade volume which has increased about 22 percent.

The war left Sweden untouched physically but her foreign trade—70 percent of which has been with other Marshall Plan countries—was at a low ebb. Unable to obtain vital industrial goods from her sources in the war-torn countries, Sweden needed dollars to buy such equipment.

No direct grants have been extended to Sweden. Except for loans, the Marshall Plan aid given has been conditional on extension by Sweden of equivalent aid in her currency to other Marshall Plan countries.

ECA aid to Sweden, of which $20.4 million was in the form of a long-term loan, has been relatively small, but improvement of economic conditions in other Marshall Plan countries has been of great importance indirectly to Sweden.

Another important indirect benefit to Sweden has been the liberalization of trade and payments among Western European countries sponsored by ECA, in the form of the free listing of goods in intra-European trade and establishment of the European Payments Union.

To date, Sweden has removed import licensing restrictions on about 68 percent of her total imports from other Marshall Plan countries.

While the general outlook for Sweden is good, the possible inflationary effect of Western Europe's rearmament program casts a shadow on the future. The benefits of the Marshall Plan remain as major anti-inflationary weapons in the hands of the government. Maintenance or expansion of present production levels depends on continuing imports of Industrial materials.

(Press release No. 2183)

Marshall Plan Funds Rebuild Trieste's Economy

Washington———A relatively small amount of Marshall Plan aid—$30 million—has given the Free Territory of Trieste the economic strength to enable it to build ships for Western Europe.

Trieste was the principal builder of ships—for the Italian navy before the war. Today her big shipyards are again capable of construction and repair work on freight, passenger or war vessels, with some of the best facilities in the eastern Mediterranean and a reservoir of highly specialized workers.

The steel works of Trieste are operating close to capacity, and the Aquila Petroleum Refineries are considered the best in this part of Europe. Smaller industries also are prepared to turn out a wide range of defense items, such as medical and chemical supplies, DDT, clothing, tarpaulin, food products, timber and wood products, auto parts, ship fittings, and paints and varnishes.

At the end of World War II, the economic life of the city was at a standstill. The shipyards, which constituted the backbone of the local economy, were almost completely destroyed. Lack of equipment and extensive damage reduced port capacity to a minimum. The Gaslini edible fats refinery was idle. The Pastificio Triestino, an important macaroni and pasta factory which produced for export, had been burned by incendiary bombs. Small enterprises fared no better. The territory was beset by political strife which found powerful incentives in widespread unemployment, lack of supplies, and an influx of refugees from Yugoslavia.

Today, all of Trieste's basic industries are completely rebuilt. Last year, the shipyards launched 70,000 tons of ships, ranging from fishing boats to the 25,000-ton "Augustus," second largest ship built in Europe last year. In 1950, the port handled some 4 million tons of merchandise. The Aquila Petroleum Refineries, with an annual output of 600,000 tons of petroleum products, operated consistently at full capacity with employment 70 percent above 1938. In December 1950, the ILVA steel works, producing pig iron, coke, ingots, gas and steel plates, was operating at 88 percent of capacity with employment 68 percent of prewar—compared to a 66 percent capacity and 47 percent employment figure in February of that same year.

The industrial zone of Zaule, which began operations in 1950, reclaimed an extensive wasteland

five miles south of the city. By the end of the year, the digging of a navigation canal was well under way, and construction had begun on an electric lamp factory and a cement plant.

ECA said that while the larger industries now are able to operate on the competitive world market, additional aid is needed by smaller enterprises. The Trieste economy, still almost exclusively based on shipbuilding and shipping, requires diversification in its industries not only to provide increased employment but to prepare it for European production requirements.

(Press release No. 2217)

Expanded coke-producing plants will increase production of Turkish steel.

Turkey's New Roads Vital to Defense

Washington———A network of modern roads—one of Turkey's basic defense needs in her strategic position between the Mediterranean Sea and the Soviet Union's southwestern border—is spreading out over that country with the help of Marshall Plan dollars.

Under a three-year program, which should be about 80 percent completed by the end of 1951, the Turkish Government is building or improving more than 3,900 miles of roads. They are tying inland cities to seaports and breaking trails into formerly isolated areas which are either rich in mineral resources or are fertile agricultural lands.

The over-all cost of the Turkish road development program is estimated at the equivalent of $58 million. The Economic Cooperation Administration approved the use of an additional $3,900,000 in Marshall Plan dollars for the final phases of the Turkish road program. This means that ECA dollars are financing about 28 percent of the total cost of the highway development, since the Marshall Plan agency previously approved the use of 12,160,000 in ECA dollars for this roads program.

The Marshall Plan dollars are financing the cost of such equipment as American-made bulldozers and other types of tractors which are plowing road trails through mountain and forest areas. They have also been paying for repair shop installations and parts and for American road-building know-how furnished through the U. S. Bureau of Public Roads.

The Marshall Plan is also helping to pay part of the Turkish lira costs of the program for such local expenses as labor and road-paving materials. Out of Turkey's ECA counterpart fund—which represents the Turkish lira equivalent of dollars granted to that country under the Marshall Plan—about 35.7 million liras, equivalent to about $12.7 million, are being used to help pay local expenses. The balance of the lira costs of the road development program are being paid by Turkey, primarily from proceeds from government taxes on petroleum products.

Turkey began the road development program shortly before the Marshall Plan started in April 1948. The plan to build or improve more than 3,900 miles of key roads was fitted into an over-all highway system of nearly 12,650 miles, including in many cases one-track rutted roads or dirt trails impassable in rainy seasons or when snows fell in mountain areas.

Turkey's road problem at that time was tied to her major problem of building a stable peacetime economy. A nation covering more than 296,000 square miles, with a population of about 19,500,000 people, she was faced with developing her rich natural resources, including her fertile agricultural lands. But these are areas deep in mountain regions or buried behind them far from urban centers. Not only was Turkey's highway system inadequate, but her railways, which she is also trying to develop with Marshall Plan help, have not penetrated isolated areas nor been capable of carrying any large quantities of goods to urban markets or seaports.

Begun, then, as a necessity for Turkey's economic stability and expension, the roads development program has now become a basic requirement in that country's military defense program. Should any military emergency arise, Turkey could adequately protect herself only if she has modern roads on which to move trucks and military vehicles as

well as strategic coal and ores from her mines and crops from agricultural areas to feed her army and civilians.

In the two years that the road development program has been underway, a great deal has been accomplished. In place of a sparse trickle of traffic going into a major city such an Ankara, there is now a relatively steady flow over modern highways of cars, buses and trucks. It used to take a full day to get from Ankara to the rich coal fields in the Zonguldak area in northwestern Turkey and the Black Sea port of Zonguldak—a distance of about 100 miles as the crow flies. When the final work is done on the winding hilly road which connects Ankara and Zongdulak, the travel time will be cut in half.

Southeast from Ankara, through mountains and forests, is the Mediterranean port of Iskenderun, a direct distance of nearly 300 miles. Before Turkey began her road development program, the trip took three days. The travel time is now being cut to less than a day.

When Turkey decided that road development was an essential need to her peacetime economy, she called upon the United States for aid in furnishing the technical know-how that could insure a modern, durable highway system. This know-how is being furnished by the U. S. Bureau of Public Roads, which sent engineers to Turkey in December 1947 to work with local technicians, to supervise construction work, to recommend the most suitable type of road-construction equipment, and to train Turkish workers in the use of equipment.

As the need for equipment built only in the United States became evident, the Turkish Government asked for Marshall Plan help—for the dollars needed to finance the cost of such equipment. ECA approved the outlay of the dollars in one of the first Marshall Plan industrial projects authorized by the agency.

The dollars have already paid for various types of construction equipment, and for such items as industrial trucks and motor vehicle parts. With the help of ECA dollars, five large repair shops have been set up at strategic points in the highway system and 12 smaller shops have also been started along the road construction lines.

In addition, ECA dollars are paying the salaries and dollar expenses of the U. S. technical experts sent to Turkey by the Bureau of Public Roads to supervise the highway construction program.

There are two primary objectives of the road development program. One is to provide wide modern highways to the Mediterranean, Aegean and Black Sea ports which surround Turkey's western regions. The other is to build all-season roads to both the agricultural areas in valleys throughout Turkey and the mountains surrounding them which are rich in mineral resources. In the main, however, the highway development program is concentrated in Turkey's western and central areas and only subsidiary roads run to the eastern mountainous area which separates Turkey from the Soviet Union.

The importance of the highway program to Turkey's economy is evident in the fact that 85 to 90 percent of her annual total exports, mainly to Western European countries, are agricultural products, including cotton, tobacco, and fruits and nuts. Better highway transportation from the agricultural areas to seaports will enable Turkey to increase the value of these exports.

The improved highway system will also make it possible for Turkey to explore as yet undeveloped minerals resources, including chrome and iron ore, zinc, copper, and asphalt, all of whch are valuable materials both for Turkey's and the rest of the free World's rearmament programs.

(Press release No. 2067)

Ireland's Progress Permits Suspension of ECA Aid

Washington———Economic Cooperation Administrator William C. Foster, in announcing that, by agreement with the Irish Government, the Marshall Plan agency is suspending direct aid to the Republic of Ireland, said that "the action is the best possible recognition of the strides the Irish people have taken toward economic self-sufficiency under the impetus of the Marshall Plan."

"With dollars and technical assistance provided through ECA help," he said, "Ireland has accomplished agricultural and other economic reforms in three years that otherwise would have taken a generation to achieve."

Foster singled out the Irish land reclamation, liming and rural electrication programs as examples of vital Irish programs which were brought to fruition with Marshall Plan help.

ECA said that the suspension of Marshall Plan aid was agreed to because the economic recovery of Ireland and of the sterling area as a whole has progressed to the point where Ireland no longer needs outside dollar assistance to maintain a healthy economy.

Marshall Plan dollar allotments to Ireland to date total $146,500,000, including $146,200,000 for purchases of recovery goods and services, and $342,000 for technical assistance.

ECA said that the suspension of direct aid—dollars for purchases of commodities and services—does not affect Ireland's participation in the ECA technical assistance program, nor that country's membership in the Organization for European Economic Cooperation (OEEC).

Ireland will continue to get benefits of American technical know-how in both agricultural and industrial fields through studies by Irish specialists in the United States and survey trips by American experts to Ireland.

Since nearly 90 percent of direct aid to Ireland is in the form of repayable loans, Ireland's counterpart fund—which represents the sterling equivalent of ECA dollar grants—will amount to the equivalent of about $18 million when all supplies purchased under ECA grants have been delivered. Ireland has not yet made any withdrawals from its 95 percent share of its counterpart fund but is planning to use the sterling primarily for agricultural research and development, with a smaller amount going to the development of tourism facilities.

As a result of Ireland's progress under the Marshall Plan, ECA said, the Irish economy probably is in better shape today than at any other time in history, and the Irish people's standard of living has risen to a new level.

Ireland's greatest Marshall Plan benefits came from the improvement of economic conditions throughout Western Europe and the sterling area. Ireland, a member of the sterling bloc, earns the greater part of its income in sterling. At the end of the war, its sterling holdings could not be used to settle its dollar deficits because of the inconvertibility of sterling. Today, however, Ireland is probably in a position to convert sterling into dollars with which to purchase American goods.

Here's how Ireland has progressed: Industrial production has increased by 32 percent from 1947 to the third quarter of 1950; net agricultural output by 3 percent from 1947 to 1950. Exports have risen from $163 million to $203 million, while imports have dropped from $529 million to $447 million. The number of unemployed declined considerably, and the construction of new dwelling units jumped from 1,500 in 1947 to 12,000 in 1950. The economic picture will be even brighter when government-launched land reclamation, rural electrification and building programs are completed.

Ireland earns most of its dollars from tourism. Last year, according to Department of Commerce figures, American tourists spent $4.5 million in that country—nearly twice as many dollars as Ireland earned from exports to the United States.

The country also has made use of ECA's technical assistance program to build up its economy. To date, ECA has completed 22 technical assistance projects in cooperation with the Irish Government, and an even broader program is under consideration. The projects include agricultural, industrial and economic surveys; visits to Ireland by American industrial and agricultural experts; visits to the United States by Irish managers, workers, technicians and farmers to study American production methods, and a visit to the United States by representatives of Irish hotels under a project to promote tourism.

Most of the Marshall Plan dollar allotments to Ireland have been for the purchase of grain, tobacco, and petroleum products. Dollar aid has been used for the purchase of machinery and transportation equipment.

(Press release No. 2230)

New dams throughout Europe, financed partially by counterpart funds, will increase power production, water supplies.

III. The Productivity Drive

Europe's Industrial Production Soars

Washington———In climbing to a new postwar peak during the third year of the Marshall Plan, Western Europe's industrial output registered a gain of 11 percent over the previous year's production.

An 11 percent gain was also achieved in the second year of the Marshall Plan, and ECA said its continuation is particularly noteworthy because Western Europe's industrial output was already at record postwar levels a year ago.

The third year record, ECA said, reflected the ability of Western Europe's industrial plant, strengthened by Marshall Plan aid, to meet the expanding production demands of the free world's defense program. Preliminary figures for 1951 indicate that industrial output is staying at high levels as Western Europe produces for rearmament.

Marshall Plan aid has been strengthening Western Europe's industrial plant in several ways, ECA pointed out. One is the use of ECA dollars for European purchases of industrial commodities, ranging from large pieces of machinery and iron and steel mill materials to nuts and bolts. By the end of the Marshall Plan's third year, ECA has approved the use of $5 billion for purchases of assorted industrial commodities. This total includes a half billion in ECA dollars financing purchases of specific commodities needed in Western European industrial projects.

By the end of the third Marshall Plan year, ECA has approved the use of Marshall Plan dollars in 137 separate industrial projects in Western Europe. The total approved was $558,554,000, which represents about 25 percent of the over-all cost of the projects, estimated at the equivalent of $2,225,093,000.

The projects cover a wide range of Western European industrial activity contributing to the Marshall Plan countries' ability to help build strength for the free world. There are steel production projects, electric power projects, transportation and communications projects and a variety of others.

The ECA dollars are used to finance the cost of essential equipment which is available only in the United States and to pay for American technical services needed for proper installation and operation of the equipment.

Another way in which the Marshall Plan is contributing to the strength of Western Europe's industrial plant is through ECA's industrial guaran-

ties program. This program provides for the use of Marshall Plan dollars to insure certain types of American investments in European enterprises which are helping to build up Western Europe's industrial potential.

By the end of the third Marshall Plan year, the total of ECA industrial guaranties issued was $29,341,004. These dollars covered 30 guaranties, applying to machinery and equipment, petroleum refining and a wide variety of other projects.

In its first three years, ECA's guaranties program concentrated on currency convertibility guaranties — insurance for the American investor of convertibility into dollars of the foreign exchange receipts from his dollar investment.

This program is being expanded through amendments made by Congress to the ECA Act in the Marshall Plan's third year. The convertibility guaranties now apply to American investments of patents, processes and other technical know-how even though there is no accompanying cash investment. Previously the ECA Act permitted the issuance of guaranties only if a cash investment was included. ECA also will issue guaranties insuring American investments in foreign enterprises against loss from expropriation or confiscation. The new type of guaranty, however, does not cover losses resulting from war damage or business risks.

These types of Marshall Plan aid, combined with Western Europe's own efforts to rebuilt its war-torn industrial economy, took Western Europe's industrial output to a record peak during the third year of the Marshall Plan. On the basis of currently available statistics for the third year—April 1950 through March 1951—the new postwar peak was reached last November, when Western Europe's industrial production index climbed to 141. The figure is computed on the basis of an index of 100 for the prewar year 1938.

The average index for the third year is now estimated at 130, which represents a gain of 13 points, or 11 percent, over the 117 index achieved in the second year of the Marshall Plan. The index for the first year was 105. ECA pointed out that the third year figure is a preliminary one, since firm statistics for January, February and March 1951 are not yet available.

The sharp rise of the Marshall Plan's third year occurred in the fall as Western Europe's factories stepped up production to meet defense needs. Production of steel ingots and castings, for example, which was 3,953,000 metric tons in April 1950, jumped to 4,725,000 tons in October. Pig iron and ferro-alloys production, which was 2,943,000 tons in April, went up to 3,603,000 tons in October.

Other vital materials needed to build a strong defense arm showed similar gains in output. Cement production rose from 3,497,000 metric tons in April to 4,222,000 tons in October. Cotton yarn production increased from 109,450 tons in April to an estimated 130,000 tons in October. Wool yarn output rose from 38,870 tons in April to an estimated 45,000 tons in October. Output of commercial motor vehicles increased from 36,760 units in April to an estimated 45,110 vehicles in October.

During the same period, Western Europe's electricity production, essential to industrial processes, also increased. From about 17 billion KWH per month in April, it rose to nearly 21 billion KWH in November. However, even larger increases are necessary if electricity output is to keep pace with expanding industrial production.

The industrial production indexes for individual Marshall Plan countries also reached peaks during the fall before declining in December and January in the traditional seasonal holiday drop.

Austria's index, which was at 127 in April 1950, rose to 154 in November before declining to 140 in December. The index for Belgium was 119 in April, 135 in November and 131 in December. Denmark's official index, excluding utilities, was 158 at the beginning of the Marshall Plan's third year, and was 162 in November; preliminary figures for January 1951 put the Denmark index for that month at 153.

France's index followed a similar pattern in the April-December 1950 period, but preliminary figures for 1951 show her to be the first country hitting a new postwar peak in 1951. France's index rose to a postwar record of 140 in January; the previous peak was 137 in November 1950.

The index for Italy is estimated to have climbed back to her postwar record of 131 in January; the previous high of 131 was achieved in October 1950.

It was in the third year of the Marshall Plan that the Federal Republic of Germany, for the first time in the postwar period, upped its industrial output to and above the 1938 level. From 97 in August, the index rose to 105 in September and later, in November to 114. Preliminary figures for February 1951 indicate that the index for that month was back to 111 after the seasonal year-end drop.

The United Kingdom figures show a preliminary January index of 151, following a postwar record 160 in both October and November. Peak third-year Marshall Plan figures in other countries included Greece's index of 132 in October and November; The Netherlands' 154 in October; and Norway's 151 in May.

(Press release No. 2233)

Progress Is Made Toward Economic Integration

Washington———Two long steps toward the Marshall Plan goal of a Western European mass market have been taken by participating countries during the past 12 months.

The European Payments Union has been put into actual operation and has contributed substantially to raising intra-European trade to a level 40 percent above a year ago.

And the Schuman Plan to fuse the six major continental steel and coal producing countries into a single market area, has been translated into a detailed program of action, ready for final consideration by the six governments.

Gauged by any peacetime standard ECA said, the progress made by the Western European nations in the complicated task of integrating their economies could be described as truly sensational, and as reflecting a high degree of statesmanship on the part of their leaders.

However, the third anniversary of the Marshall Plan finds nothing remotely resembling peacetime standards prevailing anywhere in the world. The defense crisis into which the Western World has been plunged by Communist aggression, now supersedes all other Western European problems — social, political and economic.

And the defense crisis, ECA warned, makes it more imperative than ever that the Western European countries take much longer, much more rapid steps toward economic integration than have even been discussed thus far if they are to survive as free nations.

If the Western European countries are to build up and maintain adequate defense programs without a serious drop in the living standards of their people, ECA said, they must:

1. Greatly expand their output of goods and services.
2. Adapt to their industries modern techniques of mass production and mass marketing in order to achieve the necessary increase in output.
3. Provide to their producers the mass market which is necessary to justify the adoption of mass production and mass distribution methods.

While they fall considerably short of providing the necessary mass market, the EPU and the Schuman Plan are substantial moves in that direction.

The EPU was designed by the 18 Marshall Plan countries, with strong encouragement from ECA, to attack simultaneously three primary and closely related barriers to intra-European trade: currency inconvertibility, quantitative restrictions and bilateral trade practices.

Producers in one country find it difficult and often impossible to sell to consumers in another, unless the buyer's currency is freely convertible into his own. Quantitative restrictions have been used extensively by all European countries since the war. to prevent or limit purchases by their citizens of goods produced in other countries; sometimes to conserve meager foreign exchange reserves for essential purchases, sometimes to protect domestic production, and sometimes because the government deemed such purchases uneconomic, unnecessary or undesirable.

Hundreds of discriminatory bilateral trade pacts have been negotiated by the European governments, each participant usually agreeing to accept fixed quantities of certain products from the other. These had the effect of excluding, partially or wholly, similar goods produced in third countries, regardless of such factors as price or quality. Sometimes the participants granted each other general discriminatory trade advantages over third countries, by agreeing to hold fixed volumes of each other's currencies.

Officials of the Marshall Plan countries argued —and some still do—that the chaotic economic conditions and the instability of their currencies made such practices necessary. Nevertheless, the net effect was to reduce intra-European trade to a minimum. Moreover, since the application of these various restrictions and discriminations might vary from year to year, and even month to month, in regards to a specific commodity, the Western European producer was unable to undertake any long-range program for marketing his products outside the narrow boundaries of his own country.

This in turn discouraged the producer from risking the frequently expensive task of modernizing his production and distribution methods, increasing his output and reducing his costs and prices. It encouraged him to enter into cartel agreements with his competitors, or cling to those already in existence, in order to protect whatever market he already had.

The EPU, in its six months of operation, has not entirely eliminated any of the above three barriers. Nor was it intended to. As finally adopted, the EPU represents a series of compromises, some of which were accepted reluctantly by ECA, and its purpose is to whittle away at these restrictions, progressively, over a period of years.

However, by clearing their currency transactions multilaterally through the EPU, and extending limited credits to debtor nations, the Marshall Plan countries—with the notable exception of Western Germany—have been able to maintain their currencies freely convertible in their trade among themselves. Moreover, all save a few countries have achieved the target of eliminating quantitative restrictions from 60 percent of their imports from other participants. And the more discriminatory bilateral trade practices have been, or are being, abandoned.

The fact that any EPU member is permitted, under certain circumstances, to clamp back on the various restrictions and discriminations that are being removed, still deters the Western European producer from shifting to mass production and distribution techniques. They fear that the new markets opening up in the neighboring countries might prove to be temporary—a factor they must weigh carefully before making substantial investments to increase their production.

Nevertheless, in the six months of EPU operations, Western European manufacturers and farmers have enjoyed freer access to the markets of the participating countries than ever before—a fact which is reflected in the increase in intra-European trade, 40 percent above a year ago, 27 percent above prewar, and 85 percent above 1948.

Because of the complex nature of the problems involved, neither ECA nor the member countries were surprised, nor particularly dismayed, at the fact that some difficulties have arisen in EPU's operations.

The most serious problem has been the case of the Federal Republic of Germany, which quickly ran through its original quota (credit) of $320 million, and an additional credit of $120 million that was advanced by the EPU. The Germans have accumulated a total deficit of almost $500 million and have been forced to draw heavily on their gold reserves. The German deficit has resulted largely from the government's lax fiscal policies, and the extension of huge volumes of domestic credit for unnecesary imports.

During the last year, ECA made available $350 million to the EPU, to be drawn on when needed. It also advanced $215 million in conditional aid to various countries, in return for their cancelling credits owed them by some of the net debtor countries.

Probably the greatest benefit that has materialized from EPU operations has been its psychological effects on many of the participating governments, the effect of having taken the first real plunge into economic integration—the effect of moving from the phase of discussion, debate and indecision into the phase of action.

The basic approach of the Schuman Plan to economic integration, differs from that of the EPU. The EPU deals with trading practices among sovereign powers. The Schuman Plan proposes to eliminate the sovereign rights of member governments to interfere in the production and distribution of coal and steel within their borders; it attempts to set up a single producing and marketing area, within which all producers would be permitted to compete freely, and all consumers would have equal access to raw materials and products—subject only to the rules and regulations of a supra-national authority.

After months of laborious and complicated negotiations, the representatives have prepared a detailed draft treaty which is now being studied by the six governments. The treaty provides:

1. That all quantitative restrictions, tariffs, subsidies and any other governmental interference or assistance in the production and distribution of coal, coke, iron ore, pig iron, scrap steel and unfinished products, be revoked.
2. That discriminatory pricing practices and transportation charges be eliminated.
3. That private agreements of a restrictive nature among individual producers, be prohibited.
4. That a High Authority composed of experts serving in their individual capacities, responsible to no individual government, be established to police the agreement; to supervise, assist, and when necessary, finance the expansion of production; to encourge and help finance research and modernization; to regulate prices in times of acute scarcity or surplus; to fix fair

labor standards, including minimum wages. It would have power to fine individual producers who violate the agreement; assess taxes on producers to finance modernization and expansion programs; and call to the attention of governments any act of theirs which might be in violation of the treaty.

5. An Assembly of representatives of the member governments would be established, to which the High Authority would report. The Assembly could by two-thirds vote, discharge the members of the Authority. if dissatisfied with its policies.
6. A Council composed of a single representative on the ministerial level from each government, would be empowered to consider all acts of the Authority, and to make suggestions, recommendations and proposals.
7. A Court would be set up to settle disputes which might arise as to whether the actions of the Authority are within the scope of the Treaty.
8. A transitional period is fixed, during which governments could continue some tariff and subsidy protection to inefficient producers. However, the protection would be progressively eliminated and the producer would be expected to take steps—with assistance by the authority—to raise his efficiency.

While the problem of obtaining parliamentary approval of the six countries is still to be faced, ECA Administrator William C. Foster said he and the officials of the six governments are confident it can be met successfully, and that the Schuman Plan will be in actual operation within a period of months.

(Press release No. 2151)

Technical Assistance Program Bolsters Defense Effort

Washington———The vast technical know-how of American industry and agriculture has gone to work for the defense of Western Europe during the third year of the Marshall Plan.

The efficient techniques of United States industries and agriculture are helping to bolster the defense of Atlantic Pact and other democratic nations of Europe through the technical assistance program of the Economic Cooperation Administration.

In nearly 500 communities across the nation, Marshall Plan Certificates of Coqperation, signed by Economic Cooperation Administrator William C. Foster, were awarded through mayors and other community leaders to the American industrial and labor groups which participated in this program.

The technical assistance program is a kind of "blood transfusion" to the nations of the free world of methods and ideas which have made the United States the greatest economic power in the world.

Through study trips of specialists from a variety of European industries to this country, through the sending of U. S. experts abroad, and by other means, ECA is funneling these methods and ideas to the other free nations of the world.

During the past year, the emphasis of the technical assistance program has shifted from economic recovery to the building of a strong defense against aggression by bolstering the strategic and basic industries of the non-Communist nations.

The technical assistance program was stepped up from $5½ million of authorizations in the second year of the Marshall Plan to nearly $14 millions during the past year.

Furthermore, the program was extended during the year to Korea and four countries of Southeast Asia. This part of the program, which began during the latter part of 1950, has stressed the fields of health and agriculture, though it has included some industrial projects.

The program was created because of the recognition that it was not enough, in the present world's highly technical economy, to provide modern tools and equipment to aid the war-torn countries of Europe to regain their feet. Management, workers and technicians must know how to organize plants, use machinery, and operate equipment efficiently to get full benefits from American aid and substantially increase production.

The program developed as the result of a discussion of the need for greater production in Europe. Britain's Sir Stafford Cripps said to Paul Hoffman, then ECA Administrator: "One look is worth a lot of description. I wish we could see how your American factories do it."

"Then let's bring your people over," answered Hoffman, "and we'll show them how."

Hoffman went to work on the idea, and since 1949, Western European technical assistance teams have been coming to this country to see how our American factories use modern techniques for effi-

Automobile production lines will turn out tanks and planes.

cient production. They have been taking home this priceless know-how to spur their own productivity. More than 3,000 specialists in 450-odd teams from 15 countries of Europe have visited the United States under the program in quest of technical knowledge.

In discovering for themselves what makes America tick, they have visited industrial plants, business offices, trade associations, labor organizations, colleges, farms and agricultural organizations, Government agencies and installations in 44 States and the District of Columbia.

Teams have come from the Scandinavian nations of Denmark, Norway and Sweden; from the United Kingdom and from France; from the smaller northern countries of Belgium, Luxembourg, The Netherlands, Iceland and Ireland; from the Mediterranean and southern countries of Italy, Greece, and Turkey, and from Austria and Germany. Each team represented a specific industry or specialty.

Other teams, whose members spoke as many as a dozen languages were sponsored by the Organization for European Economic Cooperation (OEEC) which drew them from a number of countries.

Team members, in visits lasting between six weeks and six months, have talked with American steel workers and executives, to airline people, to textile manufacturers and mill operatives, farmers and farm equipment manufacturers, small innkeepers and hotel chain executives, electrical engineers, water supply experts and printers, and to experts in hundreds of other industries.

In teams of two to twenty or more, whose members include management, labor and technical representatives, or on individual one-man missions, the Europeans have seen in action the priceless know-how which has made the United States the world's greatest industrial and economic power.

The European visitors, however, have seen more than technical proficiency. As one member of a French textile team declared, the teams have seen a way of life and standard of living which has given them "new horizons."

Team members have talked to labor leaders who have explained their wholehearted acceptance of mechanization, time and motion studies, and other efficiency methods which are still resisted by many sections of European labor. What they have seen, they have believed.

Said a Belgian molder after a six-week study trip through American foundries: "We have learned methods of mechanization in the United States that can directly be applied to the industries of Belgium. . . . Many of our workers have a fear that mechanization will create unemployment, but I think mechanization will get more people to work."

Members of teams have seen, too, the results of the American industrial system in terms of the "good life"—as they describe it—of the American workers. They have seen, and many have emphasized in their reports, that American democracy's feeling of the dignity of the individual is shared by management in its relations with labor. They have seen, in short, that American productivity rests on team work.

While the total effects of this program will be visible only over a comparatively long period, some excellent results already have been reported.

The Western Europeans have found that they can assimilate streamlined American efficiency into their own societies, without violence to their own ways. Said a United Kingdom team report:

"There is no reason, inherent in the American economy or in American ability, why their management should be more efficient than British management. . . . The achievement in this country (Great Britain) of an equal degree of efficiency in no way requires the sacrifice of the best characteristics of British life."

The fact that the United States does not necessarily have a monopoly on ideas has been borne out by contributions made by some visiting teams to our industry.

One recent illustration that technical assistance is a "two-way street" came as members of a United Kingdom lithography team visited an American plant. One member of the British group observed that a stop control device was placed at the takeoff end of the press. He pointed out that the control would cut spoilage more effectively if it

operated at the feeder end. The suggestion was accepted at once.

The program is now an important part of ECA's task of building both the means and the will to resist totalitarian aggression.

On the rearmament side, production and productivity (output per man) of strategic industries and strategic materials are being bolstered.

Along these lines. teams recently came over to study railroads and other transportation, iron and steel production, electric power, rubber research, chemicals production, efficient communications, military personnel training and plastics production. Another example was a team from France, which came over to study mining methods so new sources of strategic materials could be developed in Africa.

Because a people's will to resist is dependent in large part on their economy's ability to fill basic needs of life, civilian production must be maintained as much as possible.

So, as Europe's industries become more dependent on greater output per man to offset manpower needs for defense, ECA is expanding its technical assistance program. From 58 teams of 457 people coming to this country in 1949, the program was stepped up to bring 322 teams of 2,305 persons during 1950, and at present an average of about 30 teams are arriving monthly.

These projects cover studies in the fields of industry, agriculture, public administration, transportation and marketing.

In addition, ECA's Technical Assistance Division has developed other types of aid. These provide for sending American experts to Europe, the services of international organizations, basic surveys and technical or professional services, the furnishing of technical literature, films and other materials, and special services of U. S. agencies.

The furnishing of technical assistance has been accomplished at a relatively minor cost. For each recovery dollar spent in Europe under the Marshall Plan, less than one-fifth of a cent has been spent on the technical assistance program.

ECA's program of building "strength for the free world" is furthered through the technical assistance program. In sharing American know-how with Western Europe, United States industry and labor are helping to strengthen the military defenses of the Atlantic Pact nations and are aiding the people of Western Europe to maintain the morale they have gained as a result of recovery achieved under the Marshall Plan.

(Press release No. 2138)

Impact of the Productivity Drive Boosting Output

Washington———The Marshall Plan's technical assistance program has blown a hole in the dike which was holding up the stream of Western European productivity.

Today the dam is crumbling under two simultaneously applied pressures—the exchange of technical information within Marshall Plan countries, and the export of American know-how to the same countries through technical assistance teams returning from the United States.

The Economic Cooperation Administration said reports reaching Washington from the foreign missions and individual Europeans show the impact of the technical assistance program.

The Netherlands mission recently reported that teams preparing to study U. S. cotton and rayon manufacture, ready-made clothing, enamelware and foundries had made "detailed inspection trips" to each others' plants. "Until the organization of the teams, the firm members had never been inside each others' plants," the report noted.

United Kingdom productivity teams, sponsored jointly by ECA and the Anglo-American Council on Productivity, have regularly made a practice of inter-plant visits at home before coming to the U. S. As the benefits became apparent, teams of other nations were encouraged to do likewise.

Within Western Europe, the technical assistance study method is being copied by intra-European teams. Recently, the Organization for European Economic Cooperation (OEEC) proposed four such teams involving 80 participants from 10 countries. An American consultant took part in one recently completed project, a study of industrial censuses.

The ECA Office of the Special Representative in Europe reports that 450 French manufacturers have consented to receive OEEC teams, including U. S. members, giving them an opportunity to analyze French production techniques.

The European tradition of closely guarded trade secrets also has been ripped apart by productivity teams after their return from this country. The team members frequently "put their show on the road," after making a formal report sharing their U. S.-gained knowledge with all members of the industry.

A relatively unknown term in Europe before the beginning of the Marshall Plan drive, "produc-

tivity" is now a household word throughout many of the countries.

After writing 100 typewritten pages as his part of a team report, Jacques Thiriez, a French cotton textile expert, wrote to his ECA project manager: "Now another job begins. What is the object? First, to give an account of our trip, tell what we saw and draw from that conclusion for the French cotton textile industry. Also, to promote above all the search for better productivity. Monday morning we spoke before 100 employees, Tuesday morning before the students of a textile school and Tuesday afternoon before 300 workers and supervisors."

The team members not only conduct a crusade in behalf of increased productivity, as they understand the process after their U. S. studies, but they often make immediate, remedial changes in their own plants.

Wrote Jacques Debry, another cotton textile man, "Now people come to see our mill. Germans, Swedish, Italians and French. All of them who visit us say, 'But it is an American mill.' "

Debry sent to his ECA project manager in the U. S. a tabulation of the mill's production under the headings "Before my start in the USA" and "Now." Roughly 33 percent improvement was indicated in these tables and Debry remarked, "The workers who join in the productivity team have the best wages and can buy many things they could not have before . . . such nice dresses, vacuum cleaners and motorcycles. I am very proud to say our productivity teams (within the plant) were volunteers."

Since increased productivity per man hour caused a temporary displacement of some of his workers, Debry explained, "With the money I saved, I built new houses for workers and used the surplus labor force for the construction."

One observant mill owner wrote, "The Communists in France are strongly opposed to productivity, because they know it will improve the standard of living and, therefore, decrease the chances of success for Communism."

Robert Offrey, of the Federation Nationale des Fabricants Francais, has written, "With Berard, Chomienne and a few other manufacturers, we are going to create a committee to increase productivity, in order to be able to pool all the improvements achieved in our industry."

In a nation where cartels have thrived and trade knowledge is seldom shared through the commonly accepted U. S. media of trade journals, conventions, industrial documentaries, etc., such a scheme shows that technical assistance has back-fired—in the right direction.

Referring to the practical benefits of better management-labor relationships, Jacques Debry said, "Some weeks ago, a terrible storm came and many roofs were destroyed. We had severe damage to our mill and to the workers' houses. But all my workers came to help, and within three days and nights we were ready to operate again. In another mill, close to mine, the repairs had not been finished after three weeks. Why? Because the workers were not 'in confidence.' The manager is a sower of enthusiasm or he is nothing."

Faith in the United States as a nation and Americans as individuals is reflected in a letter from Roland Langlois, dated January 1951. He wrote, " never omit to conclude my lectures by stating that the United States is the country of true democracy and that the American people are willing to undergo enormous sacrifices for the defense of the free world.

"For my part, my older son now goes to be a soldier. If it is necessary, I also shall return to the French Army—where I served from 1939 to 1945 and was happy to return from Africa to France and go into Germany with the U. S. troops."

(Press release No. 2152)

Labor Fights Communism In European Unions

Washington———American labor had good cause to join in the celebration of the third anniversary of the Marshall Plan.

Representatives of American labor—the "shirt-sleeve diplomats"—have directly participated in the operations of the Economic Cooperation Administration since its outset. Through their cooperation with other trade unionists on an international level, they have helped in building a bulwark against Soviet aggression in the labor world.

An idea of their success was reported by ECA, which released estimates showing that, as economic conditions in Europe improved during the past three years and free trade unions grew stronger, communist control of trade union membership in Europe declined from 12 million in 1947 to 6 million in 1951.

The estimates also showed that the comparatively small core of avowed communists designed to exercise control over labor and other groups declined from 3,188,000 in 1947 to 2,660,000 in 1951. Percent-

age-wise, ECA said that Communist Party membership has been reduced in amounts ranging from 30 and 31 percent respectively in France and Italy to a high of 84 percent in little Luxembourg.

American labor's role in this fight for a better life for the world's people starts in the ECA Washington headquarters, where labor advisers representing the American Federation of Labor and the Congress of Industrial Organizations have served on policy-making and operational levels since ECA began. When an overseas headquarters was established in Paris, one of the chief offices was the labor division, staffed by trained American unionists. ECA country missions are also staffed with a labor adviser.

These labor-diplomats of the Marshall Plan have operated on the worker level in each of the countries, speaking the language of their foreign counterparts and assuring their participation in the dual fight to restore war-wrecked economies and fend off the imperialists. Through labor advisory committees in the various countries, they have brought workers into the planning and programming stages of ECA operations in the same manner as other segments of the population are participating.

Teams of labor specialists have been sent abroad to advise and consult with foreign worker organizations, and various American unions working in harmony with, but not as part of, ECA have spent their own funds to send top leaders abroad to encourage the development of free trade unions as one of democracy's strongest weapons against the Stalinists.

On the domestic scene, American unionists have opened their meeting halls and their homes to thousands of Europeans who have visited America as part of ECA's technical assistance program. These visitors, brought to America to learn the secrets and know-how of American productivity, have studied also the structure and operation of American unions.

In the plants and union halls they have learned from union shop stewards how the workers in this country, by free collective bargaining, achieve a better share of the goods they produce and how they have won security and good working conditions. In the homes of America's workers they have seen the fruits of this country's pattern of labor-management cooperation—automobiles, electric kitchens, radios, television and college educations for the children.

They have learned how American unions have fought and bested communists in their efforts to capture control of the memberships. And, returning home, they have become apostles of the democratic principles they have seen in operation here.

This has been a strong factor in European communists' loss, not only of membership, but of political standing as well. In no country did the communists gain a parliamentary seat in 1950. They lost their two remaining seats in the English April elections. They lost their 11 seats in the Norwegian Storting. In Italy they hold 183 seats compared to 244 in 1946. In Germany, communists elected only 15 representatives to the 405-seat Bundestag.

While these figures represent the trend away from communist control, critical situations still exist in France and Italy.

In France, communists hold 181 of the 621 seats in the National Assembly and control labor unions representing 64 percent of the organized workers. The communist-dominated labor federation, the CGT, has declined from a membership of 5,500,000 in 1946 to 2,500,000 in 1949, but that is still larger than the non-communist labor union membership of 1,800,000.

In Italy, where the 1948 elections gave the communists and their left-wing socialist allies 31 percent of the electoral vote, current polls indicate that the 1953 elections will materially lessen communist strength. Meanwhile communist control of trade unions continues strong. Despite the drop in the membership of the communist-dominated CGIL from 6,000,000 in 1946 to 2,500,000 in 1949, it still outnumbers the free trade union membership of 1,500,000.

American trade unionists enlisted by the Economic Cooperation Administration to lead the free trade unions of the world in the fight against communism have been urging the strengthening of the free trade unions of Europe to enable them to pick up the membership the communists have lost.

One of the agencies encouraged by American labor to carry on this activity is the International Confederation of Free Trade Unions. It was created when the free trade unions of the world resigned from the World Federation of Trade Unions, which had become the tool of the communists.

When communists attempted to sabotage ECA shipments, such ICFTU members as the International Transport Workers Federation, cleared the communists off the docks, often after vigorous hand-to-hand fighting.

This direct war against communist control in European trade unions is being intensified this year through several ICFTU conferences. They followed the Western Hemisphere conference at Mexico City in January, where the ICFTU barred admission to the

totalitarian unions of Argentina, and the ICFTU conference at Doula, Africa, in March. Similar conferences are planned for the Asiatic zone of conflict with communism.

Thus, on every level, free labor everywhere is joining hands in the common fight to be strong and independent of Stalinist or any other brand of imperialism.

(Press release No. 2148)

Overseas Publication Program Expanding

Washington ——— Technical and scientific books and trade magazines will be a focal point this year of an expanded program for making American publications available to Marshall Plan countries.

Under its informational media guaranty program, ECA insures American publishers the opportunity to convert into dollars a certain amount of their sales income in foreign currencies. The guaranties are made to stimulate a flow of American publications and films to Europe.

Firms signing contracts must turn in to the U. S. Treasury equivalent foreign funds when they receive dollars. A fee of one percent is charged by ECA for writing each contract, and this covers the whole cost of the informational media guaranty program.

As technical assistance teams from Western Europe continue their studies of American productivity methods, the need for our technical manuals has become an important adjunct of a program which formerly concentrated largely on motion pictures, books and general magazines.

During 1951, Marshall Plan countries will receive eight million U. S. popular magazines, five million of them printed in German. About 1½ million paper bound books and 70,000 regular books also will be sold. Efforts are being made to arrange an extended program of translations of these books into foreign tongues.

In the past, sizable sums have been involved in currency exchanges for technical, medical and trade publications, but this program is expected to expand during 1951 to meet the demands of returning technical assistance teams. These teams made two points about the value of U. S. technical literature: (1) It helps European technicians to understand the lessons brought back by team members who have studied in the U. S.; (2) it is an unanswerable argument as to the effectiveness of the American system, because no one can claim that a scientific or business textbook is "propaganda."

As one French visitor said, "When I hand this publication to a friend, I say 'You must realize this book is published to teach a man to go out and perform a job. That industry pays high wages and good profits. Obviously, the book is not propaganda. It is an explanation of a method which works.' "

Members of technical assistance teams often remark at the end of a visit in the U. S., "If you had told me about this, and I had not seen it, I would not have believed you. Now that I believe, the problem is to convince my colleagues who have not seen."

The use of technical, trade and scientific publications for this purpose also can be supplemented by general magazines and books. "If I show a copy of *The Saturday Evening Post* or *Life* to a friend," a team member explained to ECA officials this spring, "it is obvious this publication was not run off for my use as a propaganda pamphlet. The products advertised in it are products many can afford to buy. The freely expressed editorial point of view is not a show for my sake. On one national or international issue, I may be able to find four leading weeklies with four violently opposed points of view. If they are 'in the control of Wall Street,' as the communists argue, they are showing the solid front in a strange way."

In the past three years, ECA has provided nearly $9 million for currency conversions under the informational guaranties program. At the present time contracts with a face value of $3,575,000 are in process of negotiation.

(Press release No. 2185)

In Italy farm land reclamation . . . . . in Austria 4-H Clubs for the farm youths.

IV. The Agricultural Program

Still Higher Farm Output Is Necessary in Europe

Washington——The third year of the Marshall Plan marked another important milestone in European agricultural recovery, but Europe still has food shortages and must boost farm output further to meet growing rearmament needs.

Western Europe is expected to harvest about 10 percent more agricultural products this year than prewar, ECA officials said. With 11 percent more people to feed, however, diets are still inadequate among the low income families in many countries. The food situation is least satisfactory in Germany, Austria and Greece.

Western Germany, for example—with nearly a fourth more people to feed than before the war—averaged only about 2,800 calories a day per person last year compared with about 3,340 in the U.S. Austria is up only to 2,600 calories.

Besides shortages of foods generally, ECA food and agriculture authorities explained diets in much of Europe are still poorly balanced, with heavy proportions of bread and potatoes.

To illustrate the urgency of better diets to enable Marshall Plan countries to carry the added rearmament load, ECA quoted a United States 4-H Club boy who worked on Austrian farms last summer.

"The diet of the Austrian farmer is not balanced and is definitely lacking in vitamins and proteins," he said. "The first week I felt that I could outwork the people, although they were used to more work than I. The second week I could tell something was wrong. I lacked ambition and strength. There is evidence that the workers are not too strong. There is too much goiter and poor teeth."

Among low-income families in the cities, Marshall Plan officials point out, the food problem is even more acute than on the farms. Despite steady improvements in German diets, many people have been priced out of the meat market, they say. German labor leaders have urged imports of more meat to increase supplies and bring down prices.

Even in France and other countries, many workers' families cannot afford adequate diets, although they put a disproportionately large share of their wages into groceries. This problem is known to be at the root of some of the current labor unrest in France.

With farm recovery still trailing population increases, ECA officials emphasize that the Marshall Plan countries are encountering even greater food demands as they rearm. Soldiers, for example, eat more than civilians. As rearmament picks up, moreover, civilian workers require more and better food, and have more money to spend on food. Demands are being increased further as various countries begin to stockpile food for military use, and against possible interference with imports of civilian supplies.

Taking stock of prospects for meeting the increased demand for food, ECA officials point to

possible difficulties in stepping up imports. Western Europe is now importing about a third of her food requirements, with about a third of that amount financed by ECA. Although trade has picked up, and the foreign exchange situation has improved in the last two or three years, increased production of armaments for home use is cutting into exports. The prospect is for less money to spend on food from abroad. Moreover, rearmament in the U.S. and other countries is reducing the supplies of grains, cotton, wool and other products for export, and boosting prices. And ocean shipping is getting tighter and more expensive.

The solution to Europe's increasing food needs, these authorities say, lies in boosting the productivity of its own farm lands.

With the help of U. S. feed grains, fertilizer, equipment, and other materials—and technical know-how—the Western European countries have boosted their production about 30 percent over 1947-48. They will have to farm even better, agricultural authorities say, to hold the ground they have gained, and to supply the increasing demand. Good weather has been on the farmers' side the past three years; drought or other unfavorable conditions would cut into production. European farmers also are beginning to feel the effects of rearmament program competition for materials used in farm machinery, pesticides, and other products.

The main opportunities for materially increasing European farm production this year and next, ECA agricultural specialists say, is through such measures as use of more fertilizer, better care of forage crops, use of treated seed, and control of livestock diseases.

(Press release No. 2142)

Farm Items Make Up Half of ECA Financing

Washington———About 950 million dollars worth of agricultural products were authorized for procurement for Western European countries during the third year of the Marshall Plan.

Representing commodities in increasing demand under the rearmament program, these products include about $282 million worth of bread grains, $39 million of fats and oils, and $382 million of cotton, with lesser amounts of other items. Agricultural products make up about half of all ECA financing.

The bulk of these products, ECA agricultural authorities point out, are going to countries such as Germany, Italy, Greece, and France, hardest hit by wartime and postwar dislocations. ECA aid to Great Britain was discontinued the first of the year, with reductions also made for other countries in relation to their degree of economic recovery.

Marshall Plan aid, along with Western Europe's own remarkable agricultural recovery, have enabled the European countries to bring per capita consumption of agricultural products in general almost back to the prewar level, ECA reports. The growing population, and steadily mounting demands under the rearmament program, however, are requiring increasing supplies of food and industrial agricultural products.

With Europe's own bread grain production lagging behind population increases, ECA financing of wheat and other bread grains is being continued this year at about the same level as in 1949-50, but considerably below the preceding year. This year, the United States is supplying to the Marshall Plan countries, 35 to 40 percent of their bread grain imports or about 180 million bushels. More than two-thirds of the total is being financed by ECA. With the American aid, Marshall Plan countries have been able to maintain the prewar ratio of importing about a third of total consumption needs.

Although Western Europe has boosted its own bread grain production to five percent above prewar, it now has about 11 percent more people to feed. To help close the gap between production and consumption, the Marshall Plan countries are making an effort to further step up wheat growing. Turkey has considerable additional land it can put into cereals, but the main hope for the most of Western Europe is to grow more bushels to the acre on land already in cultivation.

Western Europe last year produced about 3,000 tons of fats and oils, an increase of about nine percent above prewar. With increasing industrial demands, and some reduction in ECA financing, however, the Marshall Plan countries have been digging into inventory stocks. They are estimated to have about 5,490,000 tons of fats and oils available for 1950-51, as against six million tons the preceding year.

ECA financing so far this fiscal year included nearly a half million pounds of edible products, chiefly soybean oil and lard. Of the nearly 400 million pounds of inedible fats, tallow represented by far

the biggest item, with relatively smaller amounts of fish and linseed oils.

Pointing out that every manufactured product requires fats and oils, ECA agricultural authorities report a growing demand for these products in armament industries.

With the help of an estimated 2.1 million bales of cotton being financed by ECA to be shipped during the present marketing year, Europe's cotton mill output is about up to prewar for the first time since 1939. About three-fourths of the ECA-financed cotton, which represents nearly a half million bale decrease from last year, is going to Italy, Germany, France, and the United Kingdom (for cotton budgeted prior to discontinuance of ECA aid to Britain).

At a time when per capita textile production is still 10 percent below prewar, however, orders are beginning to be received for sheets, mattresses, towels, clothing, and other goods for the military. As a result, Europe is returning to a seller's market from which it has just emerged.

To meet these increasing textile needs, Europe has dug into mill stocks for a million bales of cotton. This depletion of raw materials for Europe's biggest employing industry has helped avert unemployment and inflation—with subsequent social unrest—but has left reserves low for efficient operation, ECA officials say. Europe needs to rebuild stocks, they assert, to prevent mill shutdowns.

(Press release No. 2192)

Counterpart Funds Insure 'Second Crop' of Benefits

Washington———A "second crop" of benefits from Marshall Plan shipments of wheat, cotton, and other products is helping Western Europe gear itself to produce the extra food required under the rearmament program.

The equivalent of about $386 million in local currency counterpart funds have been plowed back in 1950 into programs to enable Europe's farmers to produce more food on their limited acres, the Economic Cooperation Administration reports. This brought to $550 million the dollar equivalent of these funds—paid by European importers to their governments for U. S. products furnished under the Marshall Plan—that have been put into agricultural productivity programs since the start of the European Recovery Program.

Striking at a focal point in modernizing their agriculture, ECA officials say, various European countries are using substantially more of their counterpart funds to expand their advisory services to farmers. This past year, new extension services—operating much like U. S. extension systems—were set up in Italy, Greece, and Turkey with the help of counterpart funds.

Various countries also are using this money to open up more crop land for a continent bursting at the seams with a growing population, much of it poorly fed.

In Italy, many of whose land-hungry, impoverished peasants have been victims of the Communist line, land reclamation projects totaling the equivalent of about $60 million (39 billion lire) had been approved by the end of 1950. These planned projects are part of 198 projects blueprinted in a long-range program to irrigate a million acres, reclaim 800,000 acres, and extend flood control to another 400,000 acres.

When this planned cropland improvement—along with Italy's proposals for land redistribution under land-reform legislation—approaches completion, progress will be made toward improving the lots of the peasants, particularly in the South, and go a long way toward containing Communism.

Meanwhile, Italy had committed by the end of 1950 about 10 billion lire of counterpart funds (equal to about $17 million) to pay the State subsidy on about 48,000 farm improvement projects. These projects included cattle shelters, sheep pens, irrigation ditches, pasture improvement, and related activities. The total public and private investment in completing these projects will amount to about 29 billion lire.

ECA is giving Turkey both technical and financial aid to speed development of some of the five to ten million acres of its good land not now used for crops. Work is underway on land adjoining a State farm in the Urfa-Mardin area. It is planned to have these farms operated by individual farmers and eventually sold to them. The opening up of this land is expected to help reach the goal of a much higher production by 1952 with the possibility of some exports to other countries to relieve shortages caused by shutting off of normal exports from the Ukraine and other areas behind the Iron Curtain.

Moving faster than expected, The Netherlands has once more finished reclaiming land from part of its famous Zuider Zee, with the help of counterpart funds, and had some of it in crops this past

year. Reclamation is proceeding on other parts of these fertile lowlands, flooded during the war.

A number of European countries reported use of counterpart funds on other major projects to increase productivity.

With lack of credit and high interest rates important handicaps to farmers, the ECA mission to Germany brought together representatives of banks, the machinery industry, and public agencies to re-create the Figela, a corporation to finance agriculture. This and other regular banking channels are being used to make available ECA counterpart funds as loans to farmers to buy machinery, restore farm buildings, consolidate small, scattered holdings of land, aid land reclamation, and other activities. The release of 15 million Deutsche-marks (equivalent to about $3½ million) of counterpart funds to be loaned at 2 to 5 percent interest, for example, is facilitating farm building reconstruction and modernization.

In Turkey, about 15 million liras (equivalent roughly to $5 million), was authorized to increase capital of the Agriculture Bank to provide down payments for equipment for cultivating new land and other production aids.

Prominent among programs underway to increase the efficiency of Europe's agriculture are projects to increase yields from its millions of acres of grassland. In Germany—which has 40 percent of its farm land in grass—counterpart funds are being used as grants-in-aid to set up a large number of pasture and meadow demonstrations. The German extension service will bring groups of farmers to these demonstrations to show them how reseeding and fertilization boost grass and hay production by as much as 50 percent. This type of education is new to Germany as well as to much of the rest of Europe.

The ECA mission to Turkey is aiding the government in importing new varieties of rust-resistant wheat, grass and legume seed to improve range lands, hybrid seed corn, and other crops. This seed is being tested and used at breeding stations established in nine localities. Last year, these stations distributed 60,000 tons of wheat, barley, and corn seed to farmers.

In building up Europe's war-depleted livestock herds and flocks, Marshall Plan counterpart funds are helping introduce improved breeding stock. About 400 million lire (equal to about $640 thousand) of Italian counterpart funds were authorized last year to facilitate purchase of more than 2,000 high-quality breeding cattle, as well as stallions, jacks, poultry and sheep breeding stock. Some of this stock was distributed to breeding centers.

Partly through Marshall Plan aid, Austria has 28 provincial artificial insemination stations and 116 substations to speed up the improvement of the country's herds. Similar programs are underway in other countries.

Illustrating the scope of the use of counterpart funds in agricultural development, ECA officials cite the plan last year for Austria. The plan included roughly 30 million schillings (equivalent to nearly $1.5 million), each, for schools and for machinery and implements; about 20 million schillings for drainage and irrigation; and lesser amounts for consolidation of scattered farm holdings, electrification, livestock breeding and veterinary services, dairy plants, and various other projects. Nearly 220 million of the 300 million schillings used for these purposes was in the form of loans; the rest was extended as grants-in-aid.

Most of the Marshall Plan countries, however, have concentrated most of their counterpart funds to date in industrial projects, with a small percentage devoted to agriculture, ECA officials say. With increasing food needs under the rearmament program, increased emphasis is being given to using more of these funds to stimulate agricultural productivity.

(Press release No. 2186)

Stronger Extension Program Helps Boost Crop Yield

Washington———The kind of help American farm families get from their county extension agents is being rapidly expanded in Marshall Plan countries as one of the chief ways to help Europe feed its growing population, and to improve the lot of farmers.

Announcing notable progress in extension programs this past year, the Economic Cooperative Administration cites recent legislation setting up improved extension, or advisory systems in Greece, Italy, and Turkey.

Even northern European countries which have evolved comprehensive educational services for farmers over the past 100 years are improving their services as a result of ECA-financed studies of programs in Europe and the United States.

One of the most far-reaching developments in European extension this past year occurred in Turkey. In consultation with ECA officials and a

special ECA agricultural mission from the United States, this enterprising country passed legislation setting up a modern-type extension service. A team of 28 Turkish agricultural specialists—expected to provide the nucleus for the organization—have just returned home after a year's study of extension operations throughout the U. S. Tentative plans call for adding 500 extension workers this year to provide full staffs for about half of Turkey's regions, and skeleton staffs for the rest.

Turkey, with the biggest undeveloped agricultural opportunities of any of the Marshall Plan countries, is gearing its extension program to solving an unsatisfactory food situation at home, and to help offset shortages in southeastern Europe caused by dropping of the Iron Curtain on normal East-West trade. It also is directing its educational work toward producing more cotton, wool, food, horses, and other items to support its aggressive rearmament effort.

Greece, whose farming was badly disorganized by the war and guerrilla fighting, also set up a new extension service about the first of the year. It embarked on a program emphasizing initially more meat and improved soils. As one of its first major activities, it launched a nation-wide grassland development campaign, aided by 360 tons of improved grass and other forage seed bought with Marshall Plan funds.

Just as farmers in the U. S. do, at least one community—Arachova Village—volunteered to help finance this type of educational service. It furnished an office for the "county agent," and rooms for a library and farm shop to train youths.

As spring rolls around, a third Mediterranean country—Italy—is swinging into planting and other farming operations with the help of a brand new extension system. Meetings, demonstrations, and courses are under way on livestock breeding, crop production, pest control, and other subjects. This extension program, financed partly with ECA counterpart funds, is expected to help Italy produce more food, and help quiet social unrest which otherwise might undermine the defense effort.

In Germany—whose scientists in the past have provided American and other world farmers some of the great advances in fertilizers, pesticides, and other scientific farming methods — this last year brought virtual completion of a series of demonstration county extension systems. The extension agents are expected to help supply the missing link in German farming: translating the science in the laboratories, bulletins, and scientists' heads into food production on the farm.

One German agricultural college—at Hohenheim—set up an extension service similar to those of U. S. land grant colleges. Progress in this linking of scientists with farmers also is reported from other parts of Germany.

As a further step in facilitating the agricultural program in Germany, a Federal Institute for Agricultural Information was set up at Frankfurt last June. It is collecting agricultural information from Germany and other countries, and distributing it to German farmers and agricultural workers through bulletins, press and radio releases, films and slides.

France, too—where high food prices and inadequate diets are regarded as a major irritant among restless workers and others—is stepping up educational work with farmers. Pending funds for an enlarged extension staff, the French Ministry of Agriculture has been authorized to hire up to 1,400 correspondents (per diem employees) to work under the director of agricultural services in each department. As the country with the biggest agricultural potential of any of the westernmost nations of Europe, France's progress and plans are being looked to hopefully to ease the food-pinch not only at home but in other Marshall Plan countries. The recent steps and plans were stimulated partly through an ECA-sponsored study tour in this country by 27 agricultural specialists.

One major departure from the past in the new extension services being set up—and in changes in certain other countries—lies in a divorcing of regulatory work from the educational duties of field representatives. The new type extension agents are freed of tax-collecting, food-procuring, and similar jobs which made their advice unwelcome to many farmers. They can give full attention to helping on farm and home problems.

Also new to much of Europe are the types of programs U. S. extension conducts for farm women and youth.

ECA recently approved use of counterpart funds to set up two Federal home economics institutes in Germany. These institutes—at the University of Bonn and the Hohenheim Agricultural College at Stuttgart — will do research and train extension workers and teachers. Various local ministries of agriculture in Germany also are providing for full-time home economics advisory workers. In view of heavy unemployment in Berlin and elsewhere, farm

and city women are asking for nutritional guidance for housewives living on small unemployment compensation payments.

The newly-established Italian and Greek services are also conducting educational work with—and training new workers for—food preservation, home poultry raising and other homemakers' activities.

A small beginning is being made in the type of rural youth programs that have spearheaded farm progress in the U. S. Outstanding example is the 4-H Club movement sponsored by the ECA mission to Austria. By the end of 1950, all Austrian provinces had 4-H or similar programs under way, with a total of 8,500 clubs and 26,000 members.

Farm youth programs along 4-H lines are being pushed in Germany. Several provinces have full-time rural youth leaders. Use also is being made of youths who spent a year in the U. S.

Italy, which is considering similar plans for farm boys and girls, already has initiated meetings and field trips for boys 14 to 20 years old.

The type of extension program being developed in various Marshall Plan countries has been a first recommendation of agricultural specialists, farm organization leaders, and others who have observed European agriculture.

Extension leaders of the U. S. Department of Agriculture and most land grant colleges have contributed to progress to date. A team of extension officials headed by Director M. L. Wilson of the Federal extension service aided in a survey of European extension programs and needs. Last fall, a team of European extension leaders, including many who had participated in the European study, came to the U. S. under ECA auspices for a first-hand study of extension operations in this country. The Marshall Plan countries also participated in the Department of Agriculture's training program for rural youth leaders last summer, and are expected to be represented in a similar program this year.

The Director and Associate Director of Information for the Department of Agriculture also made a study and recommendations for agricultural information development in the Marshall Plan countries.

Teams from France, Denmark, Norway, Germany, Turkey, and other Marshall Plan countries have come to the U. S. under ECA auspices for extension studies.

(Press release No. 2149)

American Farmers Share 'Know-How' With Europe

Washington———Europe's food-for-defense program is being speeded up by new ideas and methods contributed by thousands of American farmers and specialists through the Economic Cooperation Administration's technical assistance program.

Reversing nearly three centuries of flow of farming know-how from Europe to America, about 750 European agriculturists visited this country in the third year of the Marshall Plan to find how to grow more farm products on their limited acres. As further help to make up for a 10-year "brown-out" on farm science in Europe, about 50 top-flight American specialists have been enlisted for from a few months to two years for special projects in the Marshall Plan countries.

ECA said this gigantic training program is made possible through the wholehearted cooperation of the U. S. Department of Agriculture, Land Grant Colleges, farm organizations, agricultural industries and thousands of individual farmers.

Although it takes time for millions of farmers to change their traditional farming methods, the technical assistance program already has contributed in a vast number of ways to Europe's remarkable agricultural recovery, ECA officials say.

Striking at the fundamentals in putting European agriculture back on its feet, various visiting teams are looking into ways to provide farmers with the same type of research service that is available in the U. S. Although in years past, these scientists have contributed some of the world's most significant basic research, most European countries have done only limited research on practical farm application.

Sharing the reaction of most visitors, a French livestock team reported it was impressed by the speed with which a U. S. laboratory discovery is available to professors and extension men, and applied on the farm.

The French visitors were impressed, too, by the way U. S. research is aimed at cutting costs, and increasing efficiency. They noted that U. S. scientists are more interested in early maturing livestock, and milk and meat yields, than in color of coat and shape of horns. Many French livestock men would be surprised, they said, to see new, smaller type Herefords being bred for poor soil areas, and the favoring of Aberdeen Angus bulls measuring only a meter at the shoulders.

The value of U. S. training studies in research was emphasized by a Danish scientist, whose country's agriculture long has been noted for its efficiency. In view of his country's limited resources for the type of highly specialized research now carried on in the U. S., he said it is of great value to his and other countries to study U. S. specialized research, rather than to try to do the research themselves.

Matching their interest in this country's research system is the teams' concern with the unique U. S. extension system to carry new methods to the farm. Under the technical assistance program, U. S. experts have aided European agricultural leaders in surveying and making recommendations along this line.

Indicative of the influence of these projects are the vast improvements recently made in the extension services in Italy, Greece and Turkey.

Following the visit of a large group of influential French Government officials to the U. S., for example, France's main farm organization, CGA, strongly endorsed an expanded agricultural extension system. The French Minister of Agriculture also has repeatedly emphasized more activity along this line.

Quite new to most of Europe is home demonstration work. In France, a program for farm women is being initiated experimentally in the wake of a visit to this country by a team of home economists. Greece, Germany, and other countries are moving in this same direction.

Throughout this country's farm research and extension activities, the visitors have taken particular note of the close tie-in between public and private agencies, and the free exchange of information on new developments.

Typical of the influence these teams are having on specific agricultural practices is the introduction of higher yielding crop varieties. French farmers, for example, this year are planting about 1,300 tons of hybrid corn that will produce 25 or 30 percent more feed to the acre than old varieties. This interest in hybrid corn stems partly from a visit of a French team to the United States last year. Other European teams, and U. S. consultants, have been responsible for introduction of higher-yielding wheat, forage crops, cotton, and other crops in various Marshall Plan countries.

Because many European countries are still wrestling with crop diseases and insects that got out of hand during war-time relaxation of controls, they are looking for more effective steps to check further spread. Partly as a result of a study in the United States, a Danish expert inspired a conference on uniform regulations on crop shipments, attended by representatives of France and all Northwestern European countries. He also is seeking adoption by Denmark of the U. S. type of reporting and warning service on apple diseases.

Especially interesting to European visitors is American agriculture's development of labor-saving methods and equipment. Following a visit to the United States, a British farm economist concluded that Britain—which is hard pressed both for land and labor—could produce two or three times as much per farm worker by adoption of U. S. farm management methods. As a result of his visit a study of British farm management by a prominent U. S. agricultural expert has been made and other teams have been sent to the U. S. for more detailed studies of how Britain can promote greater efficiency on her farms.

Some of the tips picked up in the United States are as simple as this country's system of using built-up litter on the floor of poultry houses, which saves labor and helps check disease. A Danish expert says that if it cuts coccidiosis losses of young chicks in his country as it does in the United States, it will be of incalculable value. A Scotch poultry specialist says "built-up" litter is one of the major topics of conversation among poultrymen in her locality.

Along with production ideas, the technical assistance teams are paying increasing attention to distribution and consumption.

Contributing to the high costs that put fruits, vegetables, and other essential foods out of the reach of low-income groups in Europe is the highly antiquated, inefficient distribution system. Members of a French fruit and vegetable team, which visited the U. S. last year, built a model market to show at fairs and meetings. The mayor of Lyons indicates this type of market will be built in his city. At a conference at Geneva, members of this same team recommended an international market news service, and establishment of international quality standards and control methods.

A French dairy team representing government, industry, and dairy farmers that visited this country last year was responsible for many ideas in a program now under way to improve milk sanitation and distribution in their own country.

Illustrating how the technical assistance studies are helping to improve food consumption is the progress reported by the woman poultry specialist from Scotland. As the British Isles struggle along on the lowest meat ration in recent history, this woman

is selling poultrymen on the value of meat-type birds she saw in the United States.

Out of the various team visits has come a vast amount of educational work by team members in their own countries, both on improved agricultural methods, and on the United States and its people. Members of various Danish teams, for example, have been booked for three to five lectures a week all winter.

In addition to obtaining technical information, visitors obtain a new concept of America and Americans. Comments by young Dutch farmers who studied here in 1949 bear this out.

"America is closer to The Netherlands now," said another, adding, "That day I left Minnesota I felt nearly the same as when I left home this spring."

In addition to the Europeans who come to the United States, this country last year sent a number of its agricultural experts to work alongside European specialists.

Noteworthy is the special Starch mission to Turkey headed by Elmer Starch, of the Bureau of Agricultural Economics of the U. S. Department of Agriculture. This mission, working closely with members of the Turkish Ministry of Agriculture, is helping with a wholesale modernization of farming in Turkey. They are contributing to improvements of the livestock industry, the cotton industry, aiding in introducing new varieties and machine methods to improve the wheat industry, helping set up a modern extension service, and assisting in modernizing agriculture generally.

American technicians also have taken part in other major studies on grassland farming, hybrid corn, land consolidation, and other programs which are playing a major part in agricultural reformation in the Marshall Plan countries.

With the development of the defense program, ECA officials are tailoring technical assistance projects to activities that will increase production. Although projects are selected to fit into a long-range, sound agricultural program, the emphasis is on quick results. Contribution of an industry as a dollar-earner is no longer sufficient justification in itself for a project; it also must make a definite contribution to the rearmament program.

(Press release No. 2174)

Holland is building modern jet interceptors for patrolling the free skies of Western Europe.

V. Spotlight on Rearmament

More Electric Power Needed For European Defenses

Washington —— Marshall Plan countries have poured the equivalent of nearly a billion dollars in counterpart funds—and more than $135 million in direct aid—into electric power programs, but the Economic Cooperation Administration says they'll have to build "considerably more" power plants to supply the demands of rearmament.

While Western Europe has far more electric energy than it had in 1938, ECA notes that "industrial production and the resultant power demands have increased at a rate faster than has been possible to provide new generating stations to meet them."

In the first three years of the Marshall Plan, ECA points out, remarkable progress has been made to reconstruct damaged plants and build new ones. It warned, however, that Western Europe's total electric power output which is 78 per cent above 1938, is "far from enough" to meet the comparative 40 percent increase in industrial output or to supply the requirements of defense production.

Unless the electric power programs are greatly accelerated, ECA said, the use of electricity will have to be "almost entirely" shifted from civilian to military use, which would result in serious curtailment of civilian products.

Belgium and Switzerland, ECA reported, are the only Marshall Plan countries which will be in "good shape" powerwise by 1953, whereas the United Kingdom and Germany will be faced with grave problems.

Currently, participating countries have large expansion programs under way which are expected to add about 5 million KW of additional capacity per year for an indefinite period. They will obtain Marshall Plan aid through the use of counterpart funds—foreign currency deposited by Western European nations to match ECA dollar grants—and through direct dollar aid for the purchase of machinery and equipment. Thus far, ECA has approved dollar assistance for about 30 special projects, with most of the generating units, boilers and other equipment coming from the United States. Many other projects do not require dollar aid and have been completed or are currently under way with the aid of counterpart funds and regular country budget funds.

Here is how participating countries have made use of Marshall Plan aid to help increase their supply of electric energy:

France, which suffered severe destruction to her electric industry during the war, increased her

installed capacity by 2.6 million KW since the start of the Marshall Plan. Most of the $724 million in counterpart funds released by France to boost power facilities have gone into the construction of large, modern thermal plants and hydroelectric stations, among the most important being the thermal plants at Genevilliers and Arrighi, near Paris; the thermal plants at Harnes and Dechy in the northern mining area; the hydro-generating station at Genissiat which, when completed, will be the largest in Western Europe; the Donzere-Mondragon hydro development on the Rhone River, and the huge hydroelectric project at Ottmarsheim on the Rhine. Direct ECA dollar assistance for projects has amounted to $21 million.

Based on present estimates, however, France still faces a deficit of between 200,000 to 300,000 KW in generating capacity at the time of peak demand during the next few years.

Germany, which is spending the equivalent of $133 million in counterpart funds for power facilities, has suffered seasonal reductions in the heavy chemical and aluminum industries because of the lack of sufficient electric energy. Seasonal reductions in these industries have been the usual practice in Germany and, as a result, it has been necessary to import aluminum for dollars. Additional electric energy will enable Germany to produce more aluminum, thereby saving dollars and increasing Germany's participation in the defense effort.

One of the most dramatic uses of counterpart funds took place in Berlin when the equivalent of $16.5 million was released to make the western sector of the city independent of electricity generated in the Russian zone. The Russians cut off power to the western sector during the blockade, plunging the area into virtual darkness. However, the western sector had a power plant which the Russians had dismantled, and the plant was rebuilt. Last July, the Russians again stopped power supplies to the same western sector, but this time the plan backfired. Residents of the area got along without the electricity from the eastern zone, and a month later the Soviets resumed power deliveries. There was little to gain by the cut-off.

Austria, which has spent the equivalent of $44 million in counterpart funds to help increase electric energy, has boosted her installed capacity by nearly 400,000 KW since the start of the Marshall Plan. Besides enlarging several large switching stations and strengthening transmission lines, an important new 220 kilovolt transmission line was completed between Kaprun and Ernsthofen. This new connection permits the transfer of power from the Alpine Kaprun generating station to the main switching and distribution center located on the Enns River.

While ECA has not earmarked any dollar funds for special power projects in Austria, Marshall Plan equipment has been used on projects financed with counterpart and program funds. Austria recently completed a study of its expected power requirements and plans an expansion program which will make an additional 190,000 KW available by the end of 1954. It is hoped that this increase will meet the rising demands in consumption, including a gradual step-up in aluminum production. Austria's contemplated power program will require a minimum investment estimated at the equivalent of about $15 million annually.

Portugal, which recently released the counterpart equivalent of $5.7 million for electric power projects, plans to build dams on the Rabagao and Zezere Rivers. When completed, these projects will add an estimated 530 million KWH to the country's annual capacity. The counterpart funds also will help finance the construction of high voltage transmission lines and substations to connect power projects with the industrial centers of Lisbon and Porto. Portugal also is taking steps to improve the power supply in its overseas territories of Angola and Mozambique, in Africa.

While *Greece* has used slightly less than a million dollars in counterpart funds to increase her electric energy, ECA's direct dollar assistance for projects adds up to $22 million. Early in the European Recovery Program, it was recognized that one of the basic requirements for the economic recovery of the country was the development of a modern electric power system. Under the Marshall Plan, a U. S. firm of power consultants was engaged to investigate Greece's power requirements and the possibilities for meeting them. Greece now has an ambitious program to build three hydro-generating plants of 95,000 KW total capacity, a 68,000 KW thermal plant in the Eubean Gulf area, and a network of sub stations, transmission and distribution facilities.

Counterpart funds have not been released in *Denmark, Iceland, Italy, The Netherlands,* or *Turkey* to increase electric power, but all these countries have projects under way with ECA dollar assistance. The countries and dollar aid: Denmark, $5,070,000; Iceland, $5,065,000; Italy, $62,667,000; The Netherlands, $3,372,000; Turkey, $15,020,000; United Kingdom (for Malta), $2,320,000.

(Press release No. 2143)

Industrial Rise Creates New Coal Shortages

Washington———United States coal again is being exported to Western Europe to meet a rise in industrial activity brought about by the Korean war.

The Economic Cooperation Administration said that although the Marshall Plan has helped to increase Western European coal production to 13 percent above 1947, output has not kept pace with consumption and participating countries will have to import a "considerable amount" of coal from the United States this year to support their defense efforts.

Shipments of Marshall Plan-financed coal to Europe were stopped during the second year of the aid program when production apparently was enough for normal needs. Most of the $275 million worth of coal and related fuels financed by ECA up to that time went to France and Italy.

Last November, Great Britain found herself in the midst of a coal famine and was compelled for the third time in history to seek coal from the United States. In December, other nations, which also were consuming fuel faster than it could be produced, began importing U. S. coal with free dollars. Marshall Plan financing for coal was started again in March and, to date, totals $14,800,000. Most of it is slated for France with Denmark receiving authorizations totalling $600,000, and Iceland, $100,000.

Western European coal production is not quite up to the 1938 levels.

Thus far, participating countries have spent the equivalent of nearly half a billion dollars in counterpart funds to boost coal output. (Counterpart funds are foreign currency deposited by Marshall Plan countries to match ECA dollar grants.) Greece, Turkey and Italy obtained a total of $20 million in direct Marshall Plan aid for coal development projects, and these funds are being used to purchase specialized equipment from the United States.

Participating countries now are producing 475 million tons of coal annually and it is estimated that production will increase to 490 million by June 1952. Output per manshift has increased moderately since the start of the Marshall Plan.

Here is how the participating countries have used ECA aid to boost coal production:

France, which is producing 54 million metric tons of coal annually—just a million tons short of the record attained in 1929—invested the equivalent of $346.8 million in counterpart funds to provide miners' housing, modernize coal mines, and boost production in such related industries as thermal electric power plants and coking ovens.

The equivalent of $72.4 million in counterpart currency has been withdrawn in *Germany* to expand coal production. Production of hard coal, Germany's major export, is 114.6 million metric tons annually, considerably under prewar average. Daily production, currently at 380,000 tons, is expected to increase to 425,000 tons between now and June.

Austria, with an annual production of 2.5 million metric tons (in hard coal equivalents), a slight increase over prewar, has withdrawn the equivalent of $9.4 million in counterpart funds to develop the Langau lignite mine near the Austro-Czechoslovakian border and to purchase equipment for other coal mines. The Langau mine produces soft coal for the Vienna thermal power plant. Austria's coal output accounts for only 30 percent of the country's total needs.

ECA provided *Greece* with $3,873,000 to finance engineering services and U. S. equipment for a coal mining project on the island of Euboea.

The lignite mined here will furnish fuel for a new thermal electric plant in the Eubean Gulf area.

ECA direct dollar aid to *Italy* amounts to $3,413,000 for the mechanization and development of Sardinian coal mines. Additional costs, amounting to the equivalent of about $7 million in local currency, were met from internal sources. Italy now produces 1.5 million metric tons of coal annually, slightly more than prewar.

Turkey has two coal mining projects for which ECA is financing more than $12 million worth of equipment—one to modernize the Zonguldak bituminous mines, and the other to develop lignite production in the Western part of the country. Turkey's current production—3 million metric tons—also is above prewar.

(Press release No. 2154)

Shipping Shortage Threatens Flow of Critical Goods

Washington ——— The Economic Cooperation Administration is facing its fourth year under stress of a critical shipping situation that is threatening to impede the flow of goods to Marshall Plan countries.

Colonel Arthur G. Syran, chief of the agency's transportation division, says, however, that he is

"fully confident" that shipping problems—arising out of the Korean war and current defense programs —will be ironed out before cargoes slated for Western Europe lie idle on the docks for lack of vessels.

"While it is true that ship requirements for the February grain and coal programs, both ECA and non-ECA financed, were not fully met, the Maritime Administration is withdrawing sufficient vessels from the nation's 'mothball fleet' to meet our needs, at least for the next few months," he said. "Should the situation become even more critical, we will have to rely on the availability of more ships from the reserve fleet."

He points out that the combined ECA and non-ECA grain, coal and other programs will require about 1,740 cargoes for the first six months of this year.

Under the ECA Act, 50 percent of the ECA-financed cargoes from the United States must be shipped on United States flag vessels. Since the start of the European Recovery Program, the agency has paid out more than $600 million for ocean transportation and total dollar expenditures will probably exceed $700 million by the end of this fiscal year. About 53 percent of ECA shipments have been carried on U. S. ships. Cargo shipped on foreign vessels, except that carried by third-nation vessels, is paid for by the participating countries in local currency.

The shipping picture today is a complete reversal from April 1948 when the Marshall Plan began operations. At that time ECA gave the U. S. maritime trade a boost by financing millions of dollars worth of bulk commodities, such as grain and coal, which were urgently required by participating countries to get their recovery programs underway. From July 1948 to January 1950 about 42 percent of all exports from Atlantic coast ports were ECA-financed, with some 43,000 men employed in direct ocean transportation of Marshall Plan cargoes from all ports.

ECA-financed cargoes also helped to restore the normal prewar commercial channels of trade. Prewar, Atlantic Coast ports handled 32 percent of the total exports to Marshall Plan countries, and Gulf Coast ports handled about 60 percent. By 1948 the Atlantic Coast was shipping 64 percent of the exports to Western Europe, and Gulf Coast ports, 34 percent. An analysis by ECA for the first three months of 1950 showed that the two areas had reverted to prewar status.

The demand for dry cargo vessels began to slacken, however, as Western Europe became less dependent upon bulk imports of foodstuffs, fuel and other materials. Last year, on its second anniversary, ECA pointed out that the American merchant marine no longer could rely on the 50-50 provisions of the ECA law for its future business, since the decreased appropriations would result in a continued decline in the volume of ECA-financed cargoes.

By July 1950 the "postwar honeymoon" of abundant cargoes seemed ended, and the number of government-owned ocean-going vessels under bareboat charter to private operators dropped from 122 in January 1950 to 60. There was an over-supply of dry cargo ships, not enough tankers and far from enough passenger liners.

Today's shipping outlook is the opposite of what it was a year ago. After the Korean invasion, many of the privately-owned U. S. merchant vessels which carried Marshall Plan cargo were shifted to the Pacific. Dry cargo ships once more were in short supply, and rising freight rates became a problem. To ECA, any rise in transportation cost meant just that much less money for commodity purchases. Furthermore, the agency found it increasingly difficult to earmark funds for commodities that could not be moved because of lack of transportation. Last fall, ECA took the matter up with the Maritime Board which agreed to the withdrawal of vessels from the nation's reserve fleet. Thirty-four ships—27 Liberties and 7 Victories—were immediately withdrawn, 41 more Liberties were withdrawn in March, and about 60 additional Liberties are slated for withdrawal between now and June. (As of March 1 there were approximately 1,900 ships in the reserve fleet.)

The "mothball fleet" not only will help to carry ECA-financed cargo to Marshall Plan countries, but will help deliver non-ECA-financed coal and grain to countries in which ECA has a program. The ships also will bring back strategic materials purchased by the United States with Marshall Plan counterpart funds.

ECA pointed out that although the Korean situation was the spark that set off the increased movement in cargoes, the following factors helped to create a tight shipping market: (1) increased exports from Western Europe due to augmented production under the Marshall Plan; (2) renewed European orders for U. S. grain and coal, and (3) increased U. S. stockpiling of strategic materials.

(Press release No. 2136)

Vital Materials Program Reaching Pay-Off Stage

Washington ——— The United States program for developing greater output of strategic materials in various areas of the world is now reaching the pay-off stage.

The first strategic materials repayment of ECA production financing has been received, the ECA said, predicting that the next year will see a vastly accelerated flow of materials to the United States stockpile as a result of the development program which has been underway for less than two years.

The first partial repayment,—$200,000 worth of aluminum from a Jamaica bauxite project—will be followed later this year by such items as chromite from Turkey, lead and zinc from French Morocco, nickel from New Caledonia and industrial diamonds from French Equatorial Africa.

The world wide exploration and development program is one portion of a two-part program of ECA's Strategic Materials Division. In addition to this development work, ECA also makes direct purchases of strategic materials for the United States stockpile from sources in Marshall Plan countries and their overseas territories.

For its direct purchase program, ECA uses, where available, local currency accruing to the agency from Marshall Plan counterpart funds. Under the ECA Act, the agency has for its own use up to 5 percent of the local currency deposited as counterpart by participating countries to match ECA dollar grants.

Where insufficient counterpart funds are available, ECA concludes purchases for materials in cooperation with the Emergency Procurement Service, which pays for them with dollars.

Through March 1 of this year, ECA had contracted for direct purchase of $85 million worth of strategic materials, of which the equivalent of $66,794,000 was paid for in local counterpart currency and the balance in EPS dollars.

Because of increasing world-wide demand for raw materials—and strategic materials in particular —opportunities for direct materials purchases have been declining, giving added importance to the program of development of materials.

Through March 1, ECA has obligated the equivalent of over $50 million for expanding plant production of strategic materials, for development of new sources and for exploration of other sources in engineer-approved areas. Of this amount $21 million was in direct dollar aid and $29 million in counterpart funds.

These dollar and counterpart funds are authorized as advances against production, and contracts call for repayment of the loans and interest in the form of the materials themselves for the United States stockpile.

In addition to stockpiling, the projects are designed to help satisfy the industrial demands of the defense program of the United States and the other free nations and, through option clauses in the contracts, permit channeling to defense programs the additional output of the industries once the initial advance is liquidated.

The development program has been underway for less than two years, ECA officials pointed out, predicting that the number of projects will be greatly increased in the next 18 months with an equally speeded flow of strategic materials resulting from the program.

Development projects now underway cover such critical materials as aluminum, cobalt, copper, zinc, lead, nickel, tungsten, chromite, bauxite, tin and industrial diamonds.

Field parties representing ECA's Strategic Materials Division are carrying out investigations in Marshall Plan countries of Western Europe and in their overseas territories in Africa and elsewhere with a view to establishing still more projects to boost production of such items as cobalt, nickel, chromium, copper, columbite, etc.

In connection with development projects in the underdeveloped areas, ECA has advanced the equivalent of $1,118,000 in counterpart funds and another $1,100,000 in direct dollar aid for port improvement necessary to the faster shipment of strategic materials, and anticipates using more of its share of counterpart funds for road and rail transportation improvement in various areas.

Of the counterpart equivalent of $66,794,000 expended through March 1 for strategic material purchases, more than $41 million worth was purchased from the United Kingdom and its overseas territories. The Netherlands, Italy, France, Germany and Portugal were the other principal suppliers. About half of the project-development funds committed have been for dependent areas of the United Kingdom; French areas, almost entirely in Africa, accounted for nearly a third more.

(Press release No. 2189)

More Drugs Needed For Defense Program

Washington———Western Europe, which has been dependent upon the Marshall Plan for life-saving drugs, is beginning to produce its own penicillin, streptomycin and other anti-biotics in "fairly large quantities."

ECA said that most participating nations have made great strides in the manufacture of medicine, but warned that they are still "far from self-sufficient" in this field and that much more will have to be done before Europe has adequate medical supplies to face a possible military emergency.

"One of Europe's major problems today," ECA said, "is to increase its labor productivity for economic and military defense needs. This can be achieved only by large-scale health programs and the availability of enough medicine to cure or arrest illnesses."

Thus far, ECA has financed about $50 million worth of medicine—mostly streptomycin and penicillin—for Marshall Plan countries that faced high mortality rates from tuberculosis and other diseases after the war. ECA also has issued a number of industrial guaranties to American firms that have built pharmaceutical plants in Great Britain and France. Results due to some of these plants:

Great Britain has increased its weekly production of penicillin from 187,000 mega units in 1948 to 1,072,000 mega units in January 1951.

France, which built two streptomycin plants with Marshall Plan aid, now has sufficient quantities of the drug to meet its minimum needs.

ECA financed $550,000 worth of American equipment needed for the construction of two streptomycin plants in France—one at Vitry-sur-Seine, south of Paris, and the other at La Plaine St. Denis, north of the city. The Vitry plant was constructed with the technical assistance of the U. S. firm, Merck and Co., of New Jersey, and $200,000 worth of Marshall Plan equipment. The St. Denis plant, originally built for the manufacture of penicillin, was converted for streptomycin production with $350,000 worth of Marshall Plan equipment and the technical assistance of Heyden Chemical Corp., New York City. The Heyden Chemical Corporation received an ECA industrial guaranty for $300,000, covering its own capital investment plus certain earning receipts which could be converted into dollars.

France, which had a high tuberculosis rate because of war-time deprivations, started receiving streptomycin from the United States in October 1946, but in such small quantities that only a small percentage of the worst cases of tuberculosis could be treated. The first shipment to reach France weighed slightly more than a pound and was used only in two or three state hospitals in the Paris area. At a loss for dollars, France could not afford to import large quantities of the drug. By 1949, however, France was importing about 1,000 pounds of the ECA-financed drug from the United States every month—enough to treat 10,000 critical cases. French medical authorities estimated that some 25 percent of the tubercular patients being treated at that time would have died without streptomycin injections.

France is manufacturing other anti-biotics and has enough penicillin for export. To date, the French have received nearly $20 million worth of ECA-financed medicine and pharmaceutical supplies.

German exports of certain types of medicine increased from $7 million in 1949 to $21 million in 1950. A new penicillin plant near Hoechst has enabled Germany to produce 15 times as much penicillin in 1950 as it did in 1949. Output of sulpha drugs totaled 185,000 kilograms last year, and vitamin production was estimated at 445,000 kilograms. In January 1951, the total value of German pharmaceutical specialties was about 28 million Deutschemarks ($7 million). Germany's share of ECA-financed medicine amounted to $3.5 million for the past three years.

Italy, which received emergency air shipments of ECA-financed penicillin during the early days of the European Recovery Program, now has a penicillin plant which is supplying 40 percent of the country's needs. New equipment currently being installed will increase the output to 60 percent of need by the end of the year. Additional production from a pilot plant slated for completion early in 1952 will start Italy on the way to being self-sufficient in all forms of penicillin. The same will apply to streptomycin when Laboratorio Palma, Rome, gets into full production in September. The Italian Government shortly expects to import $335,000 worth of ECA-financed penicillin and other anti-biotics from the U. S. for use in government hospitals. Although Italian production of anti-biotics is developing, there is a critical shortage of these drugs at the present time.

The Netherlands, which received $2.2 million worth of ECA-financed medicine, has just launched a new program to combat tuberculosis. The program involves the use of 1.5 million guilders ($398,-

000) from Marshall Plan counterpart funds—foreign currency deposited by Holland to match ECA dollar grants. The funds will help pay for X-ray equipment, chest survey cameras and other supplies for 36 tuberculosis clinics throughout the country. In 1949, more than 17,000 active new cases of tuberculosis were discovered in Holland—a country which normally has an excellent health record. Another public health program, involving the use of 985,000 guilders ($259,000) from Marshall Plan counterpart, funds, will contribute to the construction of a new plant for the production of anti-tuberculosis vaccine. Small pox vaccine production plants will be centralized in new installations, and the Institute of Public Health will be given additional research facilities.

Other countries, such as Belgium-Luxembourg and Denmark, also are making considerable progress in the production of medicine. Greece, however, still is dependent upon imports for penicillin and streptomycin, although the country produces some sulpha drugs.

No ECA-financed medicine has gone to Great Britain, but ECA dollars amounting to $1.3 million were committed for industrial guaranties to E. R. Squibb & Sons, a New York drug firm; and Parke, Davis & Co., Detroit, for the manufacture of medicine in British plants.

In addition to medicine, ECA has financed millions of dollars worth of surgical instruments, hospital and laboratory supplies. Marshall Plan iron lungs were flown to France during a polio epidemic two years ago. ECA-financed laboratory equipment has helped to eliminate a serious bottleneck in French cancer research. American incubators are saving infants' lives in many Western European hospitals.

(Press release No. 2212)

Armament Goods to Get U.S. "DO" Ratings

Washington ——— American priority ratings are now being granted for Western European orders for goods essential to the mutual defense program.

But ECA warned, each European request for an American Defense Order (DO) rating must be thoroughly documented to prove that the goods are a vital need in the free world's common defense program. It is only with such documentation, ECA said, that the agency can ask the National Production Authority to issue a DO rating which will give the European order a priority rank along with United States orders for essential goods in an American plant's production line.

ECA pointed out that European orders can be considered for DO ratings because such priorities will aid the combined efforts of the free world to build military defenses against the threat of Communist aggression. The United States role in the development of adequate defenses requires the immediate production of the weapons of war and supporting equipment for U. S. forces and also for the defense programs of America's partners in the free world.

Goods produced in Europe for the common defense program, ECA said, lessen the strain on the facilities and production lines of American plants. Where Europe can produce defense goods with a minimum of U. S. equipment, it also permits American plants to continue to produce a limited amount of civilian goods for the U. S. economy.

ECA is processing European requests for DO ratings in its role as claimant agency for the countries in which it operates U. S. aid programs. In addition to the Marshall Plan countries in Europe, these include the Far East ECA areas—Korea, China (Formosa), the Indo-China States, Indonesia, Burma, Thailand, and the Republic of the Philippines.

More than 300 DO ratings have already been issued through ECA's program. They cover a wide range of items needed for Western European rearmament under the Mutual Defense Assistance Program, for manufacturing activities supporting rearmament, and for the development of resources of strategic materials essential to the free world's mutual defense program.

One of the first DO's obtained under the ECA program was for an industrial X-ray unit for an ordnance factory in England. Another was for 750 tons of critical copper to be made in Norway into ammunition which otherwise would have had to be manufactured in the United States and shipped to Europe.

In a third case, ECA obtained DO's for earth-moving equipment and also for aerial tramway equipment needed for a bauxite plant in the British Caribbean island of Jamaica. Under a Marshall Plan project to develop strategic material resources, the Jamaica plant is producing bauxite to be used in aluminum production in the United States.

In still another case, a recently granted DO for machinery to increase potash production in France will help to increase Western Europe's agricultural output.

ECA officials pointed out that the claimant agency activities are one of ECA's basic responsibilities in its program to provide strength for the free world. The burden of defense production is being spread on an international basis, enabling each country to make the best use of available amounts of scarce raw materials and to produce military items where they are needed for defense.

The procedure now being used by ECA to help obtain DO's for essential items is expected to be the basis of a strengthened system for handling the priority requests of ECA-aided countries to meet the need for critical materials and strategic equipment required by the free world's expanding rearmament program.

On the theory that the most effective system for carrying out its claimant agency responsibilities would be evolved through actual operations, rather than through first drawing up large scale plans, ECA began its new work in December 1950 by handling a few urgent European requests. Before presenting a request to NPA, ECA's priorities division in Washington screens it carefully in the light of both the importing country's and U. S. needs for materials under U. S. allocations.

The ECA procedure is now being broadened and the agency is considering the strengthening of its claimant agency operations by assignment of commodity and industrial experts to the staffs of its overseas missions, who will be able to review requests at the source and determine whether they are justified. This staff enlargement, ECA said, would bring about much speedier handling of DO requests.

ECA's claimant agency services are available to the ECA countries regardless of financing arrangements. Many of the DO's issued have been for orders financed with MDAP funds. Others involved payment with the importing country's own dollars, or with financing under the Marshall Plan.

The European countries and their territories for which ECA is claimant agency are: Austria, Belgium and Luxembourg, Denmark, France, The Federal Republic of Germany, Greece, Iceland, Ireland, Italy, The Netherlands, Norway, Portugal, Sweden, Switzerland, Trieste, Turkey and the United Kingdom.

(Press release No. 2175)

American technical and economic aid will help raise living standards—and stem Communism—in Southeast Asia.

VI. The Far East

ECA Has Full-Scale Task In Underdeveloped Areas

Washington———The experience gained in three years of administering the Marshall Plan in Europe is being used by the Economic Cooperation Administration in launching the new program of American technical and economic aid to the countries of Asia and the Pacific.

The surge of world events and the threat of Communist aggression and infiltration against the free countries of Asia led the United States last year to offer aid to these countries which wanted to preserve their freedom and independence. ECA was called upon to implement this new phase of American foreign policy.

Already, but too late, such assistance had been provided to Nationalist China, and the Republic of Korea was making good economic progress before the Communist invasion. Other countries in the Pacific, several of them emerging from colonialism to independence and still suffering from the devastations of World War II, were badly in need of the helping hand of a friendly country to aid them in establishing the strength and stability that would enable them to continue their course alone as free and independent nations.

It was only natural, ECA said, that the American offer of assistance was at first eyed with a great amount of suspicion by the peoples of the Asian countries, who recalled all too vividly the era of European colonialism and thoroughly cherished their newly-gained independence. It seemed unbelievable that such aid would not have unacceptable strings attached, and the Communist played—and continue to play—upon these suspicions of American aid.

But the governments of Thailand, Indonesia, Burma, and the Associated States of Indo-China, trying to cope with momentous problems of self-support, self-government and self-protection, accepted the United States' offer a year ago.

ECA's aid programs are now beginning to bear their own testimony to the people of these countries.

Thailand's Ambassador to the United States, Prince Wan Waithayakon, went to Philadelphia on March 28 to see the U.S. Army Corps of Engineers turn over to ECA the big dredge "Manhattan," which is to go to Thailand to help open up the great port

of Bangkok to ocean-going vessels—one of a number of early U. S. aid projects which have now been scheduled for Thailand.

Ambassador Waithayakon said, "The present occasion is an auspicious one, for it happily marks the realization of a hope for my country, a hope for economic rehabilitation and development. The need for economic rehabilitation and development was acutely felt in Thailand after the war; and my government naturally turned to the United States, its true and generous friend, for assistance."

He noted that the people of Asia had questioned the American offer of aid, and had wondered, "hasn't the United States any ulterior motive of exploitation?"

"We in Thailand have no such doubt in our minds," he declared. "The relations between our two countries have always been of genuine friendship. The first Treaty of 1833 is entitled a Treaty of Sincere Friendship and entire good faith between the two nations; and the Thai Prime Minister welcomed the American Envoy in 1856 by saying: 'We love the Americans, for they have never done us or anyone else in the East an injury; they are not seeking conquests in the East.'"

The same is true today, he observed. "The Government and people of Thailand place implicit trust and have complete confidence in the Government and people of the United States."

The Pacific countries have made it plain that they want to become strong, prosperous, independent nations of healthy, happy people. The United States believes that the attainment of these objectives in Asia as in Europe holds an answer to the peace and security of the world.

Aid of the type offered through the ECA is designed to strengthen the stability of the governments, help create conditions which will improve the living conditions of the people, and speed the progress of the countries toward a greater degree of economic self-sufficiency.

The United States has emphasized that it highly respects the sovereignty and independence of these countries, and by word and deed is attempting to demonstrate that it is happy to have them as equal associates.

As R. Allen Griffin, Director of ECA's Far Eastern program put it, "We have the means, the equipment and the know-how which these countries can use. We can help them, and we are happy to be able to do it. We do not want any country to become dependent on the United States. To the contrary, our every effort will be to help each country to become stronger, more independent, and self-sufficient so that it will need aid from no one."

Tools, supplies and machinery have started to flow already into these countries accompanied by American technicians who can lend their experience to the Asian governments in planning and carrying out various projects for economic development.

Emphasis is being given to the improvement of essential public services such as health, technical or vocational training, transportation and communications, and to the development of agriculture, industrial production and fisheries both for local consumption and for export.

ECA-sponsored projects include material and technical aid in public health training and research, modernizing and equipping hospitals and health centers, organizing effective disease controls, establishing vaccine manufacturing industries, agricultural extension programs, fertilizer manufacture and use, developing improved farm seeds to give higher yields, irrigation and land reclamation, forestry, food processing and storage, rehabilitation of roads, ports, highways and inland waterways, housing, handicraft and small industries, vocational education, scientific research, modernizing accounting and other services, developing mines and ore processing plants, and many more.

Each project in each country is part of a comprehensive over-all development plan drawn up by that country's government and approved by ECA. Each country puts up an amount of its own local currency equivalent to the amount of dollar aid granted by ECA, to pay for the local materials, supplies, labor and other local costs of the projects.

ECA has moved most rapidly in attacking the health problem, for it was early obvious that Southeast Asia must have medical aid and more adequate health facilities for its people before it could hope to achieve the economic development that had been planned. The whole well-being of these countries was found to be hampered by trachoma, yaws, typhus, malaria, dysentery and other diseases which are curtailing farm and factory production, crippling large numbers of people, and preventing a rise in their standard of living.

Diseases which are easily controllable by modern American methods and drugs were taken as "a part of life" by these peoples. Medical personnel and facilities are inadequate, and community organizations which help fight diseases and promote public

health in the United States are lacking in this part of the world.

Villages were found in which half the people were so ill from trachoma, an eye disease, that they could not work. In one of the States of Indo-China, half of the children were dying before they were 10 years old. Many areas were found where a great majority of the population was infected with yaws, a skin disease which cripples and kills children as well as adults.

ECA is moving through the public health ministries of these governments to improve medical care and sanitary facilities, and to control diseases that are widespread. Along with this "quick impact" program ECA is lending aid for a long-range solution through improving the medical training and health facilities and personnel of the countries.

In Burma, Thailand, Indo-China and Indonesia alone live 146,000,000 people who are just beginning to be shown that they can achieve a great degree of progress and development by following the program planned by their governments with the aid and guidance of Americans.

On Formosa, in addition ECA is continuing a program of economic aid begun in 1948 in China, and believes Formosa—seat of the Chinese Nationalist Government—can become self-sufficient in less than five years. India has been given special assistance amounting to $4,500,000 by ECA to purchase grain sorghums to combat famine conditions. Limited aid has been given to Malaya. Latest country to seek to start an economic development program with ECA aid is the Philippines, where President Quirino and the Philippine Congress have instituted legislative reforms which, combined with the new ECA aid program, are designed to bring "a higher degree of social justice, improved living conditions for the islands' people, and a new era of progress and plenty."

Griffin compares the task in Asia with that which confronted ECA three years ago in Europe.

"The war devastated countries of Europe," he declared, "with our help, our equipment, our technical assistance, have staged what has rightly been called 'the most courageous comeback in history.' They have been strengthened not only in industry, in agriculture, in the standards of living of their people, but in their inner resolve to remain free and independent nations in the community of the free world.

"Today the people of America are taking the same active concern for the countries and peoples of

Better farming methods bring increased rice crops.

Asia. We feel deeply and urgently the responsibility to help the governments of these countries grow in economic strength, to develop their ports and harbors, their trade, their agriculture, to raise the standards of living and hopes of their peoples. And we want to do this, as we have in Europe, with a spirit of democratic fraternity and partnership, with mutual respect for each other's form of government, and their sovereignty and dignity as independent nations."

(Press release No. 2157)

Healthy Formosan Economy Vital to Island's Security

Washington———Healthy economic conditions are necessary to assure that Formosa will remain outside of a Soviet-dominated Communist control, the Economic Cooperation Administration said in warning that military efforts alone cannot succeed.

Dr. Raymond T. Moyer, chief of the ECA Mission to Formosa and a specialist in Chinese and Far Eastern affairs, reports that the Chinese Government on Formosa, with ECA assistance, has been making a concerted effort since 1949 to create a permanently healthy economy.

The Chinese Nationalist government moved to the island bastion of Formosa in 1949 when the Communists conquered the mainland. The island's prewar population of 5,700,000 people has grown to 7,500,000 and its economy is further strained by the

necessity of supporting more than 1.5 million mainland refugees and troops.

Some $40,000,000 is being spent on Formosa this fiscal year by ECA, Dr. Moyer said, and a gradual and steady reduction in outside aid should be possible after 1951 with economic independence for Formosa as the long-range goal.

Dr. Moyer said efforts to create a healthy Formosan economy are based on three objectives:

1. To maintain reasonably stable economic conditions during the period immediately ahead.

2. To increase industrial and agricultural production, build up the national income, increase the volume and value of exports, and improve the coordination between normal imports and the ECA program, thus building up the foundations of a more permanently healthy economy.

3. To improve living conditions, particularly of the less fortunate groups, raise the general morale, and increase public confidence in and support for the efforts undertaken in this program under government leadership.

In the immediate future, he declared, it is necessary to see that Government expenditures are somehow covered by income from all sources and that large budget deficits do not accumulate; that a balance be established between imports and exports in foreign trade; that the wisest possible use is made of all existing foreign exchange resources; that expenditures are kept at a minimum, and that all possible revenues are secured.

It also is necessary to increase industrial and agricultural production, to provide adequate credit at reasonable rates of interest, to expand exports, and to increase employment and the national income.

"Success in achieving these goals," Dr. Moyer said, "will increase revenue to the government without injury to the people."

Dr. Moyer said that the Chinese Government itself has taken energetic self-help measures. He pointed out that, since the war, the Chinese Government has spent about $29,600,000 of its own U. S. dollars to reconstruct electric power, railways, and certain important industries, as compared with about $2,300,000 contributed for the same purpose by UNRRA and the ECA.

He praised Chinese action on Formosa in instituting and carrying out an effective land rent reduction program, in instituting the popular election of mayors, magistrates and members of county and city councils by a secret ballot, and in regularizing procedures relating to arrest and trial.

Among other accomplishments, he said, a budget system has been instituted for expenditures and receipts in government, the tax system has been revised and overall revenues largely increased during the last year, applications for foreign exchange are being screened to eliminate expenditures not absolutely necessary to the economy, plans are under way to improve the banking system, and an over-all Economic Stabilization Board has been established to plan and implement further steps needed to maintain a stable economy.

Through the import of ECA-financed commodities, the island is able to have essential commodities which the Government lacks the foreign exchange to buy. About $33,000,000 has been allotted this fiscal year for such imports, of which nearly one-third is for fertilizer. Other principal imports are raw cotton and cloth, foodstuffs and crude oil. Besides going into direct consumption, these imports supply raw materials to industries producing textiles, steel, fertilizer, soap, vegetable oil and cigarettes, adding to employment and producing manufactured goods that are in daily use by the people of the island.

The ECA-imported fertilizers, added to those imported by the island government and those manufactured locally with ECA-imported raw materials, helped Formosa produce an all-time record rice crop last year totalling about 1.4 million metric tons.

ECA also supports an industrial program on Formosa, supplying $12,000,000 worth of equipment this year to enable Formosa's industries to increase the production of manufactured goods and to strengthen such services as electric power and railways that are basic to industrial expansion.

Besides increasing electric power output by about 41,000 kilowatts, the industrial aid of ECA will help equip new small industries including soda ash, asbestos mining, forestry, alkali plants, coal, cement and fertilizer, a creosoting plant, and rehabilitation of the island's railroad and telecommunications system.

ECA also is financing the specialized services of an American engineering firm to assist and advise in the development of oil refining, mining, bus transportation, textile mill operations, chemical, electrical, mechanical and railroad engineering, and lumbering. Besides advising on ECA-financed projects, these American engineers have aided steel, power, calcium cyanide, ammonium sulphate and paper milling plants in Formosa.

A third broad type of ECA activity on Formosa is a unique operation to develop the rural economy, carried out by a joint commission of three members appointed by the President of China and two members appointed by the President of the United States, under legislation passed by the U. S. Congress. Dollar costs of this program are paid by ECA, and local currency costs are met from Formosan currency generated by the sale of ECA-imported consumer goods and commodities.

Actually a joint Sino-American program, the JCRR undertakings are sponsored by agencies ranging from a small group of farmers to Departments of the Government. The sponsoring agencies apply for the projects, stating the problems to be dealt with, working with JCRR specialists in planning them, and supplying part of the funds.

A total of 225 projects have been aided by JCRR to date, but only the equivalent of about 2.8 million United States dollars have been spent, largely from counterpart funds. Illustrative of the JCRR projects are the following:

The island-wide rent reduction program carried out in 1949.

An island-wide program to multiply and distribute improved seeds of rice, conservatively calculated to have increased production in 1950 by 30,000 tons which are worth twice the entire cost of the JCRR program.

A campaign which successfully eradicated an outbreak of rinderpest of cattle, and a program to control hog cholera, which by June 1951 was expected to have vaccinated about 867,000 hogs—more than half the number on the island.

A thorough survey of farmers' cooperative associations and plans now being worked out for their improvement.

The development of a rural public health service, carrying on malaria control, examination of school children, clinical treatment and other services in health stations which were doubled in number.

The supervision of the program supplying fertilizer for rice production throughout the island.

An irrigation program including assistance to 32 projects which increased existing irrigation systems and made it possible to bring water to an additional 21,025 hectares of land.

Improvements in the marketing of bananas, citrus fruit, pork and fish.

Dr. Moyer explained that a "very large majority" of all farm households on Formosa have received benefits from at least one of the JCRR-aided projects, and many of them from more than one.

"There may be reason to believe," Dr. Moyer said, "that these projects have been a factor behind the peaceful conditions and general stability now existing in Formosa's rural areas, by demonstrating to this large part of the population a tangible interest in their problems."

Dr. Moyer warned that the seriousness of the problems confronting Formosa under the present situation permits no contentment with past achievements, and said that success in achieving a permanently healthy economy on Formosa, while in part dependent upon economic aid from the United States, depends even more upon what is achieved through efforts of the people and Government of Formosa working together to solve their problems.

(Press release No. 2178.)


STRENGTH FOR THE
FREE WORLD
FROM THE
UNITED STATES OF AMERICA