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THE MUTUAL SECURITY PROGRAM

...for a strong and free world



Second Report to Congress

**for the six months ending
June 30, 1952**



Second Report ^{OF} Congress
on the
Mutual Security Program

... for a strong and free world

June 30, 1952



PRESIDENT'S LETTER OF TRANSMITTAL

To the Congress of the United States:

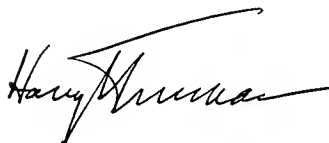
I am transmitting herewith the Second Report on the Mutual Security Program, covering operations during the first 6 months of 1952 in furtherance of the purposes of the Mutual Security Act of 1951 (Public Law 165, 82d Cong.). The report reviews the steps that we have taken with other nations to work for peace and security.

The Mutual Security Program is a positive program for peace. It is absolutely essential to the security of the United States. At a time when one nation is bent upon world conquest—as the Soviet Union is today—other nations, large or small, have but two real choices: To pay the ransom of appeasement or to pay the price of building together sufficient strength—military, economic, political, and moral strength—to keep the peace. The United States and other free nations have chosen to build up their strength. That is what the Mutual Security Program is all about.

During the 6-month period reviewed in this report, real progress was made in strengthening the free world. Although much remains to be done, we are heading in the right direction. If we keep on, if each of the partners in this joint effort makes every effort to meet problems in a sensible manner, we shall eventually reach our goal of a secure, peaceful, and confident world.

THE WHITE HOUSE,

November 18, 1952.

A handwritten signature in cursive script, reading "Harry Truman". The signature is written in black ink and is positioned to the right of the typed name and date.

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CHAPTER I

A Positive Program

THE purpose of this report is to provide, as stipulated by law, a semiannual review of the progress of the Mutual Security Program. This is a flexible program to help in bringing peace and progress to a world threatened by war and subversion.

The Mutual Security Program has roots in the past as well as prospects for the future. Its roots lie in the decision of the American people to avoid the mistakes that helped make possible World War II: a decision not to sit by and watch totalitarianism, using the ancient strategy of "divide and conquer," march from conquest to conquest. This decision led the United States to use its influence within the United Nations to support Iran against heavy pressure from across its northern frontier; to aid the Greek and Turkish nations in defending themselves against insurrection and military threat; to build and maintain the amazing airlift that saved Berlin from strangulation by the Soviet Union; to conceive, finance, and administer an unprecedented program of economic aid that saved Western Europe from bankruptcy and chaos; to join with other democracies of the Atlantic World in the first combined military headquarters in the peacetime history of the world; to make a unique treaty of peace and friendship with the defeated ex-enemy Japan; to build collective defenses in Latin America and the Pacific; to send needed aid to the countries of Southeast Asia threatened with loss of their newly won independence; to sponsor the creative and positive idea of technical assistance to the great areas of the world whose resources are relatively undeveloped; and, in Korea, to lead the United Nations in successful defense of the principle of freedom from unprovoked aggression. All this, and more, has been carried out by the United States in addition to constant and patient support of the United Nations and its specialized agencies. In October 1951, the major elements of these

activities were gathered into a single program appropriately described as the Mutual Security Program.

Since the last report was made in March 1952—covering the first months of Mutual Security operations—the Congress has provided authority and funds to carry on the Mutual Security Program for another year. The funds requested by the Executive Branch were reduced by 18 percent, and the Congress added certain conditions and made certain alterations in the Program.

Nevertheless, the Mutual Security Act of 1952 provides for the continuation on a substantial scale of the basic elements in the United States program to prevent war and to stimulate orderly and evolutionary development of the world society along progressive and democratic lines. As such it must be examined alongside our own national defense program and within the context of the world picture in which social upheaval can merge into cold war and cold war erupt into hot war.

The geographic scope of the Program ranges from Western Europe to Latin America to Africa to the Near East, South Asia and around to Formosa; its functions range from furnishing equipment to support French and Indochinese troops fighting Communist insurrection in the delta land of northern Vietnam to the resettlement of Arab refugees in the Near East, to advice on hygiene in the Andes, and on tax collection in the Philippines; it deals in products ranging from jet aircraft to hybrid corn seed; its techniques are many and varied. It is in the light of the cold war and of the many places and many ways in which our security is threatened by naked aggression, by internal revolt, by violent social upheaval, and by chronic social injustice that the various parts of this Program take on coherence and direction. This is recognized in the statement that the purpose of the act is "to maintain the security and to promote the foreign policy of the United States by

authorizing military, economic, and technical assistance to friendly countries to strengthen the mutual security and individual and collective defenses of the free world, to develop their resources in the interest of their security and independence and the national interest of the United States and to facilitate the effective participation of those countries in the United Nations system for collective security."

If the program is varied, so are the results which, together, constitute a catalog of steady progress toward military security, toward economic strength, toward political and social stability, toward steadier morale, toward progressive development of resources through mutual effort. The period from January 1 through June 30, 1952, brought the following highlights in progress toward our national and international goal of peace and progress:

► Under the historic agreement of the NATO Council in Lisbon last February, the member nations moved forward to increase substantially the NATO forces trained and equipped to withstand aggression. Budgets have been increased, recruitment stepped up, training improved, supplies of equipment increased, and the groundwork has been laid for an industrial mobilization base in Europe capable of supporting a large-scale military effort. Despite many difficulties, some foreseen and others unforeseen, major progress had been made by midyear toward the ambitious goals established at the Lisbon conference for the end of 1952.

► The European economy continued to produce at an over-all high level. Coal production improved, steel output continued at peak rates, and inflationary pressures were curbed to the point where living costs, although very high, remained generally stationary. This relatively satisfactory production performance was, however, accompanied by a continuation of a deficit in Western Europe's merchandise trade balance. There was a further sharp drop in Britain's gold and hard currency reserves, although the rate of loss was slowed considerably in the second quarter of the year.

► Western Europe moved closer to a realization of the ancient dream of European unification. Final

steps were taken for the creation of a six-nation Coal and Steel Community, including the Federal Republic of Germany; a treaty calling for the establishment of a European Defense Community among the same six nations was signed and is to be sent to their parliaments for ratification; the European Payments Union was extended for another year; the Organization for European Economic Cooperation continued to work for joint action in the economic and financial affairs of Western Europe and of the Atlantic Community; and Europeans expressed an increasing desire for early consideration of a Western European political community.

In the troubled Near East, the United States continued to assist, with equipment and training programs, the armed forces of Greece, Turkey, and Iran. Technical cooperation in agriculture, health, education, public administration, and other fields were under way in ten countries of the Near East and northern Africa. Some progress was made in the programs for refugees from Palestine and immigrants into Israel.

► In South Asia—India, Pakistan, Afghanistan, and Nepal—vital projects for expanding food supplies and promoting economic development are under way. During the period covered by this report, United States aid provided technical and related assistance to the governments of the area in coping with their problems of poverty and rapid population growth and in meeting the dangers of social and political upheaval.

► In Asia and the Pacific, Communist aggression has been stalled since 1950. While the United Nations forces fought and negotiated in Korea, the Chinese Nationalists on Formosa were strengthened by the arrival of American equipment and a marked improvement in training; the French and the peoples of the Associated States of Indochina, with material help from the United States, held the Communist forces to a standstill in Indochina; and the armed forces of the Philippines moved in strong pursuit of the Communist-inspired Huk insurrectionists. In Formosa, Burma, Indochina, Indonesia, the Philippines, and Thailand, the assistance program brought help in the fight against hunger and disease and illiter-

acy—the conditions which lead hopeless people to desperate political choices. Support also was given to the development of production of basic materials needed for an expanding economy in the United States and in the free world.

► Arrangements were completed for the first shipment of military grant assistance to some of the American Republics which need help in carrying out the build-up of Western Hemisphere defense forces. In addition, carrying forward the program initiated 10 years ago, the Technical Cooperation Administration, during the first 6 months of 1952, continued to participate in joint projects to raise the levels of health, agriculture, and education in 19 of the Latin American countries.

Many of the major steps of the 6 months under review have been difficult and time-consuming. Deliveries of American military equipment to Europe fell below earlier expectations; the period of military conscription in some European countries was less than had been hoped for; some areas of the world were in a state of acute unrest; and the problems of the underdeveloped areas remained formidable. The ultimate success of certain crucial steps—such as ratification of the treaty to create the European Defense Community—is not yet fully assured. There are obstacles and, no doubt, disappointments ahead. Much still

remains to be done before the goals of the free world are safely reached.

A close analysis of the results of the Mutual Security Program during the first half of 1952—especially when these are viewed in the context of the postwar years—shows a clear and heartening trend toward greater security and greater prospects for human progress through evolutionary processes.

It is not possible to predict the exact nature of future problems nor to make rigid plans to meet them. Flexibility of plans and adaptability in operations are central elements in any intelligent effort to meet problems as complex and explosive as those dealt with by the Mutual Security Program. A world-wide conspiracy backed by a powerful nation cannot be dissipated easily or cheaply. The economic and social ills of centuries cannot be cured overnight. The success of the policies of the United States depends not only upon the wisdom of those policies, but also upon the patience and understanding necessary to give those policies time and opportunity to bear fruit.

The Mutual Security Program is a positive attempt by the American people to deal with the threat of the international Communist conspiracy and the threat of chaos from social and political violence. Progress—enough to justify cautious optimism—has been made. The main actions of the first 6 months of 1952 are set forth in the chapters that follow.

CHAPTER II

Europe

The Defense Build-up in Europe

THE first 6 months of 1952 represented a period of great importance in organizing and building the defenses of Western Europe. Much progress was made in translating defense plans into actual military strength. Progress was made also in mobilizing the economies of Western Europe to enable effective support of the growing military power. By the end of June, although much remained to be done, the Western Powers were better prepared to resist aggression in Europe than they had been in January.

The Mutual Security Program in Europe during this 6-month period centered on the collective defense build-up of the North Atlantic Treaty Organization. In February, the North Atlantic Council met at Lisbon. A firm plan of common action was adopted to provide the maximum feasible build-up of defensive strength during the calendar year 1952, including a foundation for expansion toward progressively larger force goals for 1953 and 1954. This agreement was the culmination of an intensive review of the military requirements for adequate defense and of the political and economic capabilities of each NATO partner to meet its share of these requirements.

As integral parts of this plan for mutual security the Council at Lisbon gave NATO endorsement to the principle of a European Defense Community and to a West German military contribution within the EDC. Through the EDC the German contribution will be geared directly into the NATO military arrangements. Other action was also taken: Turkey and Greece were admitted into the NATO partnership; NATO's executive structure was reorganized; and a plan was adopted to finance urgently required airfields and communication systems for NATO's armed forces.

Organization for Defense

European Defense Force and German Partnership.—On May 26 and 27, 1952, were signed the Contractual Arrangements with the Federal Republic of Germany¹ and the Treaty establishing the European Defense Community.² These two agreements—subject to legislative ratification by each of the countries concerned—were outstanding landmarks on the road to strengthening and unifying Europe. They represent the means for bringing Western Germany and its resources into the common defense structure, as well as into association with the new political and economic community of Western Europe. It was known that the process of ratification might be difficult. Fears of revived German militarism existed in Western Europe; the German Republic was subject to pressure from the East; nevertheless, it was expected that ratification would be achieved.

Through these agreements, Western Germany was given virtually complete autonomy in foreign and domestic affairs, with the following important reservations: The Federal Republic would not have the right to make a separate peace treaty with the Soviet Union; the other three powers retained the right to intervene if the stability of the German Government should be threatened by an internal uprising; and restrictions (subject to exceptions which might be permitted by the EDC) were placed on the production of heavy military equipment. The agreement also covered the terms of a contribution of West German forces to Western defense. It was expected that Western Germany, within the restrictions on military production agreed to in the peace contract, would in-

¹ Federal Republic of Germany, France, the United Kingdom, and the United States.

² Belgium, France, the Federal Republic of Germany, Italy, Luxembourg, and the Netherlands.

creasingly be able to assume the burden of the production of needed equipment.

Present plans for the EDC call for a European Air Force and a European Ground Force composed of divisions from France, Italy, Germany, Belgium, the Netherlands, and Luxembourg. These divisions, slightly smaller than United States divisions and called "groupements," are to be integrated at the army corps level, each corps consisting of three or four divisions of different nationalities. This integrated European Defense Force will be subject to the political control of the European Defense Community. The EDC will include an Executive Commission, a Council of Ministers, an Assembly, and a Court of Justice. The Executive Commission will be the principal executive agency for the EDC with responsibility for organization of the defense forces, preparation of the budget, production of military equipment, direction of special military schools, and other matters. The Council of Ministers is expected to have authority to issue the general directives which will govern the activities of the Executive Commission.

The forces composing the European Defense Force are to be assigned to the NATO command of General Ridgway. The EDC forces will thus serve alongside United States, British, and other NATO forces in the defense of Western Europe.

Admission of Greece and Turkey to NATO.—At the Lisbon meeting, in February, of the North Atlantic Council, Greece and Turkey were formally accepted into NATO, their membership having been previously approved by the original members.³ Greece and Turkey are important allies. Their inclusion in NATO added very substantial fighting forces already trained and equipped. Their geographical position is strategically important in protecting a flank of Western defense. Their enthusiasm in joining NATO represented evidence of NATO's growing prestige and strength.

NATO Reorganization.—The North Atlantic Council, although continuing to hold periodic ministerial meetings, now functions in permanent session through permanent representatives. The Council, on April 4, 1952, assumed responsibility for the task hitherto performed by the Council Deputies, the Defense Production Board, and the Financial and Economic Board. The staffs of

these civilian agencies of NATO have been integrated into a single International Staff operating on a continuing basis under the new Secretary-General, Lord Ismay.

These changes in organization reflected a transition from the original committee-type structure to a permanent executive-type organization, a shift of functions from committees—which represented all member nations and met intermittently—to integrated staff units operating on a continuing basis.

NATO headquarters were moved from London to Paris in May 1952. This move facilitated the operations of the North Atlantic Council, particularly in its relations with other international organizations whose work is closely related to that of the Treaty organization.

The Annual Review.—In the last months of 1951, NATO conducted its first general review of progress in the defense build-up. A Temporary Council Committee, under the chairmanship of the United States member, Mr. W. Averell Harriman, was created for this purpose. Military goals were reviewed by the Temporary Council Committee in relation to the economic capabilities of the NATO countries, and were reshaped to meet these capabilities.

At Lisbon, in February 1952, when the structural reorganization of NATO was decided, it was also determined that the reviewing process would be placed on a continuing basis, and that annual reviews should be undertaken by the permanent organization—rather than by provisional committees such as the Temporary Council Committee. It was decided to hold the next such review in the fall of 1952.

United States Special Representative for Europe.—In January 1952, the President designated Mr. William H. Draper as United States Special Representative in Europe. Ambassador Draper is the senior United States civilian representative in Europe responsible for both NATO and Mutual Security Program matters. He is the United States Permanent Representative on the North Atlantic Council; he acts for the Secretary of State in Europe in dealing with NATO multilateral policy affairs; he acts for the Secretary of Defense in relationship to NATO and Mutual

³ Belgium, Canada, Denmark, France, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, the United Kingdom, and the United States.

Security Program matters in Europe for which the Secretary of Defense is responsible; he acts for the Director for Mutual Security and, in connection with certain financial matters, for the Secretary of the Treasury; and he is responsible for the general supervision over the European activities of the Mutual Security Agency. The appointment of Ambassador Draper has done much to provide more effective coordination of the Mutual Security Program in Europe.

Report of Supreme Allied Commander, Europe

On April 2, 1952, General Eisenhower, in his First Annual Report as Supreme Allied Commander, Europe, compared the situation in 1952 with what had been the situation a year earlier, when the Supreme Headquarters Allied Powers, Europe, (SHAPE) was set up in Paris. General Eisenhower reported that in 1951, "From all information presented, it was clear that the difficulties facing the new enterprise were manifold. Problems and the doubt they bred were on every side. . . .

"There was serious question as to the state of public morale among the European members of the North Atlantic Treaty Organization. They were living daily under the shadow of a powerful Soviet striking force, stationed in Eastern Germany and Poland, and possessing the obvious capability of overrunning much of Europe. It was extremely difficult for the average European to see any future in an attempt to build defensive forces which might offset this real and formidable threat. There seemed to be too much of a lead to be overtaken. . . .

"Everywhere we turned we ran into political and economic factors. One thing was clear: nothing would be gained and much lost through any substantial lowering of the already low standard of living in Europe. Our central problem was one of morale—the spirit of man . . . No man will fight unless he feels he has something worth fighting for. Next, then, is the factor of the strength of the supporting economy. Unless the economy can safely carry the military establishment, whatever force of this nature a nation might create is worse than useless in a crisis. Since behind it there is nothing, it will only disintegrate."

General Eisenhower concluded that despite "the manifold difficulties and shortcomings of our joint effort to date" the partners in the North Atlantic Treaty had "made progress in all aspects of security."

Progress Toward European Integration

It has been a repeatedly expressed policy of the United States Government to encourage political and economic integration in Europe and to undertake or support measures which would provide the framework for a dynamic European economy, improved living standards, and strong military defenses. Cooperative efforts within the NATO structure have encouraged the development of joint programs and common institutions in Europe. Such integration has added to the strength of NATO. In the Council of Europe, the Schuman Plan, the Organization for European Economic Cooperation (OEEC), the European Payments Union (EPU), and the European Defense Community, the nations of Western Europe have taken steps which demonstrate their ability and willingness to work together toward an integrated solution of their common problems.

In the Treaty to create a European Defense Community, provision was made for the Assembly of the Defense Community to prepare proposals for the formation of a European Political Community. The desire of the Europeans to press ahead toward this goal without waiting for the formation of the Defense Community was made evident at the May 1952 session of the Council of Europe Assembly. The Assembly recommended that either the Schuman Plan Assembly or those members of the Council of Europe Assembly willing to join a political authority, take on this task immediately. This proposal was referred to the Foreign Ministers of the six EDC countries for consideration, and they agreed that the Schuman Plan Assembly undertake the preparation of a draft constitution for the European Political Community.⁴

The Schuman Plan for joining together the coal and the steel industries of France, Western Ger-

⁴For this purpose a subcommittee of the Schuman Plan Assembly was established in Strasbourg in September 1952. The subcommittee was expected to complete the draft constitution by March 1953.

many, Belgium, Luxembourg, the Netherlands, and Italy meant the creation of a single competitive market in coal and steel, and involved, on the part of these free nations, an unprecedented merging of national sovereignties into an international authority with supernational powers.⁵ The OEEC and the EPU, with active and continuing support from the United States, have helped to create the climate necessary for economic stability and have laid the foundation for joint action in Europe's economic and financial affairs. On June 30, 1952, an agreement was arrived at to extend the EPU for another year.

These are the most outstanding achievements in European economic and political integration which took place during the first 6 months of 1952. Many risks were involved—risks within certain nations of further aggravating internal strains, and risks of provoking external threats. The risks were taken in large part because of confidence that the United States would not retreat from its policy of helping to develop security on a mutual basis.

Economic Conditions in Western Europe

During the first 6 months of 1952, conditions of production, supply, and prices developed favorably within Western Europe as a whole. The foreign trade position of Western Europe, however, did not improve.

After making gains during 1950, Western Europe's merchandise trade balance with the rest of the world deteriorated in 1951 and remained serious during the first half of 1952. During this last period, the area's trade deficit ranged between \$440 million and \$590 million monthly, contrasted with a deficit which averaged \$280 million a month in the final quarter of 1950. Partly as a result of these adverse trade developments, Western Europe's gold and dollar holdings fell again, with the sharp decline of the first three months of 1952 only partially offset by the slow recovery between March and June.

Most of the losses stemmed from the shrinkage in the United Kingdom's hard currency reserves, although these losses were slowed considerably in the second quarter of 1952. By June 30, 1952,

⁵ Ratification by all the members having been completed, the Schuman Plan went into effect on July 25, 1952.

Britain's gold and short-term dollar assets had fallen to \$1.7 billion, a drop of \$2.2 billion since June 1951. The persistence of a substantial deficit in Britain's trade with the dollar area, a deficit in the dollar trade of the overseas sterling area, and a continuing deficit position in the European Payments Union constituted the main forces responsible for this substantial loss.

On the favorable side, total production in Western Europe continued at high levels. Although there was some decline in the output of consumer goods for domestic markets, there was a rise in investment programs and in production for defense. The coal situation in Western Europe, although remaining critical during the first 6 months of 1952, was greatly improved over 1951. Several factors contributed to the improvement: a small increase in coal output, a mild winter, and less dependence upon coal because of greater output of petroleum products and of hydroelectric power. The production of crude steel during the first half of 1952 was maintained at a peak level of 5 million metric tons a month.

Perhaps the most encouraging aspect of Europe's economic situation during the first 6 months of 1952 was the curbing of inflationary pressures. Living costs in Europe, although remaining at the highest point in recent periods, in general showed little change.

Contributions for Defense

Most of the Mutual Security Program in Europe is geared to the NATO defense build-up—the creation by 13 other nations and the United States of a balanced, collective defense force capable of deterring aggression, or, should aggression occur, of resisting it successfully. The United States has committed certain Army, Navy, and Air Force units to the defense forces in Western Europe. We are, in addition, supplying our allies with military equipment and training, with raw materials and other commodities in support of their defense efforts—all to help carry out specific plans for the build-up of the defense forces of NATO. The European countries themselves provide more than 90 percent of the troops called for under the NATO defense plans, with each country supplying the pay, maintenance, clothing, and housing for its own troops, and much of the equipment.

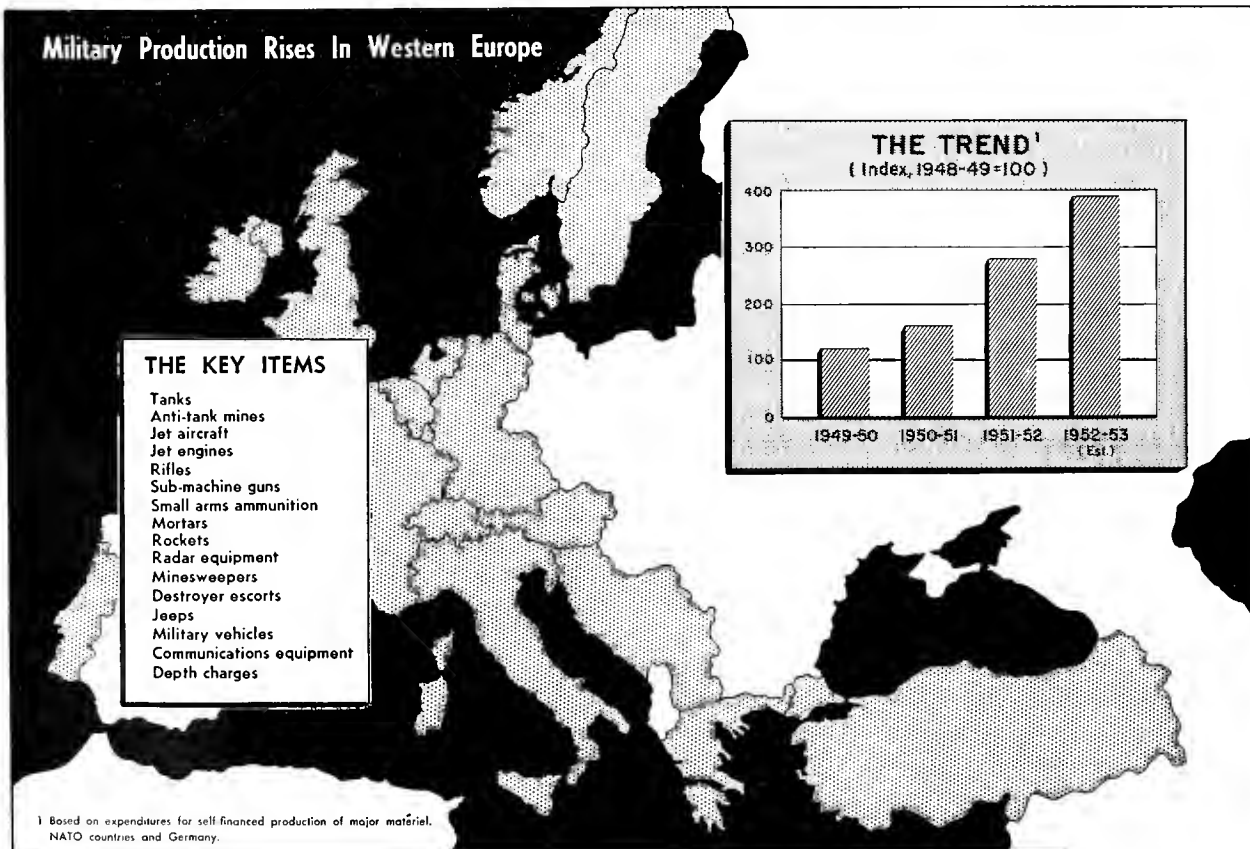
Forces for NATO.—As a result of agreements reached at Lisbon in February 1952, the goals for

NATO forces, excluding Greece and Turkey, were set at 50 divisions (25 active and available and 25 in reserve status but capable of activation within 30 days), 4,000 aircraft, and a naval force of about 1,600 vessels. These goals were to be achieved by December 31, 1952. In April 1952, General Eisenhower reported that the almost 30 divisions in being or readily mobilizable in Europe at that time marked an improvement in the defense capabilities of NATO. As of June 30, 1952, it appeared that there would be some delay in reaching the goals set at Lisbon, especially in bringing the reserve divisions up to full standards of organization, training, and equipment. Such delays, however, were not considered to be of major significance and did not involve basic changes in the plans for the military build-up. The forces available to the Supreme Allied Commander, Europe, from European NATO nations will continue to increase. After ratification of the treaty concerning the European Defense Community, these NATO forces will be augmented by German units. In addition there will be available forces from Greece and Turkey.

On January 30, 1952, Admiral Lynde McCormick, United States Navy, was appointed Supreme Allied Commander, Atlantic (SACLANT). This was the second step in the activation of the military command structure of the NATO, the first step having been the appointment on December 21, 1950, of General of the Army Dwight D. Eisenhower as the Supreme Allied Commander, Europe (SACEUR). SACLANT and SACEUR are co-equal commanders and both report to a common superior, the NATO Standing Group. On May 30, 1952, General Matthew B. Ridgway succeeded General Eisenhower as Supreme Allied Commander, Europe.

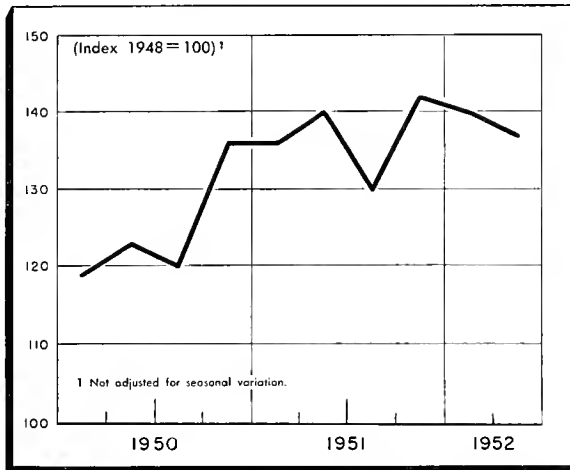
Military Equipment.—The major part of the funds appropriated by Congress for the Mutual Security Program in Europe is for military assistance. From the start of the military assistance program in 1949 to June 30, 1952, military assistance funds allocated to the Department of Defense for use in Europe totaled \$9.2 billion.

The procurement of equipment for the military assistance program is integrated with the normal

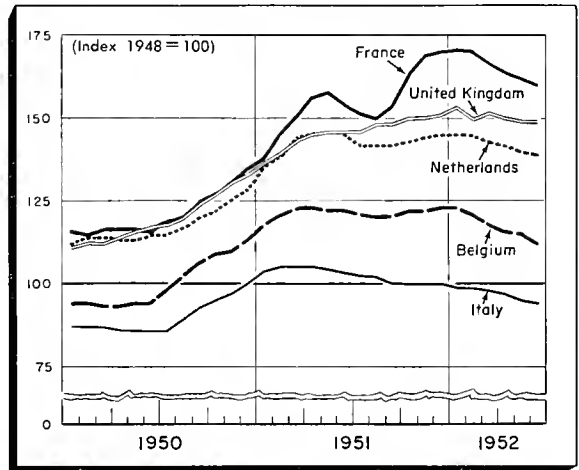


Domestic Economic Indicators Show Progress In Western Europe . . .

Industrial Production Is High

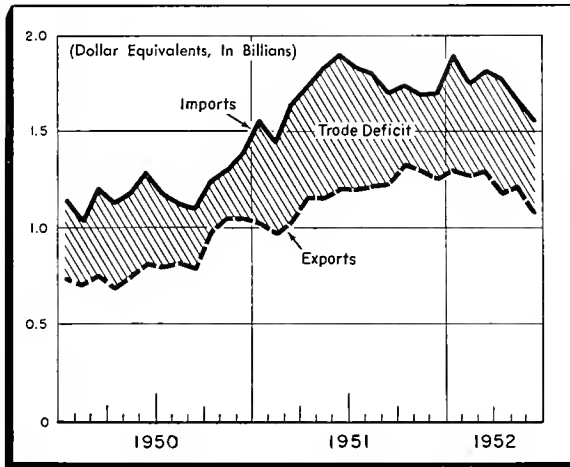


Wholesale Prices Are Falling

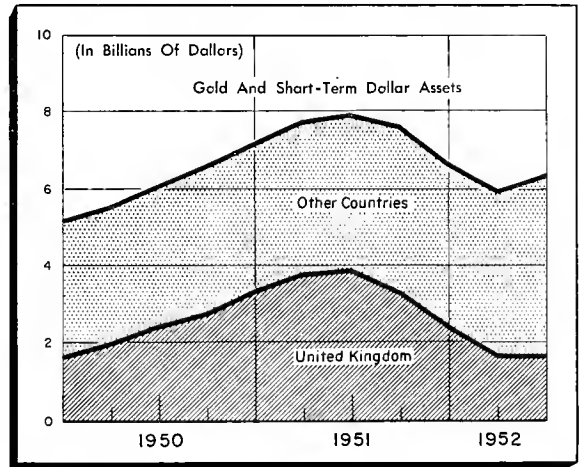


. . . But Foreign Trade Position Is Weak

Trade Gap Is Wide



U. K. Hard Currency Holdings Are Down

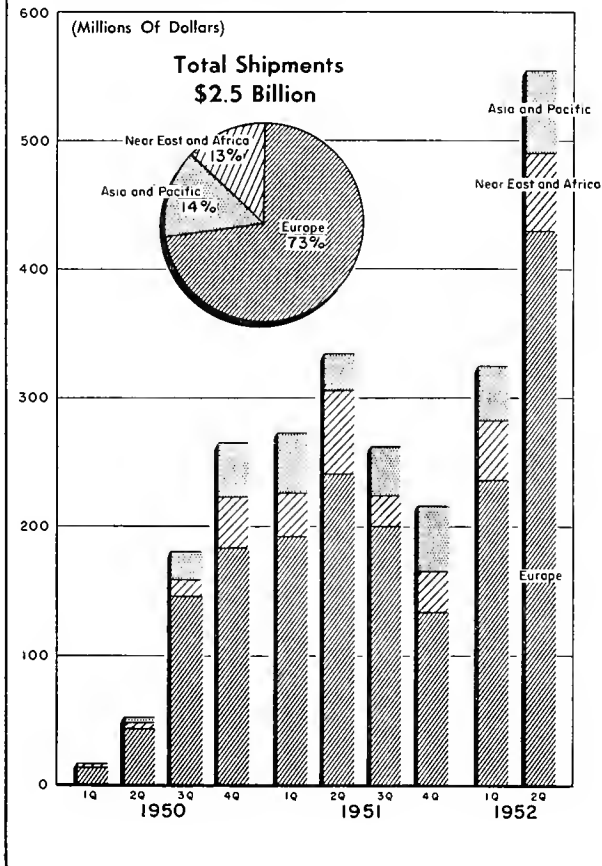


Department of Defense procurement of military items and thus has contributed to maintaining a broad mobilization base in the United States. Matériel is procured from both domestic and foreign sources.

The total value of shipments to the Western European countries (from the beginning of the military assistance program through June 30, 1952) amounted to \$1.8 billion, of which \$667 million was shipped in the period covered by this report. Security prevents publication of details of shipments by area, but on a global basis the major items shipped included:

Army:	
Radios and radar-----	15,064
Tanks and combat vehicles-----	12,002
Motor transport vehicles-----	58,973
Small arms and machine guns-----	1,098,517
Artillery-----	13,594
Ammunition:	
Small arms and machine guns	
(rounds)-----	427,295,000
Artillery (rounds)-----	9,787,000
Navy:	
Vessels-----	377
Aircraft-----	464
Air Force:	
Aircraft-----	1,715

Military Aid Shipments Rose Substantially In The First Half Of 1952



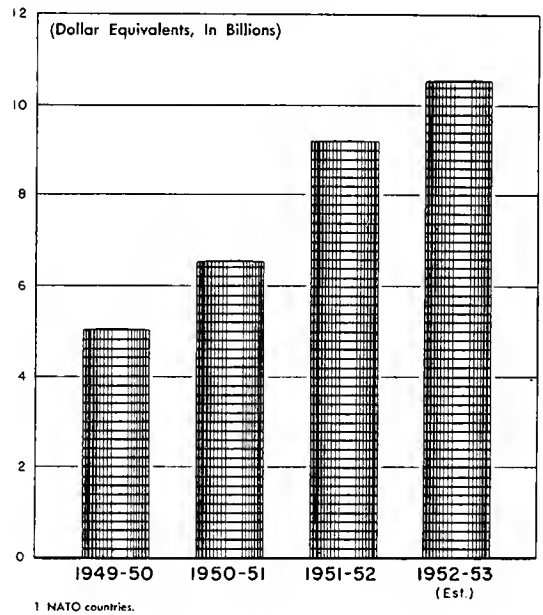
The President, in January 1952, directed that military equipment be allocated by the Department of Defense in a manner which would assure the adequate equipping of United States forces in Europe, of NATO forces, and the forces of other allies which in the case of war would be most likely to be first engaged with the enemy.

Deliveries at the end of June 1952 were considerably behind the forecasts made at the beginning of the year. Continuance of Korean requirements and delays in United States munitions production generally have been the principal factors which delayed an increase in the amount of matériel available for assistance to our European allies. While lags in deliveries during the first 6 months of 1952 did not have a serious impact on the rate of activation of forces in Europe, it became increasingly urgent to accelerate deliveries; steps to this end were undertaken.

European Defense Expenditures.—During the 6 months covered by this report, it is estimated that defense expenditures of the European NATO countries increased more than 50 percent over the first 6 months of 1951 and, at annual rates, were about double the rate in fiscal year 1950. In the 6 months under review, expenditures for pay and allowances of the armed services were about one-third higher than in the corresponding period of 1951; hard goods expenditures more than doubled. Even when allowance is made for increases in cost, the rise in European defense expenditures, both for the armed services and the supporting industries, reflected a substantial growth in the military strength of the European partners in the North Atlantic Treaty Organization.

Offshore Procurement.—A program of offshore procurement of military equipment for the forces of our allies, mostly in Europe, was started toward the end of 1951. The phrase “offshore procurement” means that military supplies and equipment—paid for by the United States—are produced in countries other than the United States. During the first 6 months of 1952, the United States Government began, and in most cases completed, negotiations of broad intergovernmental understandings with the countries involved in the

European Defense Expenditures' Have More Than Doubled Since Korea



offshore procurement program. These understandings make up a framework of administrative, financial, and legal arrangements for the negotiation of contracts. Such contracts are negotiated either with private manufacturers in foreign nations or government agencies of the countries concerned. The bulk of offshore procurement contracts have been let in Europe.

In Europe, the offshore procurement program assists in the development, during the defense build-up period, of European military production capacity which would otherwise be limited by the size of the European defense budgets. Those offshore contracts let in Europe to meet continuing requirements for maintenance and replacement parts of United States equipment help to keep active the European industrial base.

Through June 30, 1952, there had been let in Europe a total of approximately \$621 million worth of offshore contracts to be paid for out of Mutual Security Program funds. These contracts are distributed by country as follows:

Country of contract:	<i>Value of contracts (in millions of dollars)</i>
Belgium/Luxembourg.....	\$17.9
Denmark.....	5.9
France.....	332.8
Germany.....	5.0
Greece.....	11.5
Italy.....	138.7
Netherlands.....	38.0
Norway.....	5.8
Switzerland.....	(*)
United Kingdom.....	65.2
Total.....	620.8

*Less than \$50,000.

In general, offshore procurement contracts were for naval vessels, electronics equipment, ammunition, and spare parts. Inasmuch as the majority of the contracts were not signed until the latter part of the period covered by this report, only modest deliveries had been made by the end of June 1952.

As deliveries are made on items contracted for under the offshore procurement program, payments are made in dollars. This flow of dollars to Europe can be useful in supporting the defense programs of participating countries. However, because payments are ordinarily not made until deliveries take place, there is normally a considerable period between the time contracts are let and

the time when dollars accrue to Europe. In the case of France, however, exceptional arrangements have been made whereby the Export-Import Bank advances dollars to be repaid later when deliveries take place. Except for France, even if program goals are met, it is estimated that dollar payments—resulting from contracts let during the first 6 months of 1952—will amount to only about \$100 million during the succeeding 12 months.

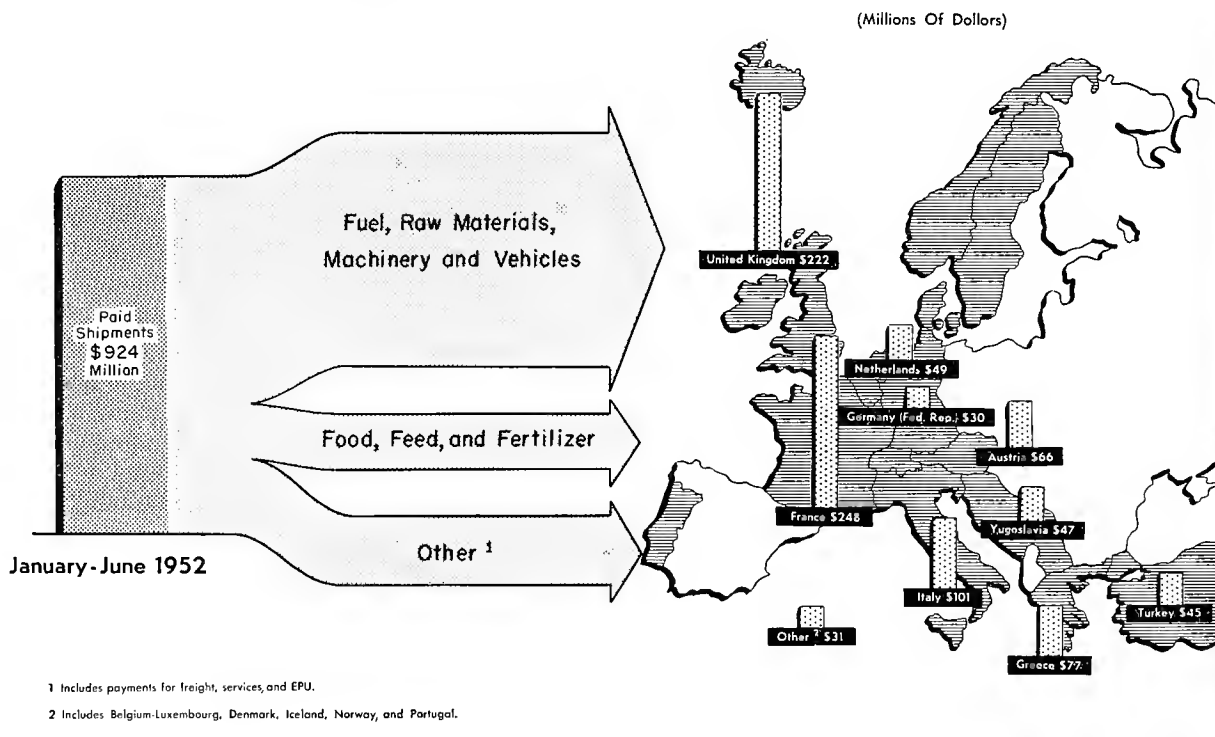
Defense Support.—Additional assistance to Europe to enable the NATO nations to make adequate contributions to the common defense effort is supplied by the United States through the program of defense support. Mutual Security Program funds are used to pay for commodities, the use of which by European nations will further the European military effort. Defense support funds are used to pay for the extra margin of additional resources which the European economies need. These are resources which the European nations do not have in sufficient quantity, which—for the most part—are obtainable only from the United States and must be paid for in dollars, and which European countries cannot pay for out of the dollars they earn in international trade.

During the first 6 months of 1952, the total value of shipments (for defense support and economic aid) to Western Europe (including Greece, Turkey, Austria, and Yugoslavia) was \$924 million. The value of paid shipments for the entire fiscal year ending June 30, 1952, amounted to \$1,886 million.

The defense support program provided metals used in military equipment; chemicals used in the production of ammunition; industrial and heavy construction equipment used in industries essential to the defense effort and used for the construction of military facilities. However, a substantial proportion of the commodities furnished through the defense support program is made up of essential basic commodities, such as cotton, food, and coal. If the European nations had to pay for these items from dollars earned through European exports, they would have to devote manpower and industrial resources to their export trade and would be unable to devote this manpower and these industrial resources to the defense build-up.

Counterpart Funds.—In each country where assistance is provided by the Mutual Security Agency, there is created a special account known

The Defense Support Program For Europe Is Made Up Mainly Of Industrial Equipment And Materials



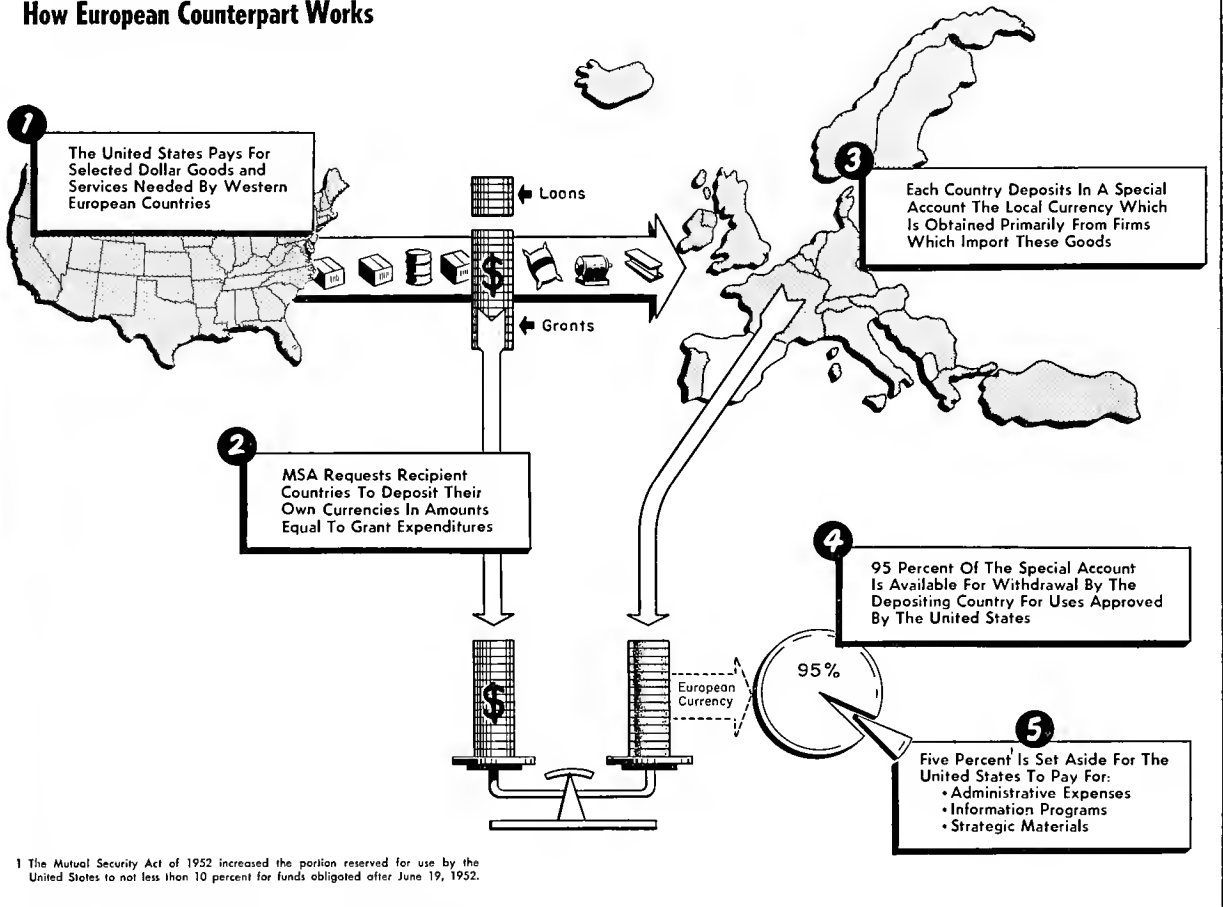
as the counterpart fund. This account is built up primarily from funds obtained from business firms in that country which import goods financed by the Mutual Security Agency. Under the terms of the Mutual Security Act, each government is required to make deposits equal to the value of grant aid furnished by the United States. Five percent of the counterpart funds in each country was reserved for use by the United States for purposes such as payment of administrative expenses of the Mutual Security Program, for information programs, and strategic materials programs. Use of the balance of these funds by the governments of various European nations is subject to the concurrence of the United States. The primary objective in directing the use of new counterpart funds during the period under review was to advance the defense build-up of the NATO countries. Counterpart funds have been earmarked for use directly in European defense programs and for expanding defense-supporting industries. From January 1, 1952, through June 30, 1952, the Mutual Security Agency released the equivalent of

\$906 million for use by the participating countries. For the entire fiscal year ending June 30, 1952, releases of counterpart amounted to \$1,665 million.

The Mutual Security Act of 1951 required that agreements with participating countries be entered into with respect to the use of counterpart funds, so that "the equivalent of not less than \$500,000,000 of such funds shall be used exclusively for military production, construction, equipment, and matériel in such countries." Negotiations for such agreements were entered into immediately after enactment of the Mutual Security Act in October 1951. By June 30, 1952, the agreements provided for the earmarking, for military use, of more than \$850 million in Europe alone. The bulk of such funds are to be used to pay for the production and procurement of major military items, such as aircraft, combat vehicles, ships, ammunition, and electronics equipment.

In addition to counterpart funds going directly for defense production and construction, substantial amounts of counterpart funds were used to

How European Counterpart Works



promote defense-supporting industries and to build housing for workers. Funds were released for monetary and financial stabilization in accordance with prior commitments. Counterpart funds set aside for use by the United States amounted to \$37 million during the first 6 months of 1952. The cumulative total for the entire fiscal year ending June 30, 1952, amounted to \$85 million.

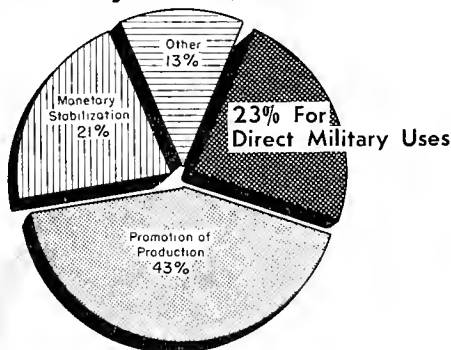
Military Technical and Training Program.—

The United States supplies to our allies, as important adjuncts to the program of furnishing military supplies and equipment, programs of military technical training to insure efficient maintenance and use of weapons delivered from the United States. Although this training emphasizes the operation and maintenance of United States equipment, the program is not limited exclusively to this type of training, but includes instruction also in tactical application of the equipment. The military training program is di-

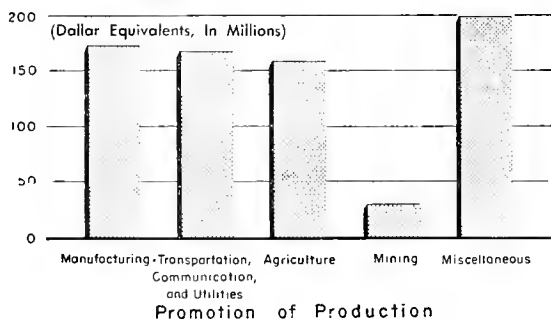
vided into four parts: (1) student training under European command; (2) student training in the United States by the United States Armed Forces; (3) on-the-spot training by mobile United States training teams; (4) certain special instructions, delivery of necessary technical training manuals, and other forms of technical training assistance provided by the Military Assistance Advisory Group stationed in each country.

Infrastructure.—The United States participates with other NATO nations in financing the cost of certain fixed military facilities which are needed for effective defense and which are used jointly by the integrated combat forces. Known technically as “infrastructure,” this military construction includes headquarters, airfields, and communications systems. Minimum standards for infrastructure are developed by SHAPE. If any nation wishes or requires higher standards for its

Over \$1.6 Billion Of Counterpart Funds Were Released To European Countries During The Year Ending June 30, 1952



Other Releases Support the Defense Build-up



own forces, that nation will bear the additional cost.

During the first 6 months of 1952, the United States obligated \$220 million for the infrastructure program. For all countries, the total cost of infrastructure from the beginning of the program in the latter part of 1951 through the calendar year 1952 is estimated at \$740 million. The United States total share is \$288 million, of which \$168 million was earmarked out of Mutual Security Program funds available during the first 6 months of 1952.

Tax Relief Agreements.—Section 521 of the Mutual Security Act of 1951 placed a prohibition upon the use of funds (appropriated under Title I of the Act) for the payment of taxes in connection with the United States participation in acquiring or constructing defense facilities in foreign countries. In order to comply with this provision, the Executive Branch immediately began

the negotiation of tax-relief agreements with each of the countries concerned. As an interim measure, pending completion of the negotiations, withholding arrangements were effected to insure that no tax payments would be made in connection with United States financing of infrastructure programs and United States purchases under the off-shore procurement program.

In March 1952, the negotiations had been completed and agreements were signed with each of the following countries: Belgium, Denmark, France, Italy, Iceland, Luxembourg, the Netherlands, Norway, and the United Kingdom. Each agreement lists specific taxes from which the United States will obtain exemption and provides also for exemption from any other similar taxes which in the future may become applicable to the United States expenditures. The tax relief provided for in the agreements applies not only to the United States expenditures for infrastructure, as called for in the Act, but also to all other United States expenditures for the common defense in Europe, such as offshore procurement for NATO forces and direct purchases in Europe for the Armed Forces of the United States.

Other European Programs

Austria

Austria remains subject to four-power occupation and has been suffering since 1945 from continued exploitation in the eastern zone by the Soviet authorities. Austria's strategic position for the defense of Western Europe, and the importance of creating in Austria conditions which will maintain that country as a politically free and independent nation with a strong and self-supporting economy, have made necessary continued economic assistance from the United States.

Economic progress in Austria has been hampered by the scarcity of natural resources and underdevelopment of existing resources, conditions which have made for a persistent deficit in Austria's balance of payments on international trade accounts. In addition, Austria has suffered from severe inflation, from the drain of resources by Soviet occupation authorities, and from de-

terioration of trade with Eastern Europe, trade upon which Austria had long been dependent. Economic aid from the United States has been used to assist the Austrians in gearing their economy to closer association with Western Europe and to encourage further progress toward self-support.

During the 6 months ending June 30, 1952, the United States allotted \$42 million to Austria. For the entire fiscal year ending in June 1952, the United States authorized a total of \$116 million worth of aid to Austria, of which \$35 million financed Austria's deficit with the European Payments Union and \$81 million was for goods and services. Among the principal commodities were grain, fuel, and textile fibers.

A serious problem in Austria stems from the prevalence of restrictive business practices and a general absence of competition; the consequent limitations on production and maintenance of high price levels adversely affect both the domestic economy and export trade. The United States Government has stressed to the Austrian Government the importance of effective action to develop a less restrictive economic structure.

Spain

The Congress has authorized \$162.5 million to be made available for aid to Spain: \$62.5 million in loans (authorized by the Congress in 1950), and \$100 million appropriated under the Mutual Security Appropriations Act of 1951 for economic, technical, and military assistance. The \$62.5 million loan program had been virtually completed by June 30, 1952. As of the same time, no agreement had been reached with Spain concerning the terms under which economic, technical and military assistance might be furnished; however, negotiations continued.

Yugoslavia

Because of its important strategic position and because of its political and military potential in meeting the Soviet threat, the United States, France, and the United Kingdom established a tripartite aid program for Yugoslavia. This assistance is aimed, in part, at helping Yugoslavia to overcome the economic difficulties created by the severance of relations with the Soviet Union and its satellites, and, in part, at assisting Yugoslavia

to maintain armed forces of a size adequate for self-defense. During the first 6 months of 1952, the United States share of aid to Yugoslavia under the tripartite program amounted to \$48 million. For the year ending June 30, 1952, there was allotted to Yugoslavia under the tripartite aid program \$122 million, of which \$80 million was provided by the United States.

In addition, the United States has furnished Yugoslavia with a considerable quantity of military end-items to help that nation build up a balanced and effective fighting force. Items provided included communications equipment, combat vehicles, artillery, small arms and ammunition, equipment for modernizing existing vessels, and aircraft.

Ireland

Although direct economic aid to Ireland was suspended on May 1, 1951, after the major objectives of such assistance had been accomplished, certain activities continued. However, because Ireland was unwilling to subscribe to the purposes of the Economic Cooperation Act as revised by the Mutual Security Act of 1951, aid to Ireland—consisting mainly of technical assistance—was suspended on January 8, 1952, as required by law.

Loans

Section 522 of the Mutual Security Act of 1951 provided that not less than 10 percent of the aid furnished through the Mutual Security Agency in the fiscal year 1952 should be in the form of loans. The total amount of aid subject to this provision was \$1,645.1 million, including Mutual Security Agency activity under all titles of the Act; \$165.3 million of this assistance has been negotiated on a loan basis. Nine European countries—Denmark, France, Germany, Iceland, Italy, the Netherlands, Norway, Turkey, and the United Kingdom—received a portion of their assistance in the form of loans; assistance to all other countries was entirely on a grant basis.

The decision to place loans totaling slightly more than the minimum statutory requirement, the actual distribution of the loans by country, and the terms of the loans were made in consultation with the National Advisory Council on International Monetary and Financial Problems (NAC).

Transfers

The Mutual Security Act of 1951 provided [Section 101(b)] that up to 10 percent of the total value of the Title I (Europe) appropriation could be transferred between the appropriation for direct military aid and that for defense support assistance. In recognition of the uncertainty that attaches to estimates of requirements to be met under each type of aid, and in recognition of the fact that defense support aid and direct military assistance both serve the same objective of building up the defense forces of the European countries, the Congress provided this limited flexibility to be used when determined by the President to be necessary for achieving the purpose of the Mutual Security Act.

A total of \$478.2 million was transferred by the President on February 5, 1952, from the military appropriation to the defense support appropriation, upon the recommendation of the Secretary of State, the Secretary of the Treasury, the Secretary of Defense, and the Director for Mutual Security. In notifying the chairmen of the appropriate Congressional committees of this decision, the President stated that he was satisfied that this transfer of funds would in fact contribute more to military strength in Europe than if the same funds were to be used to procure military equipment for delivery to the countries concerned, and that the military effort on the part of the recipient countries which would be made possible by the transfer would be considerably larger than the amount of the funds transferred.

Over half of the funds transferred, \$300 million, were allotted to Britain to assist that country in meeting its urgent defense requirements for materials and machinery vital to the British defense program, and at the same time to help retard the rapid drain of Britain's reserves of gold and dollars. In the spring of 1951, when the Mutual Security Program was presented to the Congress, no defense support assistance had been programed for Britain. Although a strong external financial position had prevailed in Britain for the preceding 18 months, it was pointed out that there were serious uncertainties in the British balance of payments situation which could create a substantial need in Britain for defense support. By the end of 1951, it had become apparent that such assistance was urgently required. In weigh-

ing the requirements of Britain against the other requirements of the Mutual Security Program, it was estimated that for Britain to earn or save an amount of dollars equal to the \$300 million transferred, Britain would have to make a reduction of more than twice that amount in her defense program. The \$300 million was used to cover such necessary imports as steel, aluminum, nickel, sulphur, copper, petroleum products and other raw materials and components related to the defense program. In addition, the British agreed to supply the equivalent sterling counterpart to their defense production program.

The French campaign against the Communist forces in the Indochina war was supported indirectly by \$100 million of the transferred funds. The French Government, because of dollar shortages, was faced at the end of 1951 with the necessity of drastic reductions in her dollar imports. Such a reduction in the French import program would have seriously and adversely affected total French production and the financial stability of the country, and would have forced a reduction in the French defense production program substantially larger than the value of the imports that would have to be eliminated from the French program. It was decided to provide directly to France an additional \$100 million in defense support; and the counterpart of this \$100 million was directed to the procurement of supplies for the campaign in Indochina.

Greece, Turkey, and Yugoslavia together received the remaining \$78 million transferred, to permit those countries to carry out larger defense efforts than would have been possible otherwise.

Another transfer of funds—from the Title I (Europe) military assistance appropriation to the Title III (Asia and Pacific) military assistance appropriation—was made in support of the war against Communist insurrection in Indochina. This transfer between areas was made under the authority of Section 513 of the Mutual Security Act of 1951. This section authorized the President to transfer up to 10 percent of the funds appropriated under one title of the act to any other title in order to furnish assistance of the same kind to a different area. The transfer of \$153 million from the Title I military assistance appropriation to the Title III military assistance appropriation was made on May 5, 1952. These

funds were used to provide, in Indochina, equipment and other supplies to the French forces and the forces of the three associated states of Indochina.

Both of the transfers referred to above, that between the European and the Asian Titles of the act, and that between the military and the defense support sections of the European Title, reflect the vital relation between the various portions of the Mutual Security Program in all parts of the world.

Migration

Encouraging progress has been made toward meeting the problem of surplus population existing in certain countries of Western Europe and Greece. In the period covered by this report, five additional countries (Denmark, Israel, Paraguay, Sweden, and Venezuela) have joined the Provisional Intergovernmental Committee for the Movements of Migrants from Europe (PICMME), bring the total to 20 members.⁶ In addition, a number of other countries are interested in becoming members of the organization. The goal for movement of migrants from Western Europe to new homes overseas during the calendar year 1952 was raised from 115,000 to 137,000. A budget of \$41.4 million was adopted for the first year of operation, to which the United States is making a direct contribution of \$10 million as specifically authorized by the Congress under the Mutual Security Act of 1951. As of June 30, 1952, the United States had paid \$5 million to the Committee. Additional payments will be made periodically after full consideration of the contributions of other member governments.

⁶ Australia, Austria, Belgium, Bolivia, Brazil, Canada, Chile, Denmark, France, Germany, Greece, Israel, Italy, Luxembourg, Netherlands, Paraguay, Sweden, Switzerland, the United States, and Venezuela.

In the period from January 1 to June 30, 1952, the Committee moved approximately 50,500 migrants.

The projected movement of migrants for the calendar year 1952 is as follows:

From—		To—	
Austria.....	16, 000	Australia.....	25, 000
Germany.....	67, 000	Canada.....	40, 000
Greece.....	4, 000	Latin America...	31, 000
Italy-Trieste...	35, 000	New Zealand....	3, 000
Netherlands....	15, 000	United States....	¹ 38, 000
	137, 000		137, 000

¹ Represents ethnic Germans and displaced persons entering the United States under the provisions of the United States Displaced Persons Act of 1948, as amended.

Escapee Program

On March 22, 1952, the President, acting under the provisions of Section 101 (a) (1) of the Mutual Security Act of 1951, authorized a limited program of \$4.3 million for supplemental care and resettlement assistance for escapees from certain countries behind the Iron Curtain. Responsibility for carrying out the program has been assigned to the Department of State. The program has the limited objectives of improving the living conditions offered escapees, and of giving assistance in resettlement.

A small Washington organization has been established in the Department of State, and the field operations will be carried out by teams established within the diplomatic missions in Western Germany, Austria, Trieste, Italy, Greece, and Turkey. By contract with PICMME, plans have been developed for the overseas resettlement of up to 14,000 escapees, and movements already had commenced under this arrangement by June 30, 1952.

CHAPTER III

The Near East and Africa

GREECE, Turkey, Iran, the Arab States (Egypt, Iraq, Jordan, Lebanon, Saudi Arabia, Syria, and Yemen), the independent countries of North Africa (Ethiopia, Liberia, Libya), and Israel are the 14 nations which were eligible to receive aid under Title II (Near East and Africa) of the Mutual Security Act.

Military Aid Program

Military assistance under the Mutual Security Program was supplied to three countries during the first 6 months of 1952: Greece, Turkey, and Iran. The strategic location of these nations makes their defense important to the security of the free world. Military assistance has been provided to Greece and Turkey since 1947 and to Iran since 1950. The value of military aid shipped to these three countries during the first 6 months of 1952 amounted to \$106 million. The total value of shipments to these nations since the start of the Mutual Defense Assistance Program in 1949 through the end of June 1952 amounted to \$320.9 millions.

Military aid from the United States has enabled Greece and Turkey to make extensive improvements in the organization and equipment of their armed forces. Greece and Turkey have contributed armed forces not only to the strength of NATO, but also to the United Nations combat forces in Korea, where a battalion of Greek infantry and a Turkish regimental combat team have distinguished themselves in battle.

The military assistance program for Iran during the first 6 months of 1952 was of modest proportions and consisted mainly of equipment to modernize the existing armed forces. Under the provisions of section 511 (a) of the Mutual Secu-

rity Act of 1951, it was necessary to hold in abeyance all shipments of military matériel to Iran from January 8, 1952, until April 24, 1952, when the assurances required from that nation were received, and shipments resumed.

Technical Assistance Program

Technical assistance (Point 4) programs are conducted by the Technical Cooperation Administration (TCA) in 10 of the 14 nations in this area. (Of the remaining four nations, two—Greece and Turkey—are included under Europe for purposes of economic and technical assistance, and two—Syria and Yemen—had not concluded at the end of June 1952 the agreements which enable this type of assistance to be started or continued.) In the Near East and Africa, with the exception of Liberia, comprehensive programs have been under way only since 1951. American aid under the Point 4 Program is supplied only upon request.

In the underdeveloped nations, the aim of the Point 4 Program is to assure economic and political stability by showing the men and women of these nations how their own efforts can result in conditions of reasonable economic and social progress. Those who can see progress actually growing as a result of the working of democratic programs are less likely to be attracted by the blue-sky promises of fanatics.

The programs vary in emphasis from country to country, depending upon the most urgent need which must be met. In all countries in the Near East and Africa Point 4 Programs are aimed at raising the levels of education and health, and increasing the supply of food and improving its

distribution. About half of the funds for the Point 4 Program for this area were devoted to improving the food situation.

Agriculture

In Iran, agricultural technicians are working out of 10 regional headquarters—along with technicians in public health, education, and other fields—advising, demonstrating, and, in the “county-agent” tradition, training local farmers.

Sixty tons of seed wheat of improved local varieties were distributed in the Tehran region in return for poor seed wheat used by local farmers. The poor wheat was sold for feed and the proceeds used to buy additional wheat of the improved varieties. In the spring of 1952, seeds of various vegetables, forage crops, and sugar beets were imported from the United States for testing and demonstration in Iran. Similarly, bulls, chickens, and other farm animals have been imported as part of the program to improve the livestock of the country. Artificial insemination is being employed in Iran for the first time in a breed-improvement program. Communist and other opposition elements have sought to ridicule this program, but in spite of, if not because of, the publicity they gave it, the farmers of Iran have shown great enthusiasm for the program.

Various adaptations of the American agricultural college and extension systems are being employed in an effort to put into practical use by farmers all over the Near East the benefits of modern knowledge and research.

In Ethiopia, a country with one of the greatest potentials for agricultural expansion in the world, work continued toward establishing an Imperial Institute of Agriculture. Oklahoma A. and M. College—working under a Point 4 contract—undertook to provide faculty members and direction in the first years. Modeled along American land-grant college lines, the school, when completed, will carry teaching, training, research, and extension to all corners of the country.

The Booker T. Washington Agricultural and Industrial Institute in Liberia was expanded to provide training in agriculture and in other vocational fields, equipping Liberians to take over the research and extension work now being carried on by American specialists. These specialists have

already restored many Liberian cacao groves which had been allowed to go back to jungle during World War II. They have shown Liberian growers how to meet the requirements of the United States food and drug laws. As a result, United States cocoa processors have for the first time begun to make extensive use of the Liberian product—about 300 tons in 1951. In 1950, imports were only 800,000 pounds. Through the Point 4 Program, total acreage of cacao trees has been increased substantially and now amounts to nearly 22,000 acres.

In Libya, programs of agricultural extension, education, and reforestation continued. United States technical experts gave help in improving sheep and wool production, including instruction in grading and marketing of fleeces. The Libyan Government received aid to settle nomadic tribes on farms which were left by the Italians in the Barci Plain area, the richest agricultural section of the country. American “county agents” will soon be working in 12 regions of the country.

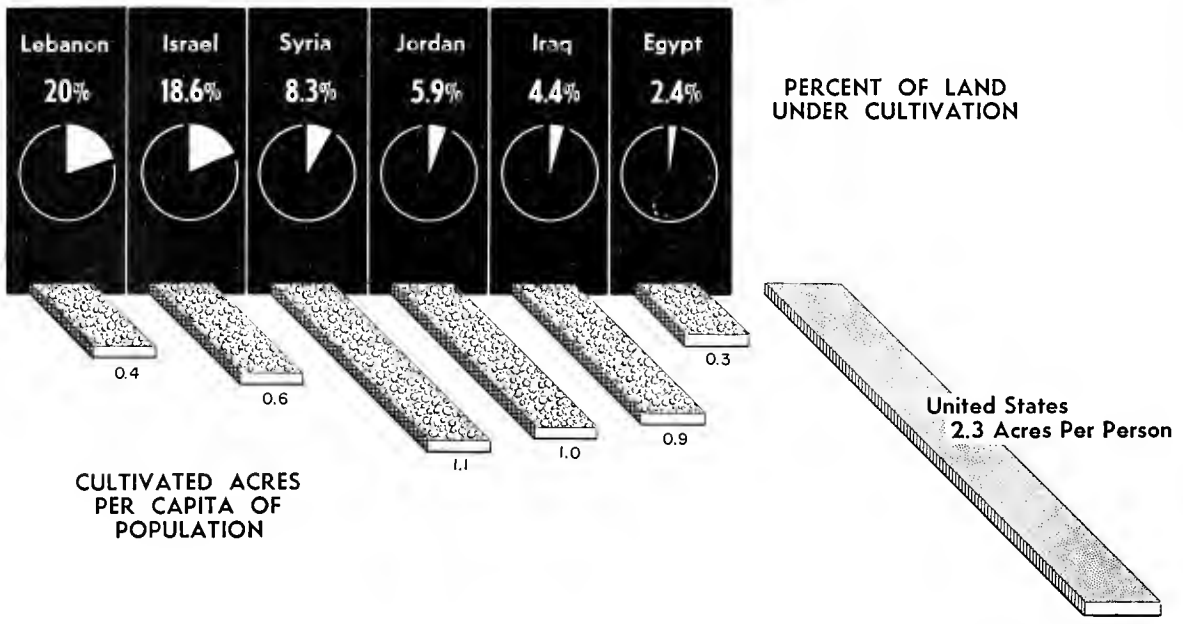
Marketing practices are as important as production methods in developing the commercial possibilities of agriculture. As an example of what can be accomplished, in Lebanon citrus producers and shippers were shown how to increase their returns and prevent losses by better marketing. Through demonstration of modern methods of picking, sorting, grading, wrapping, packing, and shipping, losses already have been reduced substantially and returns have been increased, with practically no expenditure for new equipment.

Water is the key factor in food production throughout the Near East where millions of acres receive little or no rainfall, and human life depends on irrigation facilities of every conceivable kind.

In Egypt, for example, over 97 percent of the land area is desert waste. The less than 3 percent that is cultivated is watered solely by the Nile, whose mouth is 2,000 miles down river from the nearest tributary. Point 4 geologists in Egypt helped locate sites for wells and catch basins. Similarly, a large well-drilling program got under way in Iran, with smaller programs in Saudi Arabia, Libya, Jordan, and other countries.

An American engineer has been engaged to serve

Greater Development Of Land Resources Can Speed Progress In The Near East



on the Iraqi Development Board, set up in 1950 to utilize a large part of the country's oil revenues in a 5-year program of general development, with special emphasis upon development of Tigris and Euphrates valley. It is estimated that 7 million acres now barren and dry can ultimately be brought into production through irrigation.

In Lebanon, work continued on plans for the harnessing of the waters of the Litani River, the principal natural resource of the nation, with completion of most of the preconstruction surveys and plans for the Zarka power unit, the Karoun Dam, and the Bisri tunnel and power plant.

Food supply was also being increased through measures to prevent waste and destruction. One of the greatest of all food destroyers—the desert locust—was, and is being, subjected to continuous, effective attack from ground and air.

Point 4 entomologists—assisted by the United Nations Food and Agricultural Organization and the British Desert Locust Control—worked with pilots, planes, and the ground-control organizations of the various countries to fight locusts in 1952, as in 1951. The 1952 locust invasion is said to be the worst in a century—marking the midpoint of one of the cycles of heavy infestation which occur from time to time. More than a

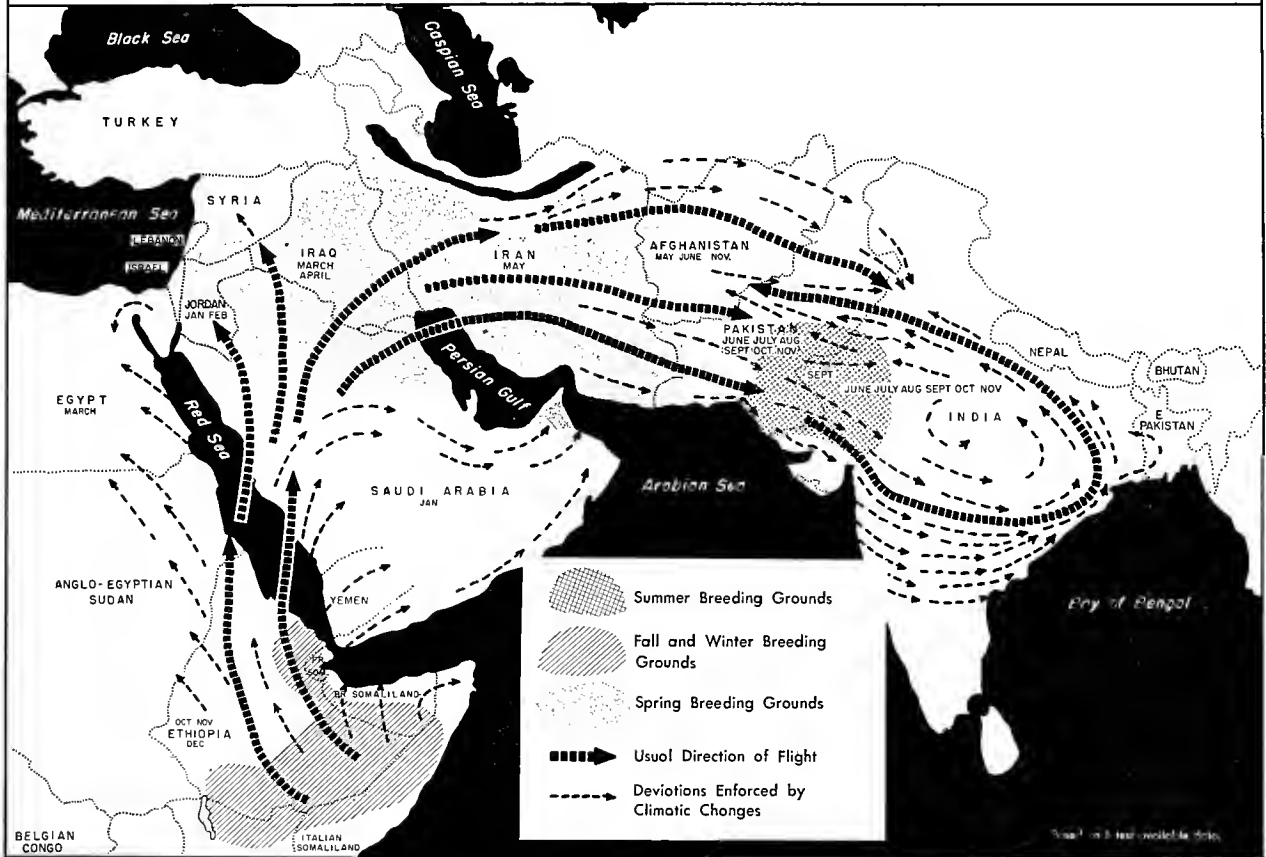
dozen nations worked together to wipe out the swarms before great damage was done to crops—damage which ranges from \$80 million to more than \$200 million in a single year.

The total cost of America's contribution to fighting locusts throughout the region from Central Africa to the east of India was some \$400,000 in 1951 and about \$470,000 in 1952. Most of this was for contracts with American flying services, planes, and aldrin—an American insecticide becoming standard for air-spraying of locusts in the Middle East.

A constant threat to grain crops in parts of the Near East is another destructive pest—the sen—a small bug which does its damage by sucking the young stalks and the immature grain, and cutting yields by as much as 50 percent if infestation occurs over wide areas. A recent demonstration of hand-and-power spraying of wheat fields in Iran showed that fields were 100 percent resistant to the pest after treatment with DDT and parcium solutions. This work, in which the Technical Cooperation Administration and the Near East Foundation are cooperating, has been expanded in Iran into a nation-wide campaign against the sen. The value of the grain saved is many times the cost of treatment.

Locust Invasions Threaten Food-Short Areas

The International Locust Control Program Aims to Avert Disastrous Crop Damage in Africa, the Middle East, and South Asia.



Health

Closely related to the matter of increasing food supply is improvement of health conditions throughout the Middle East. Activities in public health and sanitation are under way in most of the countries of the Near East and independent Africa, with emphasis on training a nucleus of competent local nationals and on setting up local public health organizations. Most of the actual health work under Point 4 is preventive and demonstrational in nature. Except in Israel, which has the highest ratio of physicians to population in the world, health facilities are poor, widely scattered, and inadequate.

In Iran, the regional health-and-sanitation teams have concentrated special attention on malaria—one of the most widely prevalent of all diseases in the area. During the calendar year 1951,

a total of 450 tons of DDT was furnished under Point 4 Programs. In cooperation with the Ministry of Health, about 9,000 villages were sprayed, building by building, and some 3,500,000 people were protected. The work continued on an even greater scale in 1952.

Among other health activities in Iran, two typhoid epidemics were arrested by immunization and application of sanitation procedures, a large number of children were given X-ray treatment for ringworm of the scalp, villages have been dusted to prevent the spread of insect-borne typhus, and training classes were conducted throughout the country for village physicians, nurses-aides and midwives, and sanitation workers. A number of Iranian doctors, sanitary engineers, and technicians are being given postgraduate study in the United States.

The health program in Liberia was started several years ago by the United States Public Health Service and continued under Point 4. It includes, among its many activities, a country-wide program of swamp clearance, drainage, and DDT-spraying to control malaria; operation of an outpatient clinic in Monrovia; a diagnostic laboratory, which also serves as a training center for Liberian laboratory technicians; a school for both graduate and practical nurses; a research institute working on tropical diseases indigenous to the region, and campaigns against yaws, dysentery, sleeping sickness, and other diseases. In this program, 11 American doctors, nurses, and other technicians work in association with more than 300 Liberians.

Education

Point 4 activities in the Near East involve a wide range of other technical fields, all related in one way or another to the economic development of the region, including education and public administration.

Saudi Arabia until recently had no effective system of financial administration and currency. In making effective use of oil earnings for the general economic development of the country, the first step was to establish a budgetary and banking system, and measures for fiscal control, with trained people to administer them. At the request of the Saudi Arabian Government, a team of American fiscal experts made a thorough study of the country's finances. Acting upon the recommendations of this team, Saudi Arabia established a monetary agency to manage the currency and handle the revenues and expenditures of the country. An American expert has been hired to direct the new agency through its early stages. Point 4 experts were employed to advise on the country's customs and tariff systems, to help install accounting and bookkeeping practices, and to improve other government services.

At the American University of Beirut, 120 Arab nationals, under Point 4 scholarships, were recently graduated from a special course of training for economic development work and public service in their own countries. The American University of Beirut expanded its faculty to provide courses in agriculture, public health, public administration, and business.

At the end of June 1952, 84 foreign nationals from the countries of the Near East and Northern Africa were in the United States under Point 4 training grants. Of these, 17 were from Egypt, 21 from Iran, 24 from Iraq, 10 from Israel, 2 from Jordan, 4 from Lebanon, 5 from Liberia, and 1 from Libya. All these trainees are either leaders in the affairs of their nation, or are technical workers preparing for some field of general economic development or for public service.

Special Programs

In addition to the usual program of technical cooperation assistance, the United States has furnished aid to Israel for the purposes of general economic development and for the relief and resettlement of refugees. During the year ending June 30, 1952, \$13.5 million of aid was programed to improve transportation, to develop power resources, to assist in various irrigation projects, and to encourage the growth of industry.

In addition, the \$50 million appropriated by the United States Congress for relief and resettlement was administered under two distinct but correlated activities. The relief aspects necessitated the provision for the added refugee population of basic consumer goods, including wheat, seeds, fats and oils, raw cotton, leather, fuel, and fodders. In connection with the resettlement program, necessary imports included steel for housing, pipes for irrigation, electric power equipment, and spare parts for agricultural machinery.

Technical cooperation was closely linked to the resettlement program with assistance in the field of vocational education, emphasizing the teaching of skills to large refugee groups, in addition to on-the-job training for industrial apprentices. American technicians also aided in the development of mineral resources such as the potash and phosphate deposits in the Dead Sea area and the low-grade copper and manganese of the Negeb.

All three programs, as correlated, were aimed at providing the basic essentials of life to the people of Israel and to help develop a firm economic base which will lead to the country's eventual self-support.

Palestine Refugee Program.—During the first 6 months of 1952, the United States worked through the United Nations Relief and Works

Agency for Palestine Refugees to provide food, shelter, and medical attention for the 850,000 Arab refugees still on relief roles, and to press forward with programs designed to assist the refugees to become self-sustaining members of society.

Indications of an increased willingness in several Near Eastern areas to accept skilled refugees led to a greater emphasis on screening refugee workers with experience in useful trades and placing them in jobs where they could support themselves. Vocational training programs were developed to assist additional refugees to find their places in the economies of the Near East. Arrangements were worked out with the Jordan Gov-

ernment whereby the United Nations Relief and Works Agency would advance additional capital to the Jordan Development Bank, which in turn would lend money to refugees with trade and manufacturing capabilities to enable them to start small businesses. Arrangements to provide capital assistance for refugee enterprises were under discussion with other governments.

For these programs, the United States made available the \$50 million appropriated for the fiscal year 1952 toward the total budget of \$77 million recommended by the United Nations agency. Contributions of over \$22 million were made by other governments.

CHAPTER IV

Asia and the Pacific

TEN nations in the Asian and the Pacific area received assistance under the Mutual Security Program during the first 6 months of 1952. Four of those nations are in South Asia (India, Pakistan, Afghanistan, and Nepal) and six are in Southeast Asia and the Far East (the Associated States of Indochina, Burma, Indonesia, the Philippines, the Republic of China on Formosa, and Thailand).

Military Aid Program

Military assistance was supplied to the Associated States of Indochina, the Republic of China on Formosa, the Philippines, and Thailand.¹ Equipment and training were provided to assist those nations to develop defense forces capable of maintaining internal security and of discouraging attack by an external aggressor.

In the area of Asia and the Pacific, Communist activity takes the form of open military measures in addition to nonmilitary forms of subversion. Armed communist forces have been active not only in Korea—where they were assisted by Chinese Communist aggressors—but also in Indochina, in Malaya, and in the Philippines.

During the first 6 months of 1952, matériel valued at \$107 million was shipped from the United States to the four nations in the Pacific area receiving military assistance. From the start

¹ Although there was no military assistance program for Indonesia during the fiscal year ending June 30, 1952, some deliveries of military equipment took place as a result of a small program undertaken earlier under the Mutual Defense Assistance Program. The deliveries, although small, were important in arming the national mobile police of Indonesia. Deliveries of vehicles and light arms have enabled the National police to assist the Government of Indonesia in maintaining peace and security. The matériel program for Indonesia is 63 percent completed.

of military assistance programs for this area in 1949 until the end of June 1952, a total of \$1,171 million worth of aid has been programed, of which \$336 million has been shipped. Total shipments through the end of June 1952 amounted to 518,150 measurement tons, of which approximately 200,000 tons were shipped during the period covered by this report.

Indochina.—Military assistance to the armed forces of the French Union and the armed forces of the Associated States of Indochina continued on a high priority basis during the first 6 months of 1952. Deliveries during this period included large numbers of vehicles, artillery pieces, communications equipment, landing craft, and certain vitally required aircraft. These deliveries, and the effect upon military operations, have been of major importance in improving the military situation in Indochina.

Increasing emphasis was placed on building up the national armies of the Associated States of Indochina. In the struggle to prevent these new nations from being taken over by Communist armies, the assistance and tutelage of French military forces have been invaluable to the national armies of the Associated States, and this assistance will be necessary for some time. Eventually, however, the new national armies should be able to take over an increasing share of the burden of protecting their fellow countrymen from Communist attack. As the national armies become stronger, the French will be able to transfer from Indochina to Europe the trained professional officers, noncommissioned officers, and enlisted men who are much needed for the build-up of NATO forces.

The Republic of China on Formosa.—Deliveries of military equipment to the Republic of China on Formosa were accelerated during the first 6 months of 1952. In May and June, deliv-

eries showed a marked upswing and included aircraft, vehicles, artillery, and communications equipment. Military aid to the Republic of China is supervised, as elsewhere, by a United States Military Assistance Advisory Group. One of the largest of such groups is in Formosa. It not only supervises the supply of needed equipment but is active also in the field of military training. It has given advice on reorganization of the Chinese Nationalist armed forces, on building the defenses of Formosa, and on ground-force field maneuvers and joint maneuvers between the various Chinese armed services which took place during the first 6 months of 1952.

The Philippines.—Increased deliveries of equipment to the Philippine armed forces assisted in the disorganization of the Huk insurrection which had been aided and, in part, led by Communists. Although much had been accomplished in putting down the Huks, there remain disorganized but dangerously large bands of Huk guerrillas which still have power to harass and destroy peaceful communities and to terrorize by assassination.

Thailand.—Deliveries of military equipment during the first 6 months of 1952 enabled Thailand to continue the process of modernizing several battalion combat teams and to give training to its small but efficient air force. Military assistance from the United States has enabled the Thais to equip and to maintain one battalion of troops in Korea under the United Nations Command.

Economic and Technical Assistance Program

During the period covered by this report, economic and technical aid to India, Pakistan, Afghanistan, and Nepal (the countries in South Asia) was administered by the Technical Cooperation Administration in the Department of State; similar aid to the Associated States of Indochina, Burma, Indonesia, the Philippines, the Republic of China on Formosa, and Thailand (Southeast Asia) was administered by the Mutual Security Agency.²

² As a result of the provisions of Sec. 503 of the Mutual Security Act of 1951, programs for Burma and Indonesia are to be administered in the future by the Technical Cooperation Administration under the provisions of the Act

Economic and technical assistance from the United States is designed to strengthen the ability of governments of the various nations in South Asia and Southeast Asia to carry on essential governmental functions, to support the build-up of military and police forces, and to help the achievement of greater and more diversified production, including production of strategic materials needed by other nations of the free world. The programs are aimed at developing trained leaders and technicians, at establishing adequate public services in fields such as health, agriculture, education, transportation, and communications. The programs also are aimed at creating conditions which will attract private enterprise and private investment.

South Asia

More than one-third of all the people in the non-Communist world—about 465 million—live in the South Asian countries of India, Pakistan, Afghanistan, and Nepal.

In South Asia, the Communists have sought to exploit social unrest, to weaken domestic governments, and to turn the non-Communist population against their governmental leaders. Local Communist agitators, with help from the Soviet Union, have tried to convince the people of South Asia that the only way to rid themselves of the accumulated grievances of the past and the frustrations of the present is to join the Soviet bloc.

There is, however, in the nations of South Asia a substantial reservoir of good will toward the United States. This nation is regarded as a friend who is willing to share knowledge and skills to assist the nations of South Asia in their efforts to achieve conditions of economic and social progress, progress which must be made if deterioration in the present political situation is to be prevented.

The Point 4 Program is extending American cooperation to all four of the South Asian countries in their drive for economic progress. The work is under the direction of the Asian Development Service, the regional operating agency of the Technical Cooperation Administration.

for International Development. During the month of June 1952, arrangements were completed for the change-over which became effective July 1. No major change in the nature of the program for these two countries was contemplated.

The population of India is the largest of any nation in the free world; that of Pakistan, the third largest. Both nations have achieved political independence within the past 6 years. Both nations, under democratic governments, are embarked upon ambitious and energetic programs of economic development.

India.—India has great potentials for developing its resources of land, water, and minerals, and is staking a major portion of its available capital, its borrowing capacity, and its technical resources on a 6-year development plan.

The greatest need in India is to increase supplies of food to take care of its increasing population. The United States and India are engaged in one of the largest cooperative efforts ever undertaken by two nations for economic development. A community development program has been started which will directly affect 11 million people in 16,500 Indian villages. The aim of this develop-

ment program is not only to increase food production but, in addition, to improve conditions of life in the Indian villages through measures to increase the levels of health, education, and community services.

In this development program, projects are to be modeled on the general lines of the Etawah demonstration—an extension program, carried on by American and Indian agriculturalists, which resulted in a 46-percent increase in crop production in 3 years. Schools were started, health and sanitation conditions improved, roads built, and a general boost in business activity resulted from teaching, demonstration, and local organization of activities in the villages.

To carry on the new community development program, over 7,000 Indian workers are being trained; they will be assisted by 120 Americans, technicians, and administrators. The first of 55 community development projects are under way.

The Community Development Program In India

Its Aims

- More Food
- Better Living Conditions

55 projects under Point 4 sponsorship will have a direct effect on the farming and living conditions of 11 million people in 16,500 villages.

The Means



- Local Labor
- Buildings
- Local Supplies
- Contracting Services
- Local Transportation



- Technical Services
- Fertilizer
- Industrial Materials
- Machinery
- Seeds

- Training Centers

The Program

AGRICULTURAL DEVELOPMENT

- Farm Demonstration Projects
- Land Reclamation
- Irrigation
- Commercial Fertilizers
- Quality Seeds
- Improved Implements
- Inland Fisheries
- Credit Facilities

FREE EDUCATION

- Elementary Schools
- Vocational Schools
- Adult Literacy Schools
- Library Services

HEALTH ACTIVITIES

- Disease Control
- Sanitation
- Clean Drinking Water
- Health Clinics

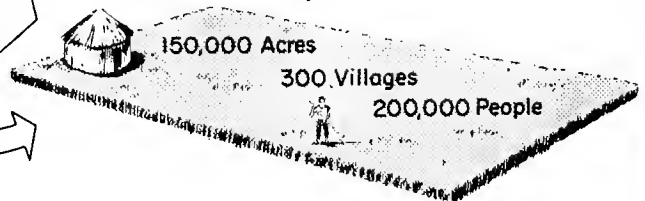
COMMUNITY SERVICE CENTERS

- Crop Storage
- Marketing Centers
- Veterinary Services
- Health Centers
- Machinery Maintenance

SMALL-SCALE INDUSTRIES

- Small Tool Production
- Sawmills
- Brick Kilns
- Raw Materials
- Home Building

Typical Project Area



After 3 years of joint operation, all 55 will be taken over and operated entirely by the people and Government of India.

The United States contribution, through the Point 4 Program, to this vast undertaking consists of the salaries, expenses, and equipment of the 120 American technicians, and, in addition, of essential supplies and equipment for the program—supplies which cannot be obtained in India and for which dollar funds are needed. The contribution of the United States amounted to about \$25 million at the end of June 1952. The Government of India is putting up, in rupees, the equivalent of almost \$77 million which will pay the salaries of the 7,000 Indian workers and all local expenses of the project, including buildings, local transportation, services of local contractors, and similar expenses. The Ford Foundation is also cooperating in this undertaking. It is assisting the Indian Government to operate 30 training centers to provide training for those who will work in the villages and is paying all the capital costs involved in this training.

The community development program in India has five major parts:

1. *Development of food and agricultural resources.*—This part of the program will take the form of demonstration farms—including the use of commercial fertilizer and high quality seeds and use of improved farm implements, land reclamation, irrigation, the operation of credit facilities, and the development of inland fisheries.

2. *Free Education.*—This has been scheduled not only for elementary and secondary schools but also for vocational schools, literacy classes for adults, and free library services.

3. *Improved Health.*—In addition to health clinics and public health measures to control diseases, this part of the program calls for increasing emphasis on improving sanitary conditions and on obtaining and using clean drinking water.

4. *Community Service Centers.*—The plans for these centers call for adequate facilities for storing and marketing crops, veterinary services, and centers for the maintenance of farm machinery.

5. *Small-Scale Industry.*—For 6 of the 55 projects, plans have been made for the development, with Indian funds, of small-scale industries which will employ surplus labor in producing simple

tools, building materials, and other supplies and equipment needed for the entire program.

Less than half of the Point 4 funds for India—\$25 million out of a total of \$54 million—are allocated directly to the community development program. Most of the remaining funds went to projects connected with and supporting the community development program including \$6.6 million for fertilizer, \$9.4 million for steel and equipment for wells, \$2.2 million for iron and steel to be used in making farm implements. Other uses of the Point 4 fund in India were: helping to complete irrigation works; developing commercial fisheries in order to help meet the need for protein food; controlling locusts; reclaiming land made useless by the growth of Kans grass; making soil surveys, and working to control malaria.

India Grain Program.—From January to June 1952, the shipment of \$63.1 million worth of wheat and grain sorghums was authorized under the “loan-aid” program to alleviate famine in India. This brought total authorizations to \$190 million—the amount provided by the Congress—exclusive of an additional \$4.5 million of aid extended earlier on a grant basis. Over 90 percent of the grain has been shipped and paid for.

Pakistan.—In Pakistan, a development program has been undertaken which is similar to the program in India. During its first year, this program was scheduled to be in operation in 1,000 villages and to affect the lives of some 600,000 people. The costs of the development program in Pakistan during its first stages were jointly shared by the United States—which is contributing about \$10.7 million in Point 4 funds—and the government of Pakistan, which is putting up more than that amount in rupees.

Plans have been worked out for teams of American and Pakistani technicians to help people in the villages to improve their production of crops and livestock, to better their conditions of health and sanitation, and to develop their facilities for basic education and vocational training. Planned also was help to be given in the establishment of three types of cooperatives—marketing, purchasing, and credit.

During the first half of 1952, work was started to meet the urgent need in East Pakistan for transportation facilities. In the valleys of the

Ganges and Brahmaputra rivers, floods had swept away roads and bridges and left thousands of farmers in hundreds of villages cut off from markets.

The United States, through the Point 4 Program, agreed to supply Pakistan with 10,000 tons of fertilizer to use in farm demonstration projects. During the first year of use, for every ton of fertilizer properly applied, grain production should rise by 2 tons. In addition, the Point 4 Program in Pakistan provided technical advice and financial assistance to start a fertilizer factory which will produce 50,000 tons of ammonium sulfate a year.

Among other activities undertaken in Pakistan during the first 6 months of 1952 were such varied projects as the initiation of forestry research laboratories to teach timber conservation and reforestation, and better methods of timber extraction and utilization; preliminary work toward the establishment in Pakistan of a banking system similar to the Federal Reserve System of the United States; and the establishment of a central statistical bureau.

Afghanistan.—In Afghanistan, the Point 4 Program took the form of advice to the Afghanistan Ministry of Mines on how to increase the output of coal mines and assistance in more effective marketing and utilization of coal. Technicians from the United States helped to install better safety methods and more efficient production methods. The coal mines of Afghanistan are slope mines. Until recently the only way to get the coal out was in baskets—on the heads of coal miners who had to walk 1,000 to 5,000 feet up the slopes from the face of the mine to the entrance. In one such mine, Point 4 technicians helped the government of Afghanistan to install a Diesel-powered hoist-and-scoop to haul the coal out, leaving the miners free to work at the face. Measures such as these are a long way from “modernization” of the Afghanistan coal mines; they are, however, a start. In Afghanistan, as elsewhere, once such starts are made with United States assistance, and favorable results are apparent, the programs are taken up and continued by people in the country concerned.

The Technical Cooperation Administration and the Afghan Government were working out plans for a joint program to make the best use of land

soon to be brought under cultivation by new water control facilities in the Helmand river valley.

Nepal.—In Nepal, specialists in agriculture from the United States were assisting the Government of Nepal to set up a program of agricultural education. The United States technicians trained Nepalese to continue and enlarge the program. Similar cooperative activity in the fields of health and sanitation was started.

As part of the program to assist underdeveloped nations to increase their economic well-being by development of their natural resources, an American mining engineer, working for the Point 4 Program, began work to evaluate the deposits known to exist in Nepal of lead, zinc, cobalt, gold, and copper as well as salt and limestone, and to recommend methods for developing these resources on a commercial basis.

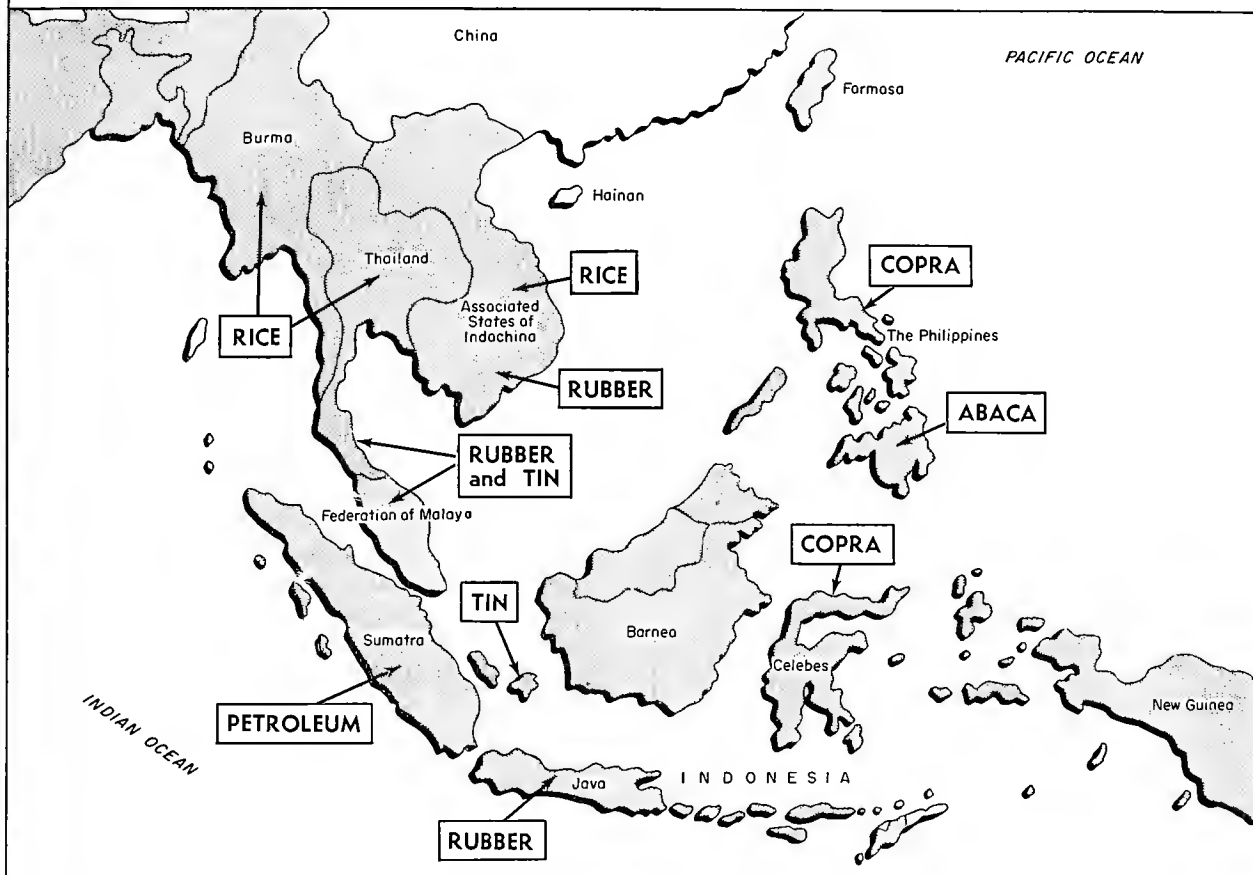
Southeast Asia

In Southeast Asia (the Associated States of Indochina, Burma, Indonesia, the Philippines, the Republic of China on Formosa, and Thailand), economic and technical assistance from the United States has been administered by the Mutual Security Agency. The objective of such assistance is to help these nations build the economic foundations of independence.

Among the needs of the nations in Southeast Asia are the development of trained leaders and technicians, the establishment of adequate public services in fields such as health, agriculture, education, transportation, and communications. Needed also are means to open the way for encouraging private enterprise and private investment.

In Southeast Asia, the Mutual Security Program has supplied technical assistance to demonstrate methods of increasing agricultural yields, to establish needed manufacturing industries, to start practices which lead to better health and sanitation, and to train the citizens of the various nations in needed skills. In addition, the Mutual Security Program has financed the import of essential commodities such as fertilizer, raw cotton, bread grains, machinery, and chemicals which are needed to increase the productive capacity of the nations concerned, to reduce threats of inflation caused by military programs, and to improve basic economic facilities.

The Free World Needs The Raw Materials And Food Of Southeast Asia



During the first 6 months of 1952, payments of \$73.6 million were made by the Mutual Security Agency for goods and services supplied by the United States to Southeast Asia. Between June 5, 1950 (the date of enactment of the China Area Aid Act of 1950) and June 30, 1952, a total of \$330.5 million was made available to the Mutual Security Agency, and its predecessor, the Economic Cooperation Administration, for the program in Southeast Asia. By the end of June 1952, the entire amount of funds had been earmarked for specific assistance, and actual payments of \$177 million had been made.

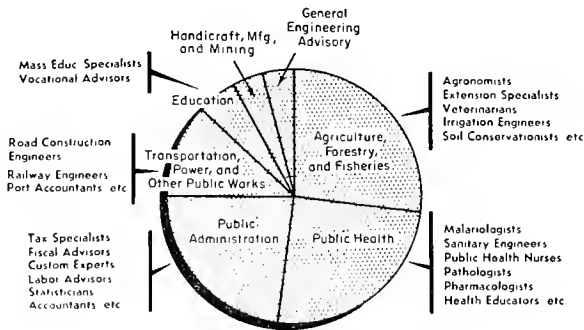
The Associated States of Indochina.—In the Associated States of Indochina the major aim of the programs of technical and economic assistance is to complement the program of military assistance. Many projects for improving economic and social conditions are of direct assistance to the military effort in Indochina. High-

ways and ports, needed for military as well as civilian use, were rehabilitated or improved during the first 6 months of 1952. Help was given to increase production of food and clothing. In addition, medicine, food and clothing were supplied for emergency relief of war refugees. During the latter part of the period under review, the emphasis of measures for refugee relief were shifted from the provision and distribution of vital necessities to longer-term projects. A start was made in locating refugees on abandoned farm lands and employing them in small industry.

By helping the people of Indochina to achieve better health, more food, and economic stability, the economic and technical assistance programs of the Mutual Security Agency helped to strengthen the will and ability of the Indochinese to fight the Communist insurgents, and in this way the program aided the military effort.

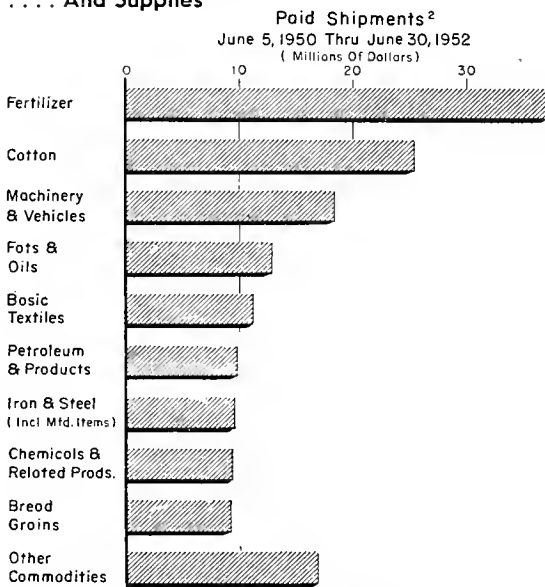
The Economic Program For Southeast Asia

Technical Assistance



319 Technical Experts Were Sent To Southeast Asia Thru June 30, 1952¹

. . . . And Supplies



¹ Also, 315 local people were brought from countries for training, mostly in the U. S.
² Excludes \$17 million for freight and services.

In the field of health, much progress was made in controlling the eye disease trachoma, which, if not treated, causes blindness. Of the 1½ million cases of this disease existing in Indochina, more than 200,000 have already been arrested or cured.

Programs have been undertaken to improve and increase food production through irrigation and through better fertilization. In one irrigation project, the Sontay project in Tonkin, an investment of \$75,000 worth of Diesel engines and accessory equipment—supplied by the Mutual Security Agency—brought 25,000 acres of rice land under irrigation. As a result, the area can

now produce two crops of rice a year instead of one. Work is under way to rehabilitate an additional 45,000 acres of rice land.

In 1951, about 14,500 tons of fertilizer were distributed to 500,000 farm families. Use of the fertilizer made possible an increase of 100,000 tons of food crops and demonstrated to the Indochinese farmers the value of better fertilizing methods. Approximately 8,500 tons of fertilizer—to be used almost exclusively on rice—were scheduled for distribution in 1952.

Burma.—One of the principal problems in Burma is the need to increase the output of rice. Before World War II, Burma was the world's largest exporter of rice. However, during the postwar years shipments of rice from Burma to other countries have been less than one-half of prewar.

The Mutual Security Agency continued, during the first half of 1952, its work with the Burmese Government on ways to increase the output of rice through improvements in seed, and control of insects and plant diseases. In addition, assistance was furnished to improve techniques of processing and storing rice and in these ways to assure an increase in the amount of rice available for consumption. Additional measures such as the rehabilitation of Burmese ports, especially Rangoon, and a general improvement of transportation facilities, are aiding in the program to step up rice exports.

In the industrial field, a comprehensive economic and engineering survey continued; this was financed by the Mutual Security Agency. The objective of the survey is to determine the best means for developing mining, transportation, communications, and industry in Burma. The final result of the survey—a preliminary report has already been issued and is under study—was scheduled to serve as the basis for working out part of a program to develop Burmese resources during an 8-year period.

Although aid to Burma was suspended during most of January and part of February 1952, pending completion of negotiations for assurances required by Section 511 of the Mutual Security Act of 1951, the program thereafter was continued, and substantial progress was made, particularly in the fields of health and agriculture.

Indonesia.—Since obtaining its independence, Indonesia has made great efforts to train technicians to administer its vast territories, to achieve higher standards of health, to develop more educational facilities, and to acquire better production methods. Assistance from the United States under the Mutual Security Program has been designed to mesh with the development programs of the Republic of Indonesia.

During the period under review, agricultural technicians from the United States worked with the rice farmers of Indonesia to demonstrate the use of fertilizer and to assist in the reclamation of swamp land for use in cultivating rice. Other programs to increase the production of agricultural products involved the distribution of improved hand tools, the supplying of simple equipment for processing sugar cane and rubber on small plantations, and technical assistance to improve the strains of food plants and to control the diseases of plants and livestock. Assistance was given also in strengthening services provided by village cooperatives, services such as provision of credit and the pooling of marketing or purchasing.

Indonesia suffers from a serious shortage of protein foods. To help remedy this situation, the Mutual Security Agency provided Diesel-powered fishing boats which assisted the Indonesian fishermen to quadruple their catch. Some 75 of these Diesel-engined boats, plus an additional 100 Diesel engines for use in Indonesian-built vessels, were provided by the Mutual Security Agency. These boats and engines were expected to cause an increase of nearly 9 million pounds a year in the fish catch. Results have already been substantial, and the Indonesians, having seen what can be done with modernization of their fishing fleet, have planned to undertake their own program for power-driven boats, with only marginal aid from the United States.

In the fields of health and education, substantial progress was made in controlling malaria; schools to train nurses were set up; instructors were supplied to train Indonesians to become teachers of the English language. (In Indonesia, English has replaced Dutch as the official foreign language.)

To help Indonesia with its industrial problems, a firm of American engineering consultants was employed under a contract financed by the Mutual

Security Agency and has been working with the Indonesian Government in the fields of transportation, rehabilitation of ports and railroads and industrial development.

Philippines.—The Mutual Security Agency is working with the Government of the Philippines in carrying on an economic program emphasizing increased production of agricultural commodities. In the first 6 months of 1952, work continued on programs to bring more farm areas under irrigation, to improve methods of applying fertilizer and to bring about the use of agricultural techniques which result in greater yields per acre. Progress was made in checking the spread of mosaic disease—a disease which reduces the production of abaca, the plant which yields manila hemp. During the period under review, the Mutual Security Agency supplied funds which enabled the University of the Philippines to sign a contract with Cornell University to provide technical assistance to the College of Agriculture in the University of the Philippines.

Progress continued in the working out of homesteader programs. On the Island of Mindanao, extensive tracts of arable land are being opened for settlement. To assist in this process, the Mutual Security Agency has helped the Philippine Government to develop roads, to establish measures for the control of malaria, and to simplify procedures for title registration. Surveying parties were sent out to classify and subdivide the tracts in order to speed the opening of land to homesteaders. When complete, this homesteader project will provide an opportunity for people to move from overcrowded areas and will provide, to thousands of Filipino families, increased means of self-support.

Through other projects designed to raise the level of health, the Mutual Security Agency provided aid to rehabilitate hospitals, to increase the availability of medical attention, and to establish programs to train Filipinos to carry on activities needed in the field of public health.

Republic of China on Formosa.—During the first 6 months of 1952, the Mutual Security Agency supplied to the Republic of China on Formosa materials, equipment and technical aid in order to achieve a threefold goal: (1) to support the military effort; (2) to hold down inflationary

pressures; and (3) to increase production and expand needed industries and public services.

During the first 6 months of 1952, \$45 million was paid for supplies and services supplied to Formosa under programs approved by the Mutual Security Agency. During the 12-month period ending June 30, 1952, a total of \$81.5 million was obligated for the economic program on Formosa. This amount was about 49 percent of the total for this type of aid to the countries of the Asia and Pacific area.

Many of the materials shipped to Formosa are called "common-use items"—that is, items which can be used by the military forces and the civilian population. Aside from the "common-use items," most of the commodities sent to Formosa were intended to assist that country to increase its agricultural and industrial production. Fertilizer was provided to increase the output of rice and sugar cane; raw cotton and machinery were sent to develop the textile industry; machinery was sent to aid in the development of the cement industry; and construction equipment was provided to assist in the building of highways, railroads, harbors and electric power plants.

During the first 6 months of 1952, a number of important projects were completed. In Hsinchu, on the northwest coast of Formosa, the construction of an electric power substation was finished. This substation now adds power capacity which was needed for the operation of the fertilizer plant and other industrial installations in the area. At the Port of Kaohsiung, the best deep-water pier on Formosa has been rebuilt with the assistance of counterpart funds released by the Mutual Security Agency. To improve the transportation system in Formosa, a bridge, 6,500 feet long, is being erected at Silo. The first 20 steel spans—in a series of 31—were put in place. When complete, this bridge will link the northern and southern highway systems of Formosa.

The Joint Commission on Rural Reconstruction continued its program in the farm areas of Formosa. Among the activities carried on by the Joint Commission were the distribution of improved rice seeds, the rehabilitation of warehouses belonging to farmers' associations, projects for increased irrigation of land, sales of public land to those who had been tenant farmers, reforestation, and the planting of windbreaks.

As a result of activities undertaken by the Chinese Government and of assistance supplied by the Mutual Security Agency, there was some improvement in the economic situation in Formosa during the first 6 months of 1952, and encouraging progress was made in controlling inflation. However, Formosa will face for a long time to come the problem of supporting an abnormally heavy military burden. Military costs account for 80 percent of the national budget, and for nearly 50 percent of the consolidated national, provincial and local government budgets. In addition, Formosa must cope with the needs of a steadily increasing population. Solution of this problem is made more difficult because almost all of the arable land is now in use, and there is little opportunity for internal migration or emigration to relieve the pressure of the growing population.

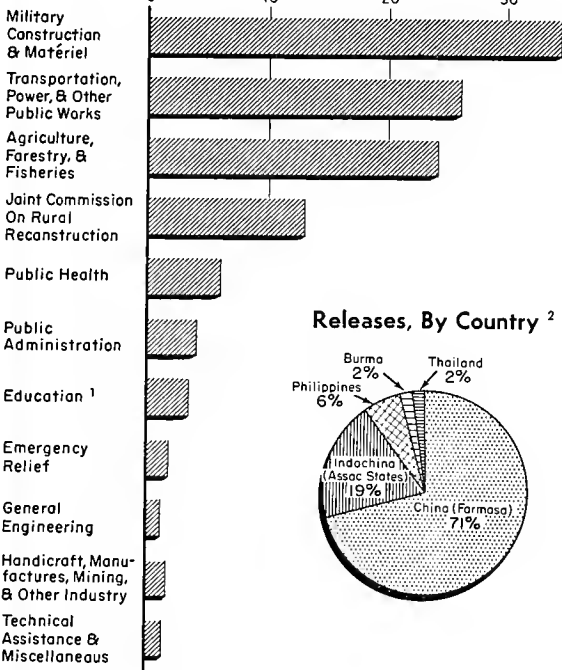
Thailand.—A large proportion of the program which the Mutual Security Agency carried on in Thailand during the first 6 months of 1952 consisted of technical assistance projects, including the services of American technical experts and the training of the citizens of Thailand.

To increase the production of food, especially rice, work continued on a series of irrigation projects in the northeast region of Thailand. As a result of more irrigation, an increase of 24,000 metric tons of rice was expected in the year ending June 30, 1952—this in addition to an increase of 10,000 metric tons which had been achieved in the year which ended in June 1951. As another means of increasing the supply of rice, large-scale plant breeding experiments continued. Through these and other measures, it was anticipated that the exports of rice from Thailand will increase by about 1 million tons a year.

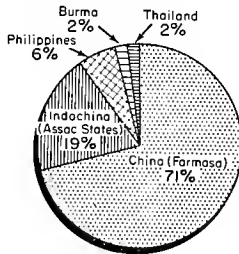
To improve the health of the population, many citizens of Thailand have received training in essential public services, not only in cities, but also in the country. For example, work continued on the program to train men and women in the control of trachoma and other inflammatory eye diseases which afflict large portions of the population. Under similar programs, many hundred Thais have been trained in the control of malaria.

To help the Thai Government carry on essential governmental functions and to train its own administrators, the Mutual Security Agency ini-

MSA Has Released \$116 Million Of Far East Counterpart Funds
For The Period June 5, 1950-June 30, 1952
 (Dollar Equivalents, in Millions)



Releases, By Country ²



¹ Primarily adult and vocational education

² No Far East counterpart released to Indonesia as of June 30, 1952.

tiated a program of public administration under which the Thai Government will receive advice and assistance from American experts in the fields of budget preparation, civil service procedures, and taxation. Provision was made also for Thais to receive training in the United States.

Counterpart Funds.—The provision of the Mutual Security Act of 1951 regarding the development and use of counterpart funds ³ applies, with some variations, to the Far East as well as to Europe. All the countries deposit local currency in a special account from which withdrawals can be made for mutually agreed purposes. Deposit requirements, however, have been tailored to conditions existing in the particular countries. In the case of Thailand, all counterpart deposits are commensurate to the value of MSA aid and are derived directly from the Government budget. On the other hand, certain countries in the Far East, particularly Formosa and the Associated

States of Indochina, are confronted with serious budgetary deficits, and in these countries the Mutual Security Agency finances the importation of commodities essential to the economy which are then sold in the domestic markets. The local currency obtained from these sales is placed in the special counterpart accounts and thus finances local expenditures without generating inflationary pressure. Further, such imports also ease the dollar shortages in these countries.

From the start of the Far East program on June 5, 1950, to June 30, 1952, the Far Eastern countries have deposited the equivalent of \$136 million in their counterpart accounts. The equivalent of \$4 million (about 3 percent of deposits) has been transferred to United States disbursing officers for use in meeting MSA administrative costs payable in local currencies. A total of \$132 million remained to finance development programs of the depositing countries.

During the period January 1 through June 30, 1952, the Mutual Security Agency released the equivalent of \$65 million from the counterpart accounts to finance approved projects in the Far Eastern countries—bringing to \$116 million the amount released since the inception of the program.

In the Associated States of Indochina, counterpart funds have been released for the maintenance and repair of highways and other public works—many of which serve military as well as civilian needs—and to help pay the local expenses of projects in the fields of agriculture and public health. Substantial amounts of counterpart have been used to provide food, clothing, and temporary employment for war refugees.

In Burma, almost one-half of the counterpart funds released by June 30, 1952, had been used to help pay for low-cost housing and the rehabilitation of the port of Rangoon. Other counterpart funds were used to pay for the local costs of important health programs.

In Indonesia, as of June 30, 1952, no funds had been released from the Indonesian counterpart account. At that time, discussions were under way between the United States and the Government of Indonesia concerning a program to make use of the counterpart funds built up as a result of aid received by Indonesia while that nation was a dependency of the Netherlands.

³ See page 11.

In the Philippines, most of the counterpart funds released by the Mutual Security Agency were used to assist in land settlement, rural development and increasing agricultural production.

In the Republic of China on Formosa, counterpart funds have been used extensively to pay for the construction of military installations and for the production and procurement of matériel for the armed forces.

In Thailand, most of the counterpart funds were used to help pay for programs to increase the production of food and programs to raise the level of health.

Korean Relief and Rehabilitation

It is the established policy of the United States to provide economic assistance for the Republic of Korea by making contributions to the United Nations Korean Reconstruction Agency (UNKRA) which was established in December 1950 by the General Assembly of the United Nations to provide relief and rehabilitation in Korea. The over-all purpose of UNKRA's economic assistance program is to help the Korean people in their own efforts, first to provide the basic necessities of life and then to restore a self-sustaining economy.

During the continuance of hostilities in Korea, the Unified Command has the primary responsibility for emergency direct civilian relief. After the cessation of hostilities, and as soon as military

circumstances permit, such responsibility will be transferred to UNKRA in addition to its present responsibility for longer term rehabilitation.

Projects which have been either instituted or completed by UNKRA include the provision of fishing nets urgently needed for augmenting the food supply, and the importation of poultry and farm animals. In addition, UNKRA is employing and paying staff personnel being furnished to the United Nations Civil Assistance Command during the period while that Command is responsible for emergency direct civilian relief. In this way, UNKRA is able to give immediate help in this program of emergency relief, as well as to insure an efficient and swift change-over when UNKRA assumes responsibility for such relief.

The United States representatives to the General Assembly of the United Nations have pledged, and the Congress has authorized the contribution of \$162.5 million as the United States share of the initial \$250 million planning budget of UNKRA. Against the United States contribution of \$162.5 million, the Congress has authorized \$45 million in new funds, reappropriated \$51.5 million carryover of unobligated ECA funds, and authorized the turn-over of supplies in the military pipeline to UNKRA which to date has an estimated value of \$66 million. Of the amount pledged by the United States, \$10 million was disbursed to UNKRA in the year ending June 30, 1952.

CHAPTER V

American Republics

THE objective of the Mutual Security Program in Latin America is to assist in the development of strong, self-reliant, and freedom-loving nations, able and willing to cooperate in building a strong, peaceful and free world. Aid from the United States is helping to increase productivity, to raise living standards, and to build political, economic, and military strength.

Basic weaknesses in Latin America today make for political and social instability. The size of the population of Latin America is roughly equal to that of the United States. The level of well-being is not. The people of Latin America are determined to eradicate conditions of poverty, ignorance, and sickness.

Through the Mutual Security Program, the United States is helping these nations attack their basic problems. Military assistance to Latin America is furnishing additional matériel and training to permit these countries to fulfill their role in the common defense of this hemisphere. Programs of technical cooperation—through improving productivity and improving the ability to make effective use of resources—help attack the causes of unrest.

Military Assistance

Under the Mutual Security Act of 1951, the Congress provided \$38.2 million for “grant aid”—as distinguished from “reimbursable aid”—for military assistance to the American Republics. The Act provides that such “grant” assistance may be furnished only after a finding by the President that plans for the defense of this hemisphere require the participation of other American Republics in missions important to such defense, such as protection of sea lanes and lines of communication and the defense of strategic areas against sea and air attack.

Early in December 1951, the President made his finding that the plans for the defense of the hemisphere required the participation of certain other American Republics in missions important to that defense. At the same time, the President authorized the initiation of negotiations with the governments of any of the countries he named for the purpose of concluding bilateral agreements to make these countries eligible for grant military aid. Negotiations were initiated in January and early February with the governments of Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, and Peru, and in late March with Uruguay. At the end of June 1952, the status of bilateral military agreements was as follows:

Country	Date signed	Effective date
Ecuador.....	Feb. 20, 1952	Feb. 20, 1952.
Peru.....	Feb. 22, 1952	Apr. 26, 1952.
Cuba.....	Mar. 7, 1952	Mar. 7, 1952.
Brazil.....	Mar. 15, 1952	When ratified.
Chile.....	Apr. 9, 1952	When ratified.
Colombia.....	Apr. 17, 1952	Apr. 17, 1952.
Uruguay.....	June 30, 1952	When ratified.

The Latin American Republics are participating financially in this hemispheric program of military build-up. As of June 30, 1952, orders for the purchase—under Section 408 (e) of the Mutual Defense Assistance Act of 1949, as amended—of approximately \$41.8 million of military equipment had been received from these countries. Furthermore, most of the Latin American countries have entered into contracts for United States training missions to advise and assist their military establishments. The expenses of these missions, except for the pay of United States military personnel, are borne by the participating countries.

Technical Cooperation Assistance

The program of technical assistance in Latin America has been the model for Point 4 activities in the rest of the world. The program started 10 years ago and is now carried on by the Technical Cooperation Administration through its Institute of Inter-American Affairs (IIAA) in the Department of State. Since 1942, the chief purpose of technical cooperation in Latin America has been to teach people how to fight disease, how to install sanitary facilities, how to grow more and better food, how to improve school systems, and how to acquire vocational skills.

During the first 6 months of 1952, programs were carried on in 19 of the Latin American countries: Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela. In addition to basic programs in the fields of health, sanitation, food supply and education, activities under the Point 4 Program now include technical assistance in developing

natural resources, housing, transportation and communications, industrial and managerial techniques, public administration, and other activities important to economic development.

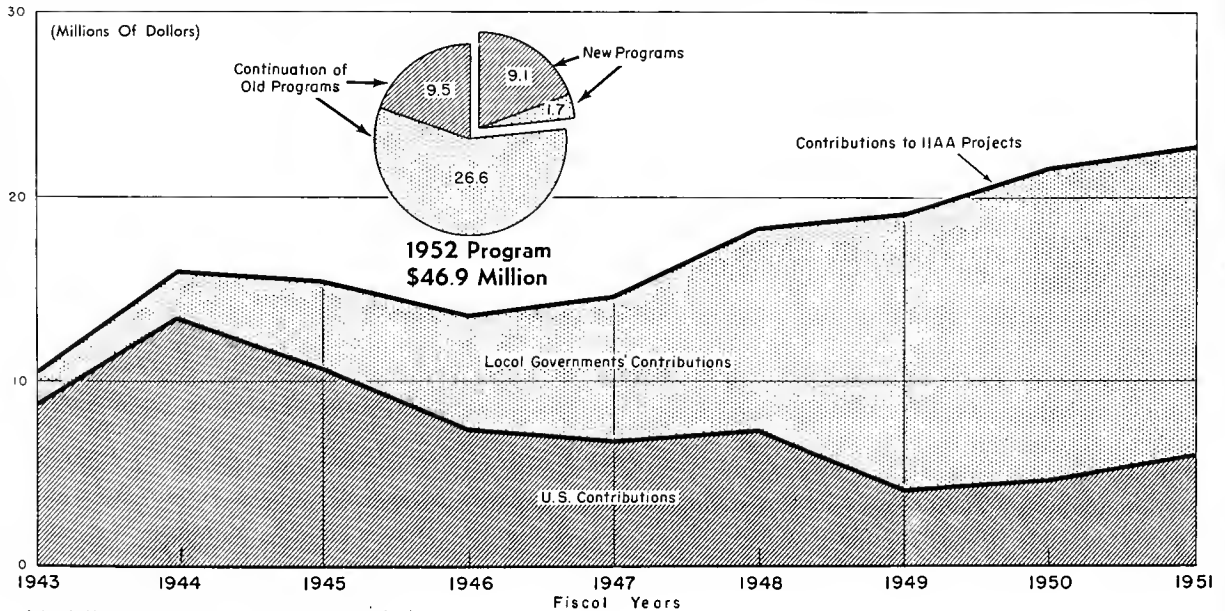
Technicians from the United States supervise the setting up and operation of each Point 4 project until such time as nationals of the various Latin American countries are able to assume complete responsibility.

Between January 1 and June 30, 1952, a total of 170 additional technicians were assigned to Latin America. Among them were 41 experts in agriculture and natural resources; 36 specialists in the fields of health, welfare and housing; 23 educators; 14 specialists in other fields, including tariff and customs, census, public administration, transportation and industry; 11 program officers; 16 staff members of joint economic commissions; and 29 administrative staff members.

In order to carry out the policy of the United States of developing integrated country-wide development programs in each country in which Point 4 operates, the position of country director of technical cooperation was established to supervise all Point 4 activities in the country. During

Point Four Is A Partnership Arrangement

The Latin American Republics Have Steadily Increased Their Share Of Project Costs As The Programs Mature



1 Actual obligations incurred for all Point Four programs. Under the reorganization of The Institute of Inter-American Affairs, this Agency is responsible for all technical assistance activities in Latin America.

the first 6 months of 1952, directors of technical cooperation have been appointed to the following countries: Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, and Uruguay.

An important part of the Point 4 Program is the training of local nationals to take over the operation of individual programs. In cooperation with United States Government agencies, grants for advance training in the United States are regularly made to qualified Latin Americans. During the first 6 months of 1952, for example, 232 training grants were approved in the fields of agricultural and natural resources research and development. These authorizations include training in such fields as agricultural mechanization, grain storage, fuel technology, entomology, fisheries administration, forestry, economic geology, agricultural statistics, rubber research, irrigation, and soil conservation.

During the first half of 1952, 124 grants were approved for Latin American educators for advanced training in the United States. The Institute of Inter-American Affairs, assisted by the University of Maryland, is conducting an experiment in Point 4 cooperation in which 27 of the teacher trainees from rural elementary schools of Peru, Bolivia, and Ecuador are participating. The project embodies a cooperative workshop in which the teachers, with the help of faculty members from the University of Maryland, work together to gain a better understanding of the needs of children in their own home communities.

In the fields of health, welfare, and housing, 128 citizens of Latin American nations received training grants under the Point 4 Program in the first 6 months of 1952. Those receiving advanced training include doctors, nurses, and laboratory technicians. There are also 290 trainees in the fields of government administration and technical services. Thus, the total number of trainees authorized for this 6-month period is 774.

The new cooperative housing program sponsored by Point 4 accomplished tangible results. Work in the earthquake-devastated areas of Ecuador supplies a good example. In the provinces of Tungurahua, Cotopaxi, and Chimborazo,

the cooperative *Servicio*,¹ which is Ecuador's operating agency for the technical assistance program, directed the planning and construction of new facilities to house ultimately 4,500 families. It continued work already started by the Pan American Union and Ecuador's agency in charge of construction in the cities of Ambato, Pillaro, and Pelileo and, in addition, is preparing to work in other communities.

Funds for the housing program in Ecuador were received both directly from the government of Ecuador and from the Export-Import Bank, which set up a credit of \$800,000 to be used for imported materials needed to build and equip the dwellings that are being constructed. The cooperative *Servicio* was requested to assume the responsibility for planning and developing the remaining portions of the reconstruction program, including general community facilities such as schools, health centers, and public laundries.

An educational project now being carried on in Honduras indicates the community of interests in the fields of agriculture, housing, and education. An agricultural school is being provided at Catacamas. The school is being set up under the direction of the Honduras Ministry of Agriculture to teach improved agricultural methods. Housing technicians are planning and will supervise the building of the school. The United States was asked to provide, under the Point 4 Program, a director of education and to assist in developing the curriculum.

Other outstanding education projects in Honduras included the building of a new rural normal school and the establishment of a series of workshops in which selected groups of rural elementary teachers have been taught better teaching methods.

Modern agricultural knowledge and training is being applied through Point 4 in developing vast areas that have been little disturbed by hoe and machete in hundreds of years. These activities run the gamut of resource development—geology and mining, water power, irrigation, land management, and various combinations of agricultural operations.

¹ The *Servicio* is a joint administrative body composed of experts of both nations.

On the eastern slope of the Andes Mountains in South America, surveys have been started for the development of resources that could provide rich, fertile, irrigated farms, hydroelectric power and diverse industrial development. In Central America and in the Caribbean area, fundamental changes in the utilization of natural resources are also taking place.

In Paraguay, prior to 1947 there was neither a commercial nor a governmental source of seeds. Year after year the best crops were sold, leaving weakened plants to produce the seed for the coming year. The quality of crops therefore degenerated. In 1947, the Institute of Inter-American Affairs made approximately 50,000 pounds of healthy new seeds available. By 1952, more than 4 million pounds of 87 varieties of improved seeds for major crops were being distributed annually to more than 10,000 farmers.

In Guanacaste Peninsula and Tempesque Valley in Costa Rica, in Pucallpa on the eastern slope of the Peruvian Andes, in Brazil's fertile São Francisco Valley and in Paraguay's Piribebuy, pilot projects have been started which are pointing the way to a new agricultural economy.

In other countries, projects are beginning to meet specific problems, such as the Artibonite Valley development in heavily populated Haiti where the gap between crop production and food needs is being narrowed. Because of the need for using every foot of cropland to feed more than 3 million people in that tiny, Vermont-sized country, farms in the Artibonite Valley were abused and over-worked to the point of uselessness.

Aided by the Institute, the Bois Dehors experimental and demonstration farm applied today's modern practices—first on 200 acres of rice land. And, as the hard-working Haitians produced more, 400 acres were taken over. Now farmers on 2,000 adjoining acres have learned that hunger is not a necessary part of life.

In Brazil, a Joint Brazil-United States Commission for Economic Development has been set up. It has two functions: (1) it studies the development needs of Brazil and makes recommendations for a well-rounded program; (2) it acts as the planning and programming agency for the bilateral Point 4 program. In the latter function, individual projects of technical cooperation,

through the Institute of Inter-American Affairs, comprise one of the most diverse and extensive country programs. The present head of the United States section of the Joint Commission also serves as the Institute of Inter-American Affairs Director of Technical Cooperation in Brazil.

The Joint Commission is trying to fulfill the objectives outlined by a precedent-setting joint survey on how two nations can cooperate for economic development and mutual security. Since its inception as a working body in July of 1951, the Joint Commission has recommended loans to the World Bank and the Export-Import Bank principally for railroad and power development. Loans have already been granted to the extent of approximately \$100 million. The over-all value of projects recommended in hardly more than a year, including local financing, indicates that substantial progress has been made.

Looking forward to the time when it will not need such a joint operation, Brazil recently established the National Bank for Economic Development, which is expected to call upon Point 4 advisers to provide technical assistance for further development. The Brazilian Bank will provide the local currency financing while the Export-Import Bank of Washington and the International Bank for Reconstruction and Development will be asked to provide loans as in the past.

In Latin America, as in other areas of the world, many other departments of the United States Government are helping to carry on the Point 4 Program:

The Department of Agriculture provides technical assistance in all phases of agriculture.

The Department of Commerce provides technical assistance in civil aviation, maritime administration, statistics, highways, government weather services, testing and standards, mapping and surveying, patent office organization, and small industry development. Training in these fields is also provided by the Department of Commerce.

The Department of Labor provides technical assistance in the fields of industrial safety, labor law administration, apprenticeship training in various industries, labor-management relations, labor standards, and workers' education.

The Department of the Interior is directly involved in the Institute of Inter-American Affairs training program, through arrangements made for training nationals in Puerto Rico. It is also assisting in the fields of geology, mineralogy, hydroelectric power, sources of water supply, and reclamation.

The Federal Security Agency is active in the area of community planning and public health training.

The Bureau of the Budget handles the trainees in public administration. Included in that general category is training in such fields as fiscal and personnel administration.

CHAPTER VI

Other Parts of the Program

A NUMBER of activities under the Mutual Security Program cannot properly be grouped on a regional basis. A report on these activities is contained in this section.

The Benton Amendment

In enacting legislation for the Mutual Security Program, Congress set forth its policy that the Program be administered in such a way as to promote the participation of private free enterprise abroad, discourage monopolistic business practices, and encourage the development of free labor unions. This triple policy, which is popularly referred to as the Benton amendment, is being carried forward along several lines of action.¹

Encouragement of Free Enterprise.—In February 1952, an Interagency Committee for Private Participation in Foreign Economic Development was formed for the two general purposes of advising the Director on carrying out the policy of Congress and of facilitating cooperation among the various agencies whose activities can contribute to achieving the objectives of this policy.

The following agencies are represented on the committee: the Departments of State (including the Technical Cooperation Administration), Treasury, Defense, Interior, Agriculture, Commerce, and Labor, the Office of the Director for Mutual Security, the Mutual Security Agency, the Defense Materials Production Agency, the Securities and Exchange Commission, and, in an associate capacity, the International Bank for Recon-

¹To carry out the purposes of the Benton amendment, the Mutual Security Act of 1952 provides for the establishment of a revolving fund of \$100 million of local currency counterpart funds. This provision is known as the Moody amendment.

struction and Development. The belief is quite generally held among members of the committee that the greatest hope for decreasing the obstacles to the flow of capital lies within the control of the capital-deficit countries themselves. The committee has recommended, after extensive discussion, that the Mutual Security Agency and the Technical Cooperation Administration, with the cooperation of the Departments of State and Commerce, initiate intensified programs in a few selected countries for encouragement of private enterprise. On the basis of the results obtained, an appraisal can be made of the effectiveness of various techniques. Countries to be selected would be representative of different types of underdeveloped areas and would be countries which themselves desire and request such activity.²

The Interagency Committee has been giving its support to the recent activities of the Organization for European Economic Cooperation in the field of encouraging private enterprise. An OEEC committee of private experts has been working in Paris to report and make recommendations to the Organization and its member countries concerning the encouragement of private capital investment in the African territories south of the Sahara.³ Three representatives were sent from the United States. The report was scheduled to be completed during the last half of 1952.

The Mutual Security Agency and the Technical Cooperation Administration have been conducting an international "Contact Clearing House" service to stimulate an increase in the investment of

²As of September 1952, arrangements were being made for several such trial programs.

³During the summer of 1952, discussions were started with the governments of two European nations to see how such cooperative efforts might be carried on most effectively.

American private capital in other nations. This service informs, encourages, and helps United States investors to explore investment possibilities

Discouragement of Restrictive Practices.—The Mutual Security Program includes a number of broad efforts both to provide greater incentives for competition and to discourage the growth of monopolistic business practices in Europe.

Considerable progress has been made in the development both of official and public support abroad for action to meet the problem of restrictive business practices and to create more competitive economies. As indicated in the Department of State's report to the Senate Select Committee on Small Business on "Foreign Legislation Concerning Monopoly and Cartel Practices", practically every European country is giving more serious consideration to these problems than ever before. Most of them are actively considering, or have recently enacted, some form of antitrust legislation.

This development is due in considerable measure to the repeated efforts of the United States in constantly stressing the need for developing more competitive and productive European economies. Officials of the Department of State and the Mutual Security Agency, both in the United States and in Europe, have contributed to the building up of this interest over a long period of time and in many different ways. They have discussed restrictive business practices in connection with such international projects as the Havana Charter and the Schuman Plan, in connection with United States aid, in speeches and informational releases, and in general conversations with foreign officials and private citizens. The statement of congressional policy contained in the Benton amendment has been of great value in providing support for programs to eliminate restrictive business practices and develop more competitive European economies.

By supporting the European Payments Union, the program for trade liberalization, the Schuman Plan, and like measures to promote European integration, the United States contributes to the elimination of a network of currency restrictions and the lowering of trade barriers between nations. Such measures help open European markets to the forces of competition and free enterprise.

Several projects in the Mutual Security Agency's technical assistance program support the development of national legislation to curb cartels. Special teams, studying the legal, economic, and other phases of this subject have come to the United States from Germany and France, and a special inquiry into the relationship of monopoly to fair trading practices was conducted by a British economist. The United States, in procuring strategic materials abroad, has sought to develop sources of supply free from cartel domination. Wherever possible, the Mutual Security Program has been administered to help eliminate restrictive agreements that hold back economic expansion.

Instructions have been issued that the offshore procurement program be administered to encourage as much as practicable free enterprise and the development and strengthening of free labor union movements. Procurement officers have been requested to report fully on their experience with these instructions in order that new and improved techniques may be formulated. Representatives of the United States Government have been instructed to inform the various foreign governments of the importance which the United States attaches to the avoidance of restrictive business practices and have been requested to report on evidences of such practices.

Procurement officers have been instructed to use channels of procurement which reduce the risk of prices being inflated, deliveries hampered, or production impeded by restrictive business practices. Furthermore, they have been instructed that competitive business should be solicited from all suitable sources and that negotiations should be carried on where possible with individual firms rather than with trade associations or joint sales offices.

The Production Assistance Program.—The production assistance program of the Mutual Security Agency is designed to further the objectives of the Benton amendment as reinforced by the Moody amendment—to encourage free competitive enterprise, to strengthen free-trade unions, and to foster a more favorable climate for private investment. Adoption of such programs will enable the Europeans to achieve more dynamic economies and higher standards of living for all. If these changes are to come, they can-

not be imposed from without nor from above. They must flow from voluntary action. An expanding, dynamic economy implies an acceptance of the philosophy of risk and an awareness on the part of all concerned of the key role that competition plays in such an economy. It is only to the extent that the concept of competitive enterprise is accepted that capitalism as we know it in America (based on ever higher levels of technology, productivity, and wages, and on low prices, high turnover, and low unit costs) can effectively function. The attainment of the objectives of the Benton amendment therefore is fundamentally a question of changing basic attitudes. It is a task which by its nature must largely be done by Europeans for Europeans. The Mutual Security Agency can only lend its encouragement and assistance.

The production assistance program, which acquired further momentum in the first 6 months of 1952, involves six phases. These phases will overlap and will not be mutually exclusive in point of time; in fact the first, and to an even greater extent the second, will continue through all the others. To discuss each phase separately, however, assists in understanding the general course of the development the Mutual Security Agency is supporting. In some countries, the process has hardly begun; in others, a good start has been made. The six phases are outlined below:

1. The creation of receptive attitudes towards the objectives of the Benton amendment among influential segments of the population of each country concerned; the opening of minds to the advantages of a competitive economy; and the arousing of an awareness of the fact that expanding dynamic economies are not only desirable but also are possible of attainment in Europe. This problem is being attacked through technical assistance supplemented by informational activities. Many technical assistance projects to support the European productivity program moved forward in the first half of 1952. Approximately \$10 million was approved for 310 separate projects. These projects included the exchange of specialists of all types between the United States and Europe. Among these were about 170 leaders, technicians, and rank-and-file members of non-Communist unions in Europe who visited the United States

to observe at first hand the operations of American unions and constructive collective bargaining.

2. Concurrently (and facilitated, it is hoped, by changing attitudes) taking appropriate action towards encouraging the elimination of legal, institutional, and other obstacles to an expanding economy.

3. The creation of permanent national institutions within each country (and probably, under appropriate sponsorship, international European institutions as well) which in each case will have that support of government, business and labor which is necessary to assure effective action in fostering the development of a dynamic expanding economy. Such institutions have been established in France, Germany, Austria, Italy, Belgium, the Netherlands, and Denmark. In the United Kingdom, a new British Productivity Council is being established as an outgrowth of the Anglo-American Council on Productivity which on June 30, 1952 ended nearly 4 years' of successful operation after sponsoring the visits to the United States of 46 teams, representing a cross-section of British management and labor. During the first half of 1952, much was accomplished to strengthen those institutions which are usually known as "Productivity Centers." In April, for instance, the Austrian Productivity Center was formally reorganized to give national organizations of employers and workers equal voice in its operations and otherwise to enlarge its scope. It is expected that the Moody amendment will provide an additional stimulus to assure that these institutions will be fortified to play, in the future, a more positive role in the productivity effort, and to continue the effort beyond the period of United States aid.

4. The creation within European industry of individual plant projects which will demonstrate to all the advantages of high productivity. The benefits will be shared out—to management, in higher profits; to labor, in increased wages; and to the consumer, in lower prices. This will be done by locating those firms willing to step outside of the established pattern; showing them through technical assistance how they may raise their productivity and share the benefits; making this possible by assuring, to the extent feasible, that they are not harassed unfairly by their competitors in obtaining this objective, and that any necessary financing is available at reasonable rates. In

France, a number of projects, involving commitments by individual firms to share benefits, got under way in the first 6 months of 1952.

In this fourth phase and the following phases, although the Mutual Security Agency will use its influence and lend its support, the basic motivation must come from within the several countries. It is recognized that, at best, individual plant projects can embrace only a very small segment of the business community, perhaps less than one percent, within any country, because of limitation in the number of qualified technicians available to assist the plants.

5. In the fifth phase, it is expected that, with United States encouragement and with the support of the national productivity institutions, other forward-looking entrepreneurs—having seen the results accomplished in the demonstration projects—will undertake similar programs. This phase may begin in several countries as early as 1954.

6. In the sixth phase, it is expected that the rest of the industry will be forced by competition to act more dynamically. In most countries, it will probably be 10 to 20 years before this takes place.

It is recognized, of course, that this plan may develop somewhat differently than is outlined above. Modifications to meet special situations will be dictated by circumstance and experience as time goes on. However, experience to date tends to confirm the opinion that no other program offers a better prospect of success. The stakes are large, and the required investment in money and effort is small in relation to the total investment in European economic and defense support. If the production assistance program succeeds, the gains will be tremendous not only in terms of defense but also in establishing stable economies and removing or minimizing the need for continued financial support to Europe.

Consultation With Labor Specialists.—Labor officers in the European missions of the Mutual Security Agency were called on to help Defense Department procurement officers take into account the labor aspects of offshore contract placement. This type of coordination started in Italy, and important steps were being taken to effect similar procedures in placing offshore procurement contracts in France, Belgium, and the Netherlands. In addition, all contracts contain a provision that

contractors comply with country laws and regulations governing minimum standards on wages, working conditions, and industrial relations.

In Southeast Asia, labor specialists in several of the Special Technical and Economic Missions are actively developing programs in labor education, union organization, labor legislation, employment security, and workers' housing.

Investment Guaranties

The investment guaranty program, as originally authorized under the Economic Cooperation Act of 1948, afforded protection against inconvertibility of foreign currency receipts to new private American investments in Western Europe and its dependencies. The act was amended in 1950 to provide for the issuance of guaranties against loss from expropriation or confiscation by foreign governments, and the Mutual Security Act of 1951 extended the geographic scope of the program to include the Near East and Africa, Asia and the Pacific, and the American Republics. The Philippines and China (Formosa) are among the new countries included in this program, and negotiations are under way to make it available for other underdeveloped areas. New procedures now being developed will make it possible for the investment guaranty program to extend its coverage to (1) loans from United States banks and other financial institutions to similar foreign institutions which will re-lend such funds to qualified local enterprises, and (2) guaranty of commitments to revolving funds which will be used to finance on a continuing basis transactions covering the export of essential commodities.

During the period covered by this report, agreements initiating or expanding the guaranty program were concluded with 7 countries, making a total of 13 countries⁴ in which the guaranty program was operative on June 30, 1952.

Industrial Investment Guaranties.—To further the intent of Congress that the guaranty program be used to promote the broad Point 4 Program objectives in underdeveloped areas, the Mutual Security Agency announced its readiness to take applications for the guaranty of any United States

⁴ The 13 countries were: Austria, Belgium, China (Formosa), France, Germany (Federal Republic), Greece, Italy, the Netherlands, Norway, the Philippines, Turkey, the United Kingdom, and Yugoslavia.

investment abroad which may contribute to the economic development of these areas. With this announcement and supporting informational data, the Mutual Security Agency intensified its efforts to make the benefits of the guaranty program more widely known in private business and financial circles. For example, during the latter half of June 1952, information concerning the program was sent to over 3,000 banks, investment concerns, commercial associations, and industrial firms.

In the first 6 months of 1952, six industrial investment guaranties for a total of \$4.5 million were issued; all insured convertibility of foreign currency receipts.

From October 1948 to June 30, 1952, industrial guaranties issued covering new investments amounted to \$38 million, of which \$36.7 million covered the risks of inconvertibility of foreign currency receipts, and \$1.3 million the risk of loss through expropriation or confiscation. Total fees collected amounted to \$0.6 million. No disbursements have been required pursuant to industrial guaranty contracts.

During the calendar year 1951, the Department of State completed the negotiation treaties containing provisions designed to encourage the flow of private investment with six countries: Colombia, Denmark, Greece, Israel, Ethiopia, and Italy—all of which are participating in the Mutual Security Program. None of these treaties has, however, entered into force. Although they have been before the Senate for several months, that body has not yet acted upon them. The Department of State now has in progress negotiations for similar treaties with about a dozen countries, practically all of which are participating in mutual security programs.

Informational Media Guaranties.—Informational media guaranties insure convertibility into dollars of United States investors' earnings from approved investments in the publication and distribution of informational media in participating countries which do not make dollar exchange available for the transfer of earnings from such activities. This facilitates distribution abroad of representative types of American literature, scientific and technical works, and motion pictures.

By June 30, 1952, such guaranties issued totaled \$13.1 million, for which fees amounting to \$0.2

million were collected. Payments for conversion of foreign currency earnings covered by these guaranties totaled \$6.6 million at the end of June 1952. The foreign currencies acquired by the United States as a result of these transactions are deposited to the account of the U. S. Treasury in the respective foreign countries and are available to meet overseas expenses of the Government. During the period covered by this report, the informational media guaranty program was extended to the Philippines, Israel, and Yugoslavia.

The Mutual Security Agency's authority to issue informational media guaranties was transferred on June 30, 1952, to the Department of State by Executive Order 10368.

Small Business Program

During the first half of 1952, the Mutual Security Agency, through the Office of Small Business continued to aid small American enterprises in securing an equitable share of the contracts authorized by the Mutual Security Agency.

The Mutual Security Act of 1952 extended this assistance to include contracts authorized by the Technical Cooperation Administration under the Point 4 Program.

Steps were taken with the Far East Special Technical and Economic Missions to strengthen small business activities. The missions are now submitting directly to the Mutual Security Agency Office of Small Business in Washington copies of their requests for materials. By receiving their requests prior to their actual approval, the Office of Small Business can prepare more specific information as to quantity, types, and uses of the commodities to be purchased in the United States.

The Transatlantic Licensing Program encourages firms, both in the United States and abroad, "export" their industrial patents, processes, techniques, and capital instead of their physical product. The Office of Small Business acts as an intermediary through the "Contact Clearing House" at Paris and Washington to effect contacts between European and American firms interested in exploring licensing or partnership arrangements of mutual benefit. Once contact is made, the function of the Small Business Office ends, and the

interested firms may then enter into negotiations through regular business channels.

Studies indicate that about one-fifth of the payments for contracts financed by the Mutual Security Agency are known to go directly to small manufacturing firms. This percentage does not include a considerable volume of business done by small companies through subcontracts, nor does it include orders placed with small business by export agents and other middlemen. Steps have been taken to ascertain to as great a degree as possible this unknown volume of business being conducted by small firms. Exporters and other middlemen have been requested to indicate the name of their primary supplier on the forms filed for Mutual Security Agency payments.

Strategic Materials Program

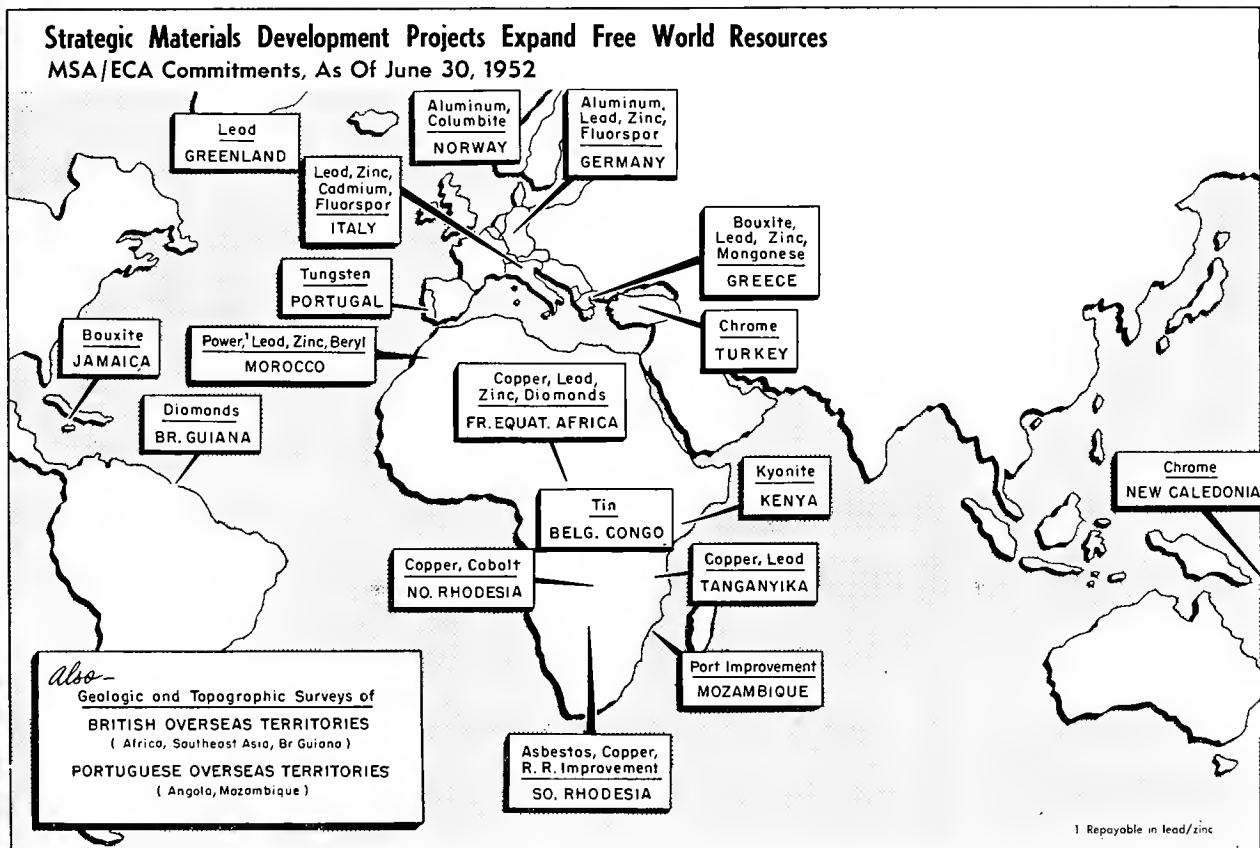
The United States and its allies in the free world depend, either wholly or in part, on outside sources for certain minerals, fibers, and oils. These types of raw materials are vital to the

production of the military weapons and equipment needed to meet current defense goals.

The strategic materials program carried on by the Mutual Security Agency in the countries of Western Europe and in their overseas territories is helping not only to increase output from existing sources of critical materials but also to develop new sources. The additional production will both augment world supplies and build up the United States strategic materials reserve. The United States stockpile is being increased also through direct purchases made with counterpart funds.

Since December 1951, the Defense Materials Procurement Agency has acted on behalf of the Mutual Security Agency as its agent in carrying out operations under the strategic materials program. The Defense Materials Procurement Agency was established in order to centralize in one agency the responsibility for procuring and expanding the production, at home and abroad, of strategic materials needed by the United States.

The Mutual Security Agency has made dollars and counterpart funds available to the Defense



Materials Procurement Agency in order to meet obligations on certain contracts signed prior to December 1951 by either the Mutual Security Agency or its predecessor, the Economic Cooperation Administration. Funds were also transferred to the Defense Materials Procurement Agency to initiate new contracts approved by the Mutual Security Agency for the purchase and development of strategic materials. Such contracts were approved primarily to facilitate stockpiling for the United States.

From April 1948 through June 30, 1952, the equivalent of approximately \$83 million in counterpart funds was committed for the purchase of certain strategic materials—rubber, sisal, bauxite, mercury, copper, industrial diamonds, and cobalt—for delivery to the United States stockpile.

As of June 30, 1952, contracts for materials development projects had committed \$33 million of Mutual Security Agency funds and the equivalent of \$105 million in counterpart. The bulk of these funds are provided on a loan basis. The dollars supplied by the Mutual Security Agency are used to pay for American equipment and services; counterpart funds pay for necessary local expenses incurred in connection with the projects.

Loans made by the Mutual Security Agency for the development of strategic materials are repayable, with interest, in shipments of the material being developed. The United States also generally retains an option to purchase additional quantities of the materials produced.

Development projects are necessarily spread over a long period, and a level of production sufficient to allow repayment in kind takes time to achieve. For this reason, few contracts called for deliveries to start before 1952. Initial repayments of aluminum, lead, and industrial diamonds have been received and transferred to the United States stockpile. The total value of these materials was slightly over one million dollars. Additional quantities of these and other materials are scheduled for repayment this year.

Deliveries through June 30, 1952 against purchase contracts—contrasted with developmental contracts—totalled \$75.6 million and included industrial diamonds, crude rubber, bauxite, sisal, palm oil, mercury, and lead.

Compliance With the 50-50 American Flag Provision

At least 50 percent of the goods sent abroad under programs developed by the Mutual Security Agency must, by law, be carried in American-flag commercial vessels. The percentage is computed separately for dry-bulk cargoes, dry-cargo liners, and tankers. During the fiscal year 1952, American-flag participation in the dry-bulk cargo and liner categories met legal requirements.

Shipment reports (for liftings between July 1, 1951 and June 30, 1952) show that 10.1 million tons of dry-bulk cargo left the United States for Europe; 79 percent of this tonnage moved in American-flag vessels. In dry-cargo liners, 2.1 million tons were lifted, with American-flag vessels accounting for 54 percent of the tonnage. Cargo liftings for the Far East more than met the 50-50 requirements. During this same period, American-flag tankers were unavailable at terms and conditions which the Mutual Security Agency considered reasonable. Therefore, the Mutual Security Agency continued to apply the non-availability clause⁵ exempting such tanker shipments from the 50-50 American-flag provision.

Through June 30, 1952, American-flag commercial vessels had carried 71 percent of all military items shipped under the Mutual Defense Assistance Program.

Homebound cargoes of strategic materials financed by the Mutual Security Agency (either with dollars or counterpart funds) must be transported in accordance with the 50-50 American-flag shipping requirement. Since July 1, 1951, a total of 65 percent of all such cargoes arriving in the United States came in American-flag liners. There were no tramp or tanker shipments during this period.

Voluntary Relief Shipments

The Mutual Security Agency, continuing a program initiated under the Economic Cooperation Act of 1948, subsidized the ocean transportation costs of relief supplies and packages sent by individuals and voluntary nonprofit relief agencies to certain countries. These goods enter duty-free.

⁵ Section 111 (a) (2) of Pub. Law 472, 80th Cong., as amended.

and transportation within the country of destination is covered from local currency counterpart funds.

From July 1948 through June 1952, subsidy payments for voluntary relief shipments totaled over \$25 million. Parcel post relief packages sent by individual donors over the 4-year period account for 72 percent of this amount.

During the last 2 years, primarily because of generally improved economic conditions in Europe, individual shipments through parcel post declined steadily. Over half of subsidy payments in the first 6 months of 1952 were made to voluntary nonprofit relief agencies. Most of these agency shipments went to Greece, Germany, and Italy; a large part of the supplies sent to Germany went to refugees and displaced persons.

The authority of the Mutual Security Agency to pay ocean freight subsidies ended June 30, 1952, since the President determined that such authority was not required to enable the Director for Mutual Security to carry out his responsibilities under the Mutual Security Act of 1951. Under Public Law 400, Eighty-second Congress, however, a program of relief shipment subsidies has been authorized and will be administered by the Department of State.

United Nations Expanded Program of Technical Assistance

Sixty-five countries (10 more than in 1950-51) have pledged approximately \$19 million to support the 1952 United Nations expanded program of technical assistance. Since the amount pledged is for a 12-month period, it represents an increase of over 40 percent over the \$20.1 million pledged for the first financial period, which was 18 months (July 1950-December 1951). As of June 30, 1952, \$19.4 million of the pledges for the first period had been paid up; the outstanding balance of \$647,208 was expected to be received within the next few months. In May 1952, the United States paid \$6 million of its pledge of \$11.4 million. The United States pledge represents approximately 60 percent of the total pledges for the 1952 program.

Under this United Nations program, over 1,000 technical experts from 61 countries in a wide variety of fields of activity have been sent out to 55 underdeveloped countries and territories

at the request of the governments concerned. In addition, more than 1,000 people from 69 countries and territories have been placed in technical training institutions or otherwise provided with training, study or observation facilities in countries other than their own. These figures take no account of United Nations assistance in the expansion of regional schools and seminars all over the world. The program is rapidly gaining momentum as the volume of requests for assistance increases and the operating procedures are perfected.

Representatives of the United Nations technical assistance program are now working in 20 countries assisting the governments in developing country programs, harmonizing the work of the organizations in the field, advising on the selection of trainees, and acting as the channel of liaison at the working level with bilateral and regional organizations rendering technical assistance.

While some projects are designed to meet specific problems over a limited period, countries are increasingly asking for assistance in projects which will be extended over a number of years.

Program of Technical Cooperation of the Organization of American States

The Inter-American Economic and Social Council on January 31, 1952, approved a program for 1952 consisting of 11 projects costing \$1.6 million. This program is mainly a continuation of the program commenced in 1951.

The projects now in operation include control of hoof-and-mouth disease, housing research, the teaching of agriculture extension methods, and training on administration of children's services. As of June 30, 1952, the United States had paid \$300,000 on the 1952 program. Additional payments by the United States are conditional upon payments made by other nations participating in the program.

Reimbursable Military Assistance

Authority.—Reimbursable military assistance is provided under the authority of section 408 (e) of the Mutual Defense Assistance Act of 1949, as amended. Under this section, the President is authorized to transfer, or enter into contracts for the procurement or transfer of, equipment, materials,

or services to certain nations, without cost to the United States. Assistance in this form is characteristic of the basic philosophy of the Mutual Defense Assistance Program as a whole. It provides a means whereby the United States can help the friendly nations of the world to help themselves. Requests from nations for assistance in this form can be merged with the over-all procurement programs of the military departments, thus avoiding conflicting demands on the productive capacity of the United States.

Method of Payment.—The original provisions for reimbursable military assistance stipulated that “the full cost, actual or estimated, for the equipment, materials, or services ordered, shall have been made available to the United States.” This provision worked a hardship in two ways: (1) it required full acquisition price for excess equipment, and (2) where items were procured on long-lead time contracts, it immobilized large sums of scarce dollar resources of friendly nations. The stipulation concerning payment was subsequently amended to specify that fair value for excess equipment, or materials, may not be less than gross cost of repair or rehabilitation, plus 10 per centum of the original gross cost, the scrap value, or the market value, if ascertainable, whichever is greater, and to allow for the “deposit” of a “dependable undertaking” in lieu of the full amount of cash when an order is placed for equipment or materials requiring procurement.⁶

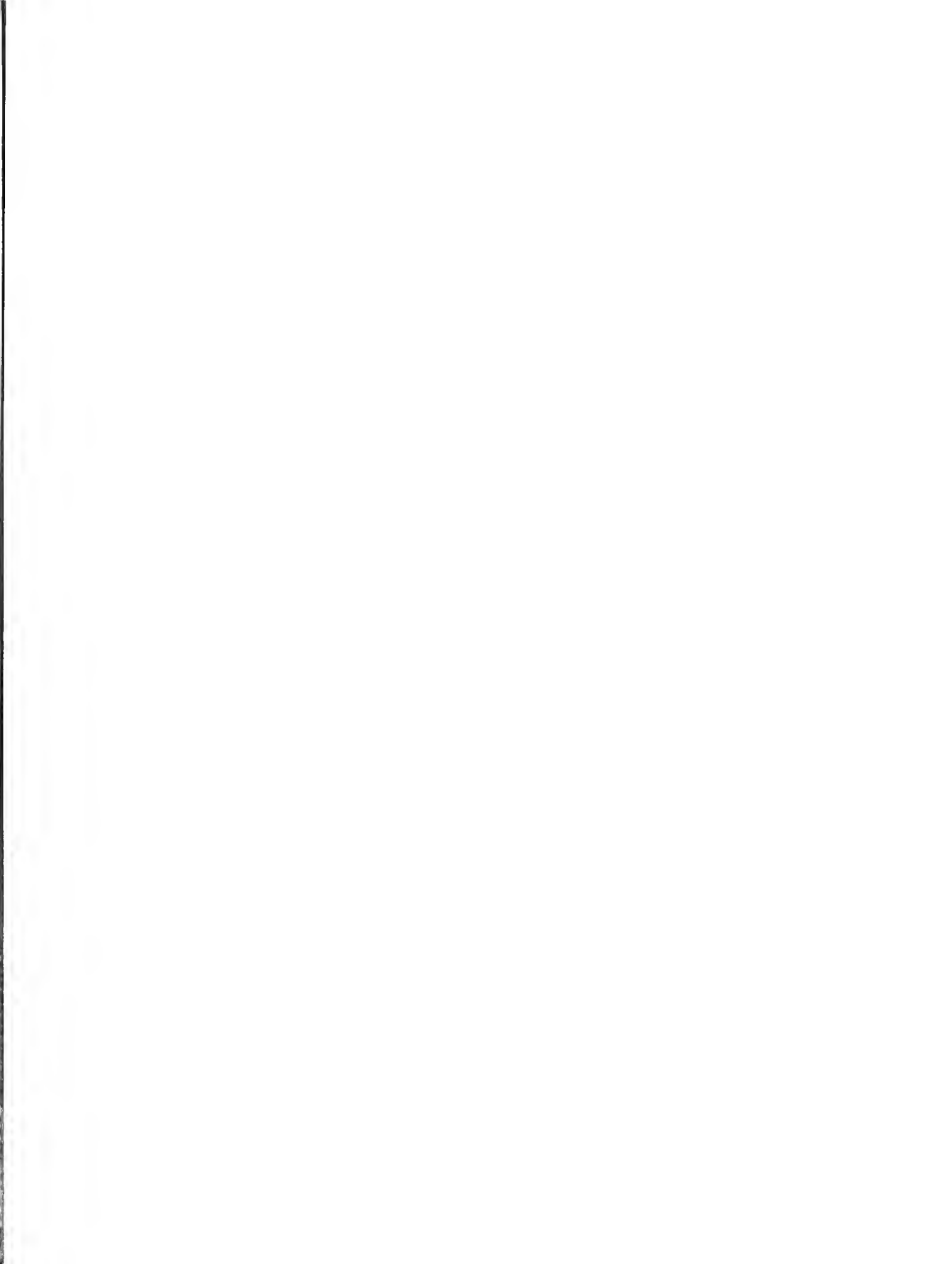
Many of the items being furnished to friendly nations under the reimbursable assistance provision of the act require a long time to manufacture. It may be 2 years, for example, between the time

⁶ The Mutual Security Act of 1952 makes two additional changes concerning methods of payment: (1) establishes a waiver procedure whereby the United States may dispense with payment prior to delivery in certain selected cases and collect within 60 days of delivery on the basis of billing therefor, and (2) extends the “dependable undertaking” provision to include repair or rehabilitation of equipment supplied from military stocks. This procedure will now enable the Department of Defense to sell equipment to large purchasers on what might be termed a commercial basis, without the strict requirement of payment before delivery, and also permits the initiation of rehabilitation and repair work for a foreign government without first receiving the full amount of the contract in advance.

a firm order is placed by a purchasing nation and the delivery of the final item by the manufacturer.

Based on the “dependable undertaking” of the purchasing government to pay the full amount required and before delivery, the United States proceeds with the placing of contracts for the procurement of the required items. The Mutual Defense Assistance Act of 1949, as amended, limited the amount of such contracts which could be outstanding at any one time to \$100 million. The Mutual Security Act of 1951 increased this ceiling to \$500 million and the Mutual Security Act of 1952 to \$700 million. These increases have been necessary to enable a number of foreign governments to submit substantial orders for long-lead time items. At the end of June 1952, procurement valued at approximately \$350 million had been initiated under this method. About \$80 million has been made available for purposes of liquidation of this contractual obligational authority. Additional requirements for the use of approximately \$33 million in contractual obligational authority are pending as of June 30, 1952.

Progress.—Through the end of June 1952, of the 1,057 requests for reimbursable military assistance received from 49 countries, 601 had resulted in contracts with 33 foreign governments amounting to approximately \$550 million. One hundred forty-nine requests have either been canceled or withdrawn. Three hundred and seven requests for matériel valued at approximately \$930 million are outstanding, having not yet been contracted for by the foreign government. Included in the matériel contracted for are 6 light cruisers, 5 destroyer escorts, 3 patrol frigates, 188 aircraft, 530 medium tanks, together with such other items as motor transport vehicles, weapons, ammunition, and electronic equipment. Within the 6-month period covered by this report, 85 requests from 18 countries valued at approximately \$200 million were received. Deliveries through June 1952 had been made to 33 countries and were valued at over \$92 million; of this amount, \$27 million was delivered in the 6-month period ending in June. Excess property is included in the above values on a sales price basis. The excess property, in terms of original acquisition cost actually contracted for, is approximately \$173 million, with \$149 million delivered.



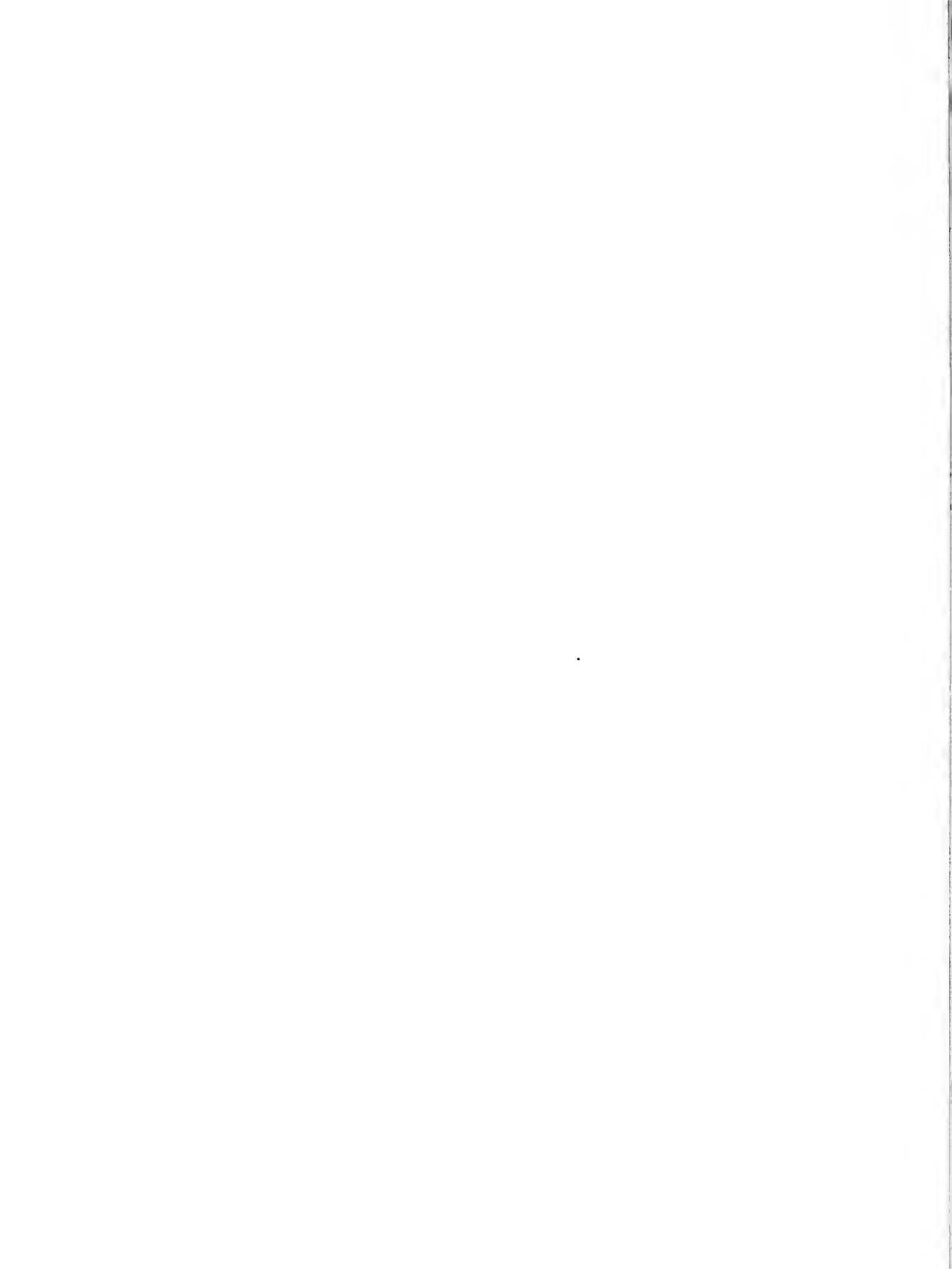


SECOND REPORT TO CONGRESS
on the
Mutual Security
Program



SUPPLEMENT

Statistical Data Relating to the
Mutual Security Program, as of June 30, 1952



SECOND
REPORT TO CONGRESS
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MUTUAL SECURITY
PROGRAM



SUPPLEMENT

Statistical Data Relating to the
Mutual Security Program, as of June 30, 1952

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PART A

Fiscal Statements

TABLE A-1.—Status of Allocations and Approved Programs for Military, Economic, and Technical Assistance, by Agency, as of June 30, 1952 ¹

[Thousands of dollars]

Agency	Fiscal year	Allocations	Approved programs
Total.....	1948-52	25,900,099.1	25,917,642.3
Mutual Security Agency ²	1948-52	14,127,217.3	14,127,217.3
Department of Defense.....	1950-52	³ 11,422,060.2	11,433,557.4
Department of State ⁴	1950-52	⁵ 335,259.2	341,305.2
Department of Agriculture.....	1951	15,015.8	15,015.8
Department of Commerce.....	1952	46.5	46.5
Office of Director for Mutual Security.....	1952	500.1	500.1

¹ Includes administrative expenses.

² Includes activity under predecessor agency—the Economic Cooperation Administration.

³ Excludes reimbursements of \$2,017.0 thousand.

⁴ Includes the Technical Cooperation Administration for fiscal years 1951 and 1952.

⁵ Includes \$787.0 thousand to be withdrawn upon completion of accounting adjustments. Excludes reimbursements of \$1,268.6 thousand.

TABLE A-2.—Status of Obligations and Expenditures for Military, Economic, and Technical Assistance, by Agency, as of June 30, 1952 ¹

[Thousands of dollars]

Agency	Fiscal year	Obligations	Expenditures
Total.....	1948-52	25,505,863.1	16,224,033.1
Mutual Security Agency ²	1948-52	14,113,778.9	12,796,403.8
Department of Defense.....	1950-52	11,046,742.3	3,223,842.7
Department of State ³	1950-52	329,938.8	188,430.6
Department of Agriculture.....	1951	15,012.8	15,002.8
Department of Commerce.....	1952	8.8	7.5
Office of Director for Mutual Security.....	1952	381.5	345.7

¹ Includes administrative expenses.

² Includes activity under predecessor agency—the Economic Cooperation Administration. Data on programs financed by MSA from military assistance funds after July 1, 1950, are commingled with other MSA data, included in the tables of Part C and Part D of this report.

³ Includes Technical Cooperation Administration for fiscal years 1951 and 1952.

TABLE A-3.—Status of Appropriations, by Type of Assistance, Agency, and Title, for Fiscal Years 1948-52, as of June 30, 1952

[Thousands of dollars]

Title and agency	Fiscal year	Appropriations	Obligations	Expenditures	Title and agency	Fiscal year	Appropriations	Obligations	Expenditures
ALL TITLES:					Title II—Near East and Africa:				
Total	1948-52	26,105,074.3	25,505,863.1	16,224,033.1	Total	1950-52	1,104,103.2	1,072,699.3	421,797.4
MILITARY ASSISTANCE¹	1950-52	11,750,876.2	11,321,688.1	3,339,687.2	Military Assistance ¹	1950-52	10,949,103.2	915,459.9	315,732.8
Department of Defense			11,068,433.2	3,194,174.5	Department of Defense			11,902,407.2	310,064.1
Mutual Security Agency ²			289,102.9	122,391.4	Mutual Security Agency ²			12,667.1	5,283.1
Department of Agriculture			13,012.8	8,091.2	Department of State			157,239.4	106,064.6
Department of State			9,094.7	8	Economic and Technical Assistance	1952	160,000.0		
Department of Commerce			8	7.5	Department of State	1952		107,239.4	76,064.6
Office of Director for Mutual Security			15.7	13.1	Technical Cooperation Administration	1952		50,000.0	30,000.0
ECONOMIC AND TECHNICAL ASSISTANCE	1948-52	14,116,698.1	14,063,794.7	12,805,800.0	United Nations Program				
Mutual Security Agency ²	1948-52		13,754,671.4	12,634,152.3	Total	1948-52	1,807,416.2	1,767,428.5	776,121.7
Department of State			231,631.2	120,618.9	Military Assistance ¹	1950-52	12,258,389.9	1,174,050.9	401,767.4
Technical Cooperation Administration	1952		35,000.0	30,000.0	Department of Defense			1,170,381.6	398,584.9
United Nations Program	1952		10,000.0	10,000.0	Mutual Security Agency ²			745.0	404.2
Movement of Migrants	1951-52		10,000.0	6,028.8	Department of State			2,924.3	2,688.3
U.N.K.R.A. ³ Program	1951-52		7,432.1	23,662.1	Department of State			593,377.6	374,354.3
Exchange of Students Program	1951-52		162,500.0	51,853.8	Economic and Technical Assistance	1948-52			
ASSISTANCE TO SPAIN	1951-52		475,000.0		Mutual Security Agency ²	1948-52		14,506,866.6	14,353,820.2
ADMINISTRATIVE EXPENSES ⁴	1952			29,698.2	Department of State			19,69,018.9	4,505.3
Department of Defense			38,289.1	16,195.3	Technical Cooperation Administration	1952		10,000.0	10,000.0
Mutual Security Agency			17,316.6	8,689.7	U.N.K.R.A. ³ Program	1951-52		7,492.1	6,028.8
Department of State			511,231.8	365.8	Exchange of Students Program	1951-52			
Office of Director for Mutual Security					Total	1952	61,410.9	49,522.2	14,063.6
Title I—Europe:					Military Assistance	1952	38,150.0	27,602.2	42.0
Total	1948-52	22,929,033.1	22,515,400.9	14,931,319.2	Department of Defense			27,602.2	42.0
Military Assistance ¹	1950-52	9,505,233.1	9,204,375.1	2,622,145.0	Economic and Technical Assistance	1952	16,23,260.9	21,920.0	14,021.6
Department of Defense			8,908,062.2	2,485,433.5	Department of State—TCA			21,920.0	14,021.6
Mutual Security Agency ²			275,690.8	116,616.8	Technical Cooperation Assistance; ¹⁷	1951	33,110.9	33,110.9	25,847.4
Department of Agriculture			15,012.8	15,002.8	Department of State—TCA	1951		33,110.9	25,847.4
Department of State			7,5784.8	5,019.3	Department of State				
Department of Commerce			8	7.5	Department of State—TCA				
Office of Director for Mutual Security			15.7	15.1	Total				
Economic and Technical Assistance	1948-52	13,261,300.0	13,258,146.8	12,285,512.1	Department of State—TCA				
Mutual Security Agency ²	1948-52		13,247,804.8	12,280,332.1	Department of State				
Department of State			342.0	180.0	Department of State—TCA				
Technical Cooperation Administration	1952		10,000.0	5,000.0					
Movement of Migrants	1952		52,688.0	23,662.1					
Assistance to Spain	1951-52		162,500.0						

¹ Includes Mutual Defense Assistance Program funds transferred to the Mutual Security Agency and the Department of Agriculture for the purpose of financing procurement of "common use" items and materials which assist the expansion of military production.

² Includes activity under predecessor agency—the Economic Cooperation Administration.

³ United Nations Korean Reconstruction Agency.

⁴ Administrative expenses are shown separately for fiscal year 1952 only. The \$75,000.0 thousand 1952 appropriation figure represents \$51,500.0 thousand from military assistance funds and \$23,500.0 thousand from economic and technical assistance funds.

⁵ Excludes reimbursable obligations of \$644.0 thousand.

⁶ Excludes following transfers: \$478,160.0 thousand transferred to Title I—Economic; \$14,800.0 thousand transferred to Title II—Military; \$228,683.1 thousand transferred to Title III—Military; and \$51,500.0 thousand transferred to 1952 Administrative Expense Account.

⁷ Excludes reimbursable obligations of \$391.4 thousand.

⁸ Appropriation adjusted to reflect appropriation transfers and Bureau of Budget reserve under section 1214, General Appropriation Act of 1951. Includes transfers of \$478,160.0 thousand from Title I—Military; includes \$23,500.0 thousand appropriated to 1952 Administrative Expense Account.

⁹ Includes \$957.9 thousand transferred to State and Agriculture Departments by the Bureau of the Budget for administrative expenses under section 112 of the Economic Cooperation Act of 1948.

¹⁰ Includes transfer of \$14,900.0 thousand from Title I—Military and \$8,533.0 thousand transferred from Title III—Military; includes comparative transfer of \$4,198.0 thousand from Title III—Military; and excludes transfer of \$10,369.0 thousand to Title III—Military.

¹¹ Excludes reimbursable obligations of \$2,016.7 thousand.

¹² Excludes transfer of \$228,683.1 thousand from Title I—Military and \$10,569.0 thousand from Title II—Military; excludes transfer of \$8,553.0 thousand and comparative transfer of \$4,198.6 thousand to Title III—Military.

¹³ Includes \$51,426.6 thousand unobligated balance of Assistance to the Republic of Korea funds available for Exchange of Students Program.

¹⁴ Includes \$4,900.0 thousand of grant aid to India extended by ECA; excludes loan aid to India authorized under the India Emergency Food Aid Act of 1951.

¹⁵ Excludes reimbursable obligations of \$233.2 thousand.

¹⁶ Includes \$2,015.2 thousand unobligated balance of fiscal 1951 funds.

¹⁷ Fund is appropriated for the Point 4 Program in fiscal year 1951 were not on a Title or geographic area basis.

PART B

Military Assistance Program

TABLE B-1.—Value of Military Program,¹ by Title and Agency, Cumulative Through June 30, 1952, and Value of Military Shipments, by Recipient Area and by Agency, Jan. 1–June 30, 1952, Fiscal Year 1952, and Cumulative Through June 30, 1952

[Millions of dollars]

Recipient area	Program, cumulative through June 30, 1952	Shipments		
		Cumulative through June 30, 1952	Fiscal year 1952	Jan. 1–June 30, 1952
Total	11,350.0	2,614.3	1,462.2	915.7
Europe.....	9,179.2	1,951.2	1,105.2	702.6
Near East and Africa.....	910.6	326.2	163.4	106.1
Asia and the Pacific.....	1,172.1	336.7	193.4	106.8
American Republics.....	88.1	.2	.2	.2
Agency				
Total	11,350.0	2,614.3	1,462.2	915.7
Department of Defense ²	11,047.2	2,479.3	1,358.1	879.9
<i>Department of the Army</i>	6,250.5	1,554.1	877.7	558.0
<i>Department of the Navy</i>	1,543.8	516.7	218.1	139.1
<i>Department of the Air Force</i>	3,252.9	408.5	262.3	182.8
Mutual Security Agency ³	289.2	121.4	104.1	35.8
Department of Agriculture.....	13.6	13.6		

¹ Includes Mutual Defense Assistance Program funds transferred to the Mutual Security Agency and the Department of Agriculture for the purpose of financing the procurement of "common use" items and materials which assist the expansion of military production.

² Amounts shown include value of military equipment and supplies to be furnished exclusive of charges for repair and rehabilitation of excess stocks and packing, handling, and transportation. Value of excess stocks included.

³ Includes activity under predecessor agency—the Economic Cooperation Administration. Data on programs financed by MSA from military assistance funds after July 1, 1950, are commingled with other MSA data, included in the tables of Part C and Part D of this report.

TABLE B-2.—Quantities of Major Military Items Shipped, by Service, Jan. 1–June 30, 1952, Fiscal Year 1952, and Cumulative Through June 30, 1952

Service and item	Unit of quantity	Total, cumulative through June 30, 1952	Fiscal year 1952	Jan. 1–June 30, 1952
DEPARTMENT OF THE ARMY:				
Radio and radar.....	Number	15,064	8,118	6,074
Tank and combat vehicles.....	do	12,002	5,710	4,692
Motor transport vehicles.....	do	58,973	40,621	29,116
Small arms and machine guns.....	do	1,098,517	731,476	428,209
Artillery.....	do	13,594	7,051	2,706
Ammunition—small arms and machine guns.....	Thousands of rounds	427,295	253,839	187,195
Ammunition—artillery.....	do	9,787	3,837	1,644
DEPARTMENT OF THE NAVY:				
Vessels.....	Number	377	189	61
Aircraft.....	do	404	223	99
DEPARTMENT OF THE AIR FORCE:				
Aircraft.....	do	1,715	1,050	763

PART C

European Defense Support and Economic Program

TABLE C-1.—Allotment Summary, by Recipient Country and Source of Funds,¹ Apr. 3, 1948–June 30, 1952

[Millions of dollars]

Period and program	Total	Recipient country								
		Austria	Belgium-Luxembourg	Denmark	France	Germany (Federal Republic)	Greece	Iceland	Ireland	Italy
Grand total, Apr. 3, 1948–June 30, 1952	13,368.2	676.8	555.5	271.4	2,706.3	1,389.0	693.9	29.2	146.2	1,475.0
MSA/ECA	13,106.6	676.8	546.6	270.9	2,651.5	1,389.0	693.9	29.2	146.2	1,437.9
MDAP ²	261.6	.....	8.9	.5	54.8	.....	.....	.....	.....	37.1
Total, Apr. 3, 1948–June 30, 1951 ³	11,882.0	560.8	546.6	257.4	2,444.8	4 1,297.3	515.1	23.7	146.2	1,315.4
ECA	11,664.7	560.8	546.6	256.9	2,401.0	1,297.3	515.1	23.7	146.2	1,297.5
MDAP	217.3	.....	(6)	.5	43.8	.....	.....	.....	.....	17.9
Total, July 1, 1951–June 30, 1952	1,486.2	116.0	8.9	14.0	261.5	91.7	178.8	5.5	.....	159.3
MSA/ECA	1,441.9	116.0	.....	14.0	250.5	91.7	178.8	5.5	.....	140.1
MDAP	44.3	.....	8.9	.....	11.0	.....	.....	.....	.....	19.2
Net aid, ⁴ Apr. 3, 1948–June 30, 1952	13,368.2	909.1	109.4	297.0	2,990.3	1,290.7	1,015.1	29.7	146.2	1,388.5

Period and program	Recipient country—Continued										
	Netherlands and Indonesia		Norway	Portugal	Sweden	Trieste	Turkey	United Kingdom	Yugoslavia	Prepaid freight account	European Payments Union—capital fund
	Netherlands	Indonesia ⁵									
Grand total, Apr. 3, 1948–June 30, 1952	977.3	101.4	253.5	50.5	107.1	32.6	222.5	3,175.9	109.3	33.5	361.4
MSA/ECA	976.3	101.4	243.3	50.5	107.1	32.6	214.7	3,063.6	80.3	33.5	361.4
MDAP ²	1.0	.....	10.2	.....	.....	.....	7.8	112.3	29.0	.....	.....
Total, Apr. 3, 1948–June 30, 1951 ³	877.3	101.4	236.7	50.5	118.5	33.0	152.5	2,825.9	29.0	.....	350.0
ECA	876.3	101.4	231.7	50.5	118.5	33.0	144.7	2,713.6	.....	.....	350.0
MDAP	1.0	.....	5.0	.....	.....	.....	7.8	112.3	29.0	.....	.....
Total, July 1, 1951–June 30, 1952	100.0	.....	16.8	.....	-11.4	.....	70.0	350.0	80.3	33.5	11.4
MSA/ECA	100.0	.....	11.6	.....	-11.4	.....	70.0	350.0	80.3	33.5	11.4
MDAP .....	.....	.....	5.2	.....	.....	.....	.....	.....	.....	.....	.....
Net aid, ⁴ Apr. 3, 1948–June 30, 1952	1,124.3	132.2	437.2	60.2	20.4	37.5	301.7	2,699.1	109.3	33.5	361.4

¹ In addition to these "Supply Program" allotments, certain amounts were programed for technical assistance, strategic materials development, and ocean freight on voluntary relief supplies.

² Mutual Defense Assistance Program military production funds transferred to the Economic Cooperation Administration beginning July 1, 1950.

³ Revised to incorporate adjustments made to June 30, 1952. Includes allotments for overseas territory development. Includes advance allotments against fiscal year 1952 program funds: Austria, \$4.0 million; France, \$10.0 million; Germany, \$14.3 million; and Italy, \$3.2 million.

⁴ Excludes Government and Relief in Occupied Areas (GARIOA) Program.

⁵ MDAP funds \$2.0 thousand.

⁶ Net aid: Allotments adjusted *upward* to reflect intra-European drawing

rights utilized and initial credit positions under EPU, and *downward* to reflect intra-European drawing rights extended and initial debit positions under EPU.

⁷ Initial position credits under EPU exceed initial position debits covered by conditional aid by 124.8 million units of account and therefore total net aid of individual countries will exceed this total by that amount.

⁸ Assistance received by Indonesia from European Program funds allotted to the Netherlands in 1948 and 1949 prior to transfer of sovereignty in December 1949.

⁹ Reflects a reduction of \$11.4 million in conditional aid to Sweden—a portion of Sweden's fiscal 1951 allotment. A like amount was allotted to EPU in fiscal year 1952 to offset the reduction in Sweden's grant to EPU.

TABLE C-2.—Procurement Authorizations, and Paid Shipments, by Country of Destination, and Major Category of Assistance, for the Period Jan. 1–June 30, 1952¹

[Thousands of dollars]

Item	Total	Country of destination							
		Austria	Belgium-Luxembourg	Denmark	France	Germany (Fed. Rep.)	Greece	Iceland	Ireland
PROCUREMENT AUTHORIZATIONS									
Grand total.....	1,084,369	43,677	9,250	5,185	211,829	73,083	83,910	2,838	
Commodity total.....	902,252	25,912	10,760	5,100	178,874	66,127	40,072	183	
Food and agricultural commodities.....	292,347	25,978	-339	1,927	50,661	51,402	43,642	-83	
Industrial commodities.....	622,338	260	11,501	3,182	130,096	16,462	-1,332	275	
Unclassified commodity adjustments.....	-12,434	-325	-402	-9	-1,883	-1,737	-2,239	-4	
Technical services.....	8,118	-51			-466	17	4,565	255	
Ship disbursements.....	-216					-291	200		
Assistance via European Payments Union.....	83,112	12,000					33,100	2,400	
European Payments Union—capital fund.....	11,395	(2)	(2)	(2)	(2)	(2)	(2)	(2)	
General freight account.....	-9,000	(2)	(2)	(2)	(2)	(2)	(2)	(2)	
Ocean freight.....	88,708	5,815	-1,509	85	33,421	7,230	5,973		
PAID SHIPMENTS									
Grand total.....	924,223	66,190	9,157	3,981	248,469	30,082	76,517	3,906	149
Commodity total.....	760,694	43,354	8,307	3,533	215,142	27,869	51,718	1,298	149
Food and agricultural commodities.....	201,796	29,840	-373	243	53,896	21,731	34,695	10	
Industrial commodities.....	566,997	13,824	9,082	3,388	162,622	6,443	17,997	1,292	149
Unclassified commodity refunds.....	-8,098	-310	-402	-98	-1,376	-304	-974	-4	
Technical services.....	7,717	6			2,097	766	1,114	262	
Ship disbursements.....	150						149		
Assistance via European Payments Union.....	64,765	9,997					16,810	2,346	
European Payments Union—capital fund.....	11,395	(2)	(2)	(2)	(2)	(2)	(2)	(2)	
Ocean freight.....	79,501	12,832	851	448	31,230	1,447	6,726		

Item	Country of destination—Continued								
	Italy	Netherlands	Norway	Portugal	Sweden	Trieste	Turkey	United Kingdom	Yugo-slavia
PROCUREMENT AUTHORIZATIONS									
Grand total.....	162,988	79,643	12,714	832	-8,460	-1,001	44,974	310,835	49,677
Commodity total.....	137,213	74,820	12,022	892	-8,460	-483	14,221	298,278	46,722
Food and agricultural commodities.....	70,425	29,199	4,624	750	-1	-210	50	-11	14,338
Industrial commodities.....	71,251	46,366	7,609	191	-8,295	-274	14,182	298,298	32,569
Unclassified commodity adjustments.....	-4,462	-744	-211	-49	-165	1	-11	-9	-184
Technical services.....	981	-9		-60			2,885	-1	
Ship disbursements.....			-125						
Assistance via European Payments Union.....	(2)	(2)	(2)	(2)	(2)	(2)	25,500	10,112	(2)
European Payments Union—capital fund.....	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
General freight account.....	24,794	4,832	817			-519	2,368	3,446	2,955
Ocean freight.....									
PAID SHIPMENTS									
Grand total.....	100,783	48,810	10,052	4,297	-3,493	-164	45,006	222,022	47,064
Commodity total.....	81,918	45,492	9,667	4,292	-3,493	-197	16,636	211,369	43,643
Food and agricultural commodities.....	10,717	26,507	3,867		-1	-220		3,630	17,255
Industrial commodities.....	75,019	19,591	6,002	4,336	-3,327	22	16,636	207,517	26,406
Unclassified commodity refunds.....	-3,817	-606	-202	-44	-165	1		222	-18
Technical services.....	1,493	290					1,607	81	
Ship disbursements.....			1						
Assistance via European Payments Union.....	(2)	(2)	(2)	(2)	(2)	(2)	25,500	10,112	(2)
European Payments Union—capital fund.....	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ocean freight.....	17,372	3,027	384	5		33	1,263	460	3,422

¹ Data represent net authorizations and paid shipments (program expenditures) during the period—increases less decreases; negative figures occur when the value of all decreases, including the adjustment of prior year accounts, is greater than the value of all increases. Expenditures during a period may exceed authorizations to the extent that such expenditures include payments for goods authorized in prior periods.

² Not applicable.

TABLE C-3.—Summary of Procurement Authorizations, and Paid Shipments, by Commodity Group and Country of Destination, July 1, 1951–June 30, 1952¹

[Thousands of dollars]

Commodity or service	Total	Country of destination								
		Austria	Belgium-Luxembourg	Denmark	France	Germany (Fed. Rep.)	Greece	Iceland	Ireland	Italy
PROCUREMENT AUTHORIZATIONS										
Grand total.....	1,485,905	116,021	8,963	13,997	261,479	91,698	178,806	5,510		160,402
Commodity total.....	1,059,366	63,758	8,633	8,912	214,077	78,825	64,361	1,215		132,691
Food and agricultural commodities.....	383,466	54,527	-1,429	1,772	53,323	70,299	60,200	38		70,761
Industrial commodities.....	690,524	9,677	10,144	6,934	163,264	11,740	6,364	1,192		67,793
Unclassified commodity adjustments.....	-14,624	-446	-82	266	-2,510	-3,214	-2,204	-14		-5,863
Technical services.....	7,160	-50	-50		-779	-83	4,675	259		354
Ship disbursements.....	-216					-291	200			
Assistance via European Payments Union.....	239,500	35,000					103,100	3,900		
European Payments Union—capital fund.....	11,395	(²)	(²)	(²)	(²)	(²)	(²)	(²)		(²)
General freight account.....	33,500	(²)	(²)	(²)	(²)	(²)	(²)	(²)		(²)
Ocean freight.....	135,199	17,314	380	5,085	48,180	13,247	6,470	135		27,357
PAID SHIPMENTS³										
Grand total.....	1,885,597	148,164	24,143	32,476	470,370	147,211	196,665	9,005	7,437	214,332
Commodity total.....	1,460,188	88,323	23,166	26,128	394,571	127,311	100,973	3,955	7,437	181,995
Food and agricultural commodities.....	518,769	58,211	2,806	7,127	91,226	93,085	70,446	300	5,249	60,378
Industrial commodities.....	955,486	30,703	20,765	19,111	305,992	36,062	31,528	3,673	2,187	127,682
Unclassified commodity refunds.....	-14,066	-591	-405	-110	-2,646	-1,836	-1,001	-17		-6,065
Technical services.....	14,697	6			4,747	1,253	2,124	388		2,634
Ship disbursements.....	779		240		114	5	249			
Assistance via European Payments Union.....	218,876	34,130					82,716	4,530		
European Payments Union—capital fund.....	11,395	(²)	(²)	(²)	(²)	(²)	(²)	(²)		(²)
Ocean freight.....	179,661	25,704	737	6,349	70,937	18,642	10,603	132		29,703
<i>Commodity detail</i>										
Food, feed, and fertilizer.....	302,186	50,991	2,412	3,497	49,742	71,003	70,449	300	3,552	3,565
Bread grains.....	177,318	25,957	216		39,695	49,154	38,081		1,312	1,843
Coarse grains.....	57,260	17,060	402		9,611	11,691	1,225		2,240	
Sugar and related products.....	22,824	3,644	-16			9,104	10,095			
Fats and oils.....	16,759	4,211	963			791	-3	89		1,114
Meat.....	7,012	-3	773		-7		6,244			4
Other.....	21,013	122	74	3,497	442	263	14,807	210		605
Fuel.....	325,140	13,022	1,310	12,737	154,708	13,006	4,773	575	234	46,845
Petroleum and products.....	211,844	617	1,310	5,750	86,370	13,006	4,689	575	234	33,034
Coal and related fuels.....	113,296	12,405		6,987	68,337		85			13,811
Raw materials and semifinished products.....	492,351	12,713	5,382	4,652	92,825	22,694	9,292	712	927	72,061
Cotton.....	157,483	6,152	-102	1,880	37,190	5,845	-931			55,749
Nonferrous metals and products.....	134,886	743		883	18,548	5,800	16	133		6,853
Iron and steel mill products.....	83,577	643	1,501	1,556	6,087	446	2,011	101		2,263
Chemicals and related products.....	35,450	1,707	1,748	31	14,005	1,406	3,542	21		2,029
Pulp and paper.....	19,465	346	165		3,859	1,562	974	274	908	3,818
Nonmetallic minerals.....	15,876	757	260	208	5,053	916	703	62		100
Metallic ores and concentrates.....	15,587	599	962		4,154	5,108				156
Fabricated basic textiles.....	14,085		162	69	2,996	171	660	93		1
Other.....	15,943	1,767	685	25	933	1,439	2,316	29	19	1,092
Machinery and vehicles.....	275,985	10,241	13,309	3,600	88,349	5,796	12,985	2,368	1,026	61,135
Machinery and equipment.....	237,831	10,119	6,232	2,151	74,360	5,796	11,335	2,340	606	60,816
Motor vehicles, engines, and parts.....	20,127	123	6,641	1,449	2,407		1,540	28	420	
Aircraft, engines, and parts.....	13,363		433		9,784		100			224
Other transportation equipment.....	4,665		3		1,798		9			95
Miscellaneous and unclassified ⁴	64,526	1,355	753	1,641	8,947	14,813	3,474	1	1,698	-1,611
Tobacco.....	54,398	1,000	425	1,720	4,281	16,035			1,698	19
Other ⁴	10,127	355	328	-78	4,666	-1,223	3,474	1		-1,631

See footnotes at end of table.

TABLE C-3.—Summary of Procurement Authorizations, and Paid Shipments, by Commodity Group and Country of Destination, July 1, 1951–June 30, 1952—Continued

[Thousands of dollars]

Commodity or service	Country of destination—Continued								
	Netherlands and Indonesia		Norway	Portugal	Sweden	Trieste	Turkey	United Kingdom	Yugoslavia
	Netherlands	Indonesia ⁵							
PROCUREMENT AUTHORIZATIONS									
Grand total.....	100,011		16,880	-1	-11,341	-1,519	68,633	350,134	81,337
Commodity total.....	94,070		15,698	59	-11,341	-1,000	15,196	297,698	76,513
Food and agricultural commodities.....	42,305		4,558	738	-1	-249	50	-759	27,339
Industrial commodities.....	52,025	-53	11,548	-502	-11,222	-727	15,157	297,916	49,359
Unclassified commodity adjustments.....	-259	52	-408	-177	-119	-24	-11	542	-184
Technical services.....	-481			-60			3,385	-10	
Ship disbursements.....			-125						
Assistance via European Payments Union.....							47,500	50,000	
European Payments Union—capital fund.....	(²)	(²)	(²)	(²)	(²)	(²)	(²)	(²)	(²)
General freight account.....	(²)	(²)	(²)	(²)	(²)	(²)	(²)	(²)	(²)
Ocean freight.....	6,422		1,307			-519	2,551	2,446	4,824
PAID SHIPMENTS ³									
Grand total.....	105,093	-1	31,893	9,615	4,620	1,899	85,396	301,397	84,486
Commodity total.....	97,748	-1	30,913	9,375	4,620	1,309	32,495	250,497	79,372
Food and agricultural commodities.....	56,926		11,941		-1	-762	5	27,501	34,332
Industrial commodities.....	41,597	-1	19,420	9,546	4,786	2,112	32,489	222,774	45,058
Unclassified commodity refunds.....	-776		-448	-170	-165	-42		222	-18
Technical services.....	474						2,930	141	
Ship disbursements.....			171						
Assistance via European Payments Union.....							47,500	50,000	
European Payments Union—capital fund.....	(²)	(²)	(²)	(²)	(²)	(²)	(²)	(²)	(²)
Ocean freight.....	6,871		809	239		590	2,472	759	5,114
<i>Commodity detail</i>									
Food, feed, and fertilizer.....	30,535		8,931			-8	5	2,198	5,013
Bread grains.....	8,814		8,613					2,363	1,271
Coarse grains.....	15,037		-5						
Sugar and related products.....								-2	
Fats and oils.....	6,051		325			-24			3,242
Meat.....									
Other.....	634		-1			16	5	-163	500
Fuel.....	6,294		7,208	752	3,197	1,857	490	37,479	20,653
Petroleum and products.....	6,294		6,908	752	3,197	1,857	490	37,479	9,282
Coal and related fuels.....			300						11,371
Raw materials and semifinished products.....	44,782		6,277	1,599	769	-739	8,323	158,872	51,210
Cotton.....	24,472		154		-1	-754		-96	27,923
Nonferrous metals and products.....	5,748		1,435				293	93,208	1,225
Iron and steel mill products.....	8,829		2,278	1,522	289		886	46,964	8,201
Chemicals and related products.....	1,177		66	2	231	16	3,573	520	5,376
Pulp and paper.....	12						1	6,725	823
Nonmetallic minerals.....	95		222	75	251		7	6,826	341
Metallic ores and concentrates.....	3,133							1,476	
Fabricated basic textiles.....	571		1,395		-1		3,563	1,758	2,647
Other.....	746		727					1,491	4,673
Machinery and vehicles.....	15,087	-1	6,141	7,085	820	231	21,167	25,375	1,269
Machinery and equipment.....	11,679	-1	6,050	4,860	726	231	14,020	25,350	1,160
Motor vehicles, engines, and parts.....	512		-14	16	93		6,776	25	109
Aircraft, engines, and parts.....	2,731		90						
Other transportation equipment.....	166		16	2,209			370		
Miscellaneous and unclassified ⁴	1,050		2,356	-60	-165	-33	2,509	26,573	1,226
Tobacco.....	1,436		2,370					25,414	
Other ⁴	-386		-15	-60	-165	-33	2,509	1,158	1,226

¹ Data represent authorizations during the period—increases less decreases; negative figures occur when the value of all decreases, including the adjustment of prior year accounts, is greater than the value of all increases. Expenditures during a period may exceed authorizations to the extent that such expenditures include payments for goods authorized in prior periods.

² Not applicable.

³ MSA expenditures supplemented by movement reports from U. S. Government agencies; total paid shipments are less than actual movements because of the time required for receipt and processing of documents requesting payment. Data represent all program expenditures during the period regardless of the source of funds by fiscal year.

⁴ Includes refunds for unclassified commodities.

⁵ Assistance received by Indonesia from European Program funds allotted to the Netherlands in 1948 and 1949 prior to transfer of sovereignty in December 1949.

TABLE C-4.—Summary of Procurement Authorizations, and Paid Shipments, by Commodity Group and Country of Destination, Cumulative, Apr. 3, 1948–June 30, 1952

[Millions of dollars]

Commodity or service	Total	Country of destination								
		Austria	Belgium-Luxembourg	Denmark	France	Germany (Fed. Rep.)	Greece	Iceland	Ireland	Italy
PROCUREMENT AUTHORIZATIONS										
Grand total.....	13,365.4	676.8	555.5	271.4	2,706.3	1,389.0	693.9	29.2	146.2	1,474.4
Commodity total.....	11,684.2	553.0	528.5	259.6	2,330.8	1,271.8	503.3	21.5	144.4	1,309.2
Food and agricultural commodities.....	5,539.7	396.4	171.1	118.0	707.0	979.2	337.1	6.4	105.2	638.0
Industrial commodities.....	6,167.0	157.4	357.9	142.1	1,627.6	296.3	168.4	15.2	39.2	679.0
Unclassified commodity adjustments.....	-22.5	- .8	- .4	- .5	-3.8	-3.7	-2.3			-7.8
Technical services.....	60.9				14.9	2.0	8.8	.6		11.2
Ship disbursements.....	9.1		1.4		2.0	.2	.5			
Assistance via European Payments Union.....	277.8	45.0					128.4	6.9		
European Payments Union—capital fund.....	361.4	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
General freight account.....	33.5	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Ocean freight.....	938.5	78.7	25.5	11.8	358.6	114.9	52.9	.1	1.8	154.0
PAID SHIPMENTS ²										
Grand total.....	12,272.4	639.4	529.7	263.3	2,533.5	1,307.4	577.1	25.7	146.2	1,240.9
Commodity total.....	10,765.0	523.9	502.9	251.9	2,180.0	1,199.5	443.5	18.3	144.4	1,099.1
Food and agricultural commodities.....	5,348.4	381.0	171.1	115.8	699.5	937.9	303.7	6.4	105.2	571.9
Industrial commodities.....	5,436.8	143.7	332.3	136.6	1,484.1	265.0	140.9	11.9	39.2	534.9
Unclassified commodity refunds.....	-20.2	- .7	- .4	- .6	-3.6	-3.4	-1.0			-7.7
Technical services.....	44.5				10.8	1.7	6.4	.4		7.7
Ship disbursements.....	8.9		1.4		2.0	.2	.4			
Assistance via European Payments Union.....	230.1	43.0					82.7	6.8		
European Payments Union—capital fund.....	361.4	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Ocean freight.....	862.5	72.5	25.3	11.4	340.7	106.0	44.0	.1	1.8	134.1
<i>Commodity detail</i>										
Food, feed, and fertilizer.....	3,339.3	320.3	147.0	76.9	292.0	575.3	292.3	6.3	69.1	225.2
Bread grains.....	1,737.1	164.8	54.0	5.6	119.3	218.3	172.2	1.7	20.2	196.0
Coarse grains.....	427.6	53.7	6.0	20.4	56.9	162.6	4.8		46.5	2.8
Fats and oils.....	352.0	59.6	24.0	15.5	65.8	88.5	5.7	.8	.2	17.3
Sugar and related products.....	303.3	16.2	14.2		12.5	53.3	39.3	.3	.6	
Meat.....	130.2	4.4	10.7	.2	1.1	18.5	15.1		1.2	
Other.....	389.2	21.6	38.0	35.2	36.5	34.2	55.3	3.5	2.5	9.1
Fuel.....	1,724.3	40.2	61.1	66.6	659.7	54.8	25.9	1.7	13.3	214.6
Petroleum and products.....	1,326.3	3.5	59.0	55.6	426.4	54.8	25.3	1.7	13.3	128.9
Coal and related fuels.....	398.0	36.7	2.1	10.9	233.3		.6			85.7
Raw materials and semifinished products.....	3,577.9	96.9	95.1	51.5	719.1	447.0	52.2	2.3	14.2	430.2
Cotton.....	1,456.8	44.0	6.6	18.3	369.3	255.3	9.0		.2	339.0
Nonferrous metals and products.....	741.5	9.1	.7	13.4	144.3	41.8	2.3	.2		37.9
Iron and steel mill products.....	354.5	6.6	14.4	13.7	46.4	3.3	10.9	.4	2.1	18.1
Chemicals and related products.....	276.8	14.1	27.3	1.4	80.0	19.5	13.8	.1	.4	16.1
Metallic ores and concentrates.....	136.3	2.4	19.7		18.4	23.9				.6
Fabricated basic textiles.....	121.4	.8	3.5	.8	7.6	6.4	1.3	.7	1.9	5.3
Pulp and paper.....	121.3	.4	2.6		9.1	17.2	1.4	.7	4.9	3.9
Lumber and lumber manufactures.....	119.9	1.0	6.5	.2	6.1	6.5	6.0	.1	3.6	1.0
Other.....	269.4	18.5	13.9	3.8	37.7	73.2	7.5	.1	1.0	8.3
Machinery and vehicles.....	1,573.4	53.7	175.6	37.7	463.2	36.9	61.3	7.7	10.8	220.0
Machinery and equipment.....	1,220.0	51.8	73.7	29.1	353.7	31.1	47.0	6.5	6.8	215.0
Motor vehicles, engines, and parts.....	211.5	1.3	97.1	6.9	18.7	5.2	13.4	.6	3.9	.1
Aircraft, engines, and parts.....	91.7		4.1	.8	51.9		.6			4.5
Other transportation equipment.....	50.3	.7	.7	.9	38.8	.7	.3	.6		.4
Miscellaneous and unclassified ³	550.0	12.6	24.1	19.2	46.0	85.5	11.9	.2	37.0	9.1
Tobacco.....	456.5	10.2	15.9	17.7	22.2	76.2			35.7	5.1
Other ³	93.5	2.4	8.3	1.5	23.8	9.3	11.9	.2	1.3	4.0

See footnotes at end of table.

TABLE C-4.—Summary of Procurement Authorizations, and Paid Shipments, by Commodity Group and Country of Destination, Cumulative, Apr. 3, 1948-June 30, 1952—Continued

[Millions of dollars]

Commodity or service	Country of destination—Continued								
	Netherlands and Indonesia		Norway	Portugal	Sweden	Trieste	Turkey	United Kingdom	Yugoslavia
	Netherlands	Indonesia ⁴							
PROCUREMENT AUTHORIZATIONS									
Grand total.....	977.3	101.4	253.5	50.5	107.1	31.9	221.1	3,175.9	109.2
Commodity total.....	942.6	101.4	248.4	48.0	107.1	26.8	146.5	3,038.3	102.9
Food and agricultural commodities.....	466.4	25.1	110.2	19.8	1.6	11.3	15.6	1,394.1	37.2
Industrial commodities.....	477.2	76.3	138.8	28.4	105.6	15.6	130.9	1,645.2	65.9
Unclassified commodity adjustments.....	-1.0		-.5	-.2	-.2			-1.1	-.2
Technical services.....	1.9		1.1				12.3	7.9	
Ship disbursements.....	2.5		.4					2.0	
Assistance via European Payments Union.....							47.5	50.0	
European Payments Union—capital fund.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
General freight account.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Ocean freight.....	30.2		3.6	2.4		5.1	14.8	77.7	6.3
PAID SHIPMENTS²									
Grand total.....	905.6	101.4	231.1	41.5	107.1	31.8	172.8	2,969.7	86.8
Commodity total.....	873.4	101.4	227.2	39.7	107.1	26.7	110.3	2,834.0	81.7
Food and agricultural commodities.....	451.9	25.1	105.6	19.0	1.6	11.3	12.8	1,392.1	36.5
Industrial commodities.....	422.5	76.3	122.1	20.8	105.6	15.4	97.4	1,442.8	45.2
Unclassified commodity refunds.....	-.9		-.5	-.2	-.2			-.8	
Technical services.....	1.4		1.1				7.0	8.0	
Ship disbursements.....	2.5		.4					2.0	
Assistance via European Payments Union.....							47.5	50.0	
European Payments Union—capital fund.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Ocean freight.....	28.3		2.5	1.7		5.1	8.0	75.7	5.1
<i>Commodity detail</i>									
Food, feed, and fertilizer.....	303.5	23.7	85.5	19.0		10.9	12.8	874.4	5.0
Bread grains.....	149.2	3.9	46.8	19.0		7.0	12.8	544.8	1.3
Coarse grains.....	56.0		18.0						
Fats and oils.....	49.1		10.6			2.5		9.3	3.2
Sugar and related products.....	29.7		2.8					134.4	
Meat.....	4.4					.1		75.5	
Other.....	15.1	19.7	7.3			1.4		110.4	.5
Fuel.....	81.1		37.0	8.4	63.0	13.3	3.0	359.6	20.8
Petroleum and products.....	64.8		36.7	8.4	63.0	12.7	3.0	359.6	9.3
Coal and related fuels.....	16.3		.3			.6			11.5
Raw materials and semifinished products.....	305.0	63.0	58.8	1.9	21.2	1.7	13.0	1,151.4	53.4
Cotton.....	115.3	.5	1.9		1.6	.2		265.4	30.1
Nonferrous metals and products.....	50.3	1.2	6.5		2.4	.2	.9	429.1	1.2
Iron and steel mill products.....	69.8	1.2	30.9	1.6	5.5	.3	3.2	97.7	8.2
Chemicals and related products.....	21.5	.6	2.7	.1	3.9	.3	4.5	64.9	5.4
Metallic ores and concentrates.....	8.9		1.9		.4			60.1	
Fabricated basic textiles.....	7.3	58.4	9.8		2.3		3.6	9.2	2.7
Pulp and paper.....	.8							79.4	.7
Lumber and lumber manufactures.....	6.8		1.1			.5	.7	79.8	
Other.....	24.2	.9	4.0	.1	5.1	.1	.1	65.8	5.0
Machinery and vehicles.....	150.1	14.3	29.0	10.4	22.1	.7	77.1	201.7	1.3
Machinery and equipment.....	84.2	5.6	26.4	7.5	18.9	.6	63.7	197.2	1.2
Motor vehicles, engines, and parts.....	34.8	8.7	1.1	.5	3.1		12.7	3.3	.1
Aircraft, engines, and parts.....	28.7		1.0		.1				
Other transportation equipment.....	2.5		.4	2.5		.1	.6	1.1	
Miscellaneous and unclassified ³	33.7	.5	16.9		.7	.1	4.3	246.9	1.2
Tobacco.....	22.4		15.7					235.5	
Other ³	11.2	.5	1.2		.7	.1	4.3	11.5	1.2

¹ Not applicable.

² MSA/ECA expenditures supplemented by movement reports from U. S. Government agencies; total paid shipments are less than actual movements because of the time required for receipt and processing of documents requesting payment.

³ Includes refunds for unclassified commodities.

⁴ Assistance received by Indonesia from European Program funds allotted to the Netherlands in 1948 and 1949 prior to transfer of sovereignty in December 1949.

TABLE C-5.—Technical Assistance Authorizations and Expenditures,¹ by Field of Activity and Participating Country, Cumulative, Apr. 3, 1948–June 30, 1952

[Thousands of dollars]

Country	Total authorizations	Expenditures by field of activity									
		Total	Industrial productivity	Agricultural productivity	Public administration	Transportation and communication	Manpower utilization	Marketing	Development of overseas territories	Tourism	Operating costs
Total all countries	43,606.0	24,993.0	10,181.8	4,288.5	2,140.7	1,985.4	1,345.2	440.4	275.7	144.6	4,190.7
Austria	939.9	225.1	112.2	67.5	7.1	1.8	15.6	4.2			16.6
Belgium-Luxembourg	615.3	288.3	121.6	50.4	.5		8.1	13.6	79.2		14.9
Denmark	1,142.5	608.2	242.8	272.3	2.8	10.8	9.3	14.7	5.5		50.1
France	3,397.2	2,555.2	1,485.8	318.6	22.8	27.5	80.4	32.5	53.9		533.7
Germany (Federal Republic)	1,370.2	636.2	167.5	162.1	67.4	82.5	61.8	21.3			73.6
Greece	8,179.9	6,818.0	2,344.3	1,100.8	1,662.1	1,056.6	328.2	239.7		29.7	56.4
Iceland	140.1	76.3	34.1	19.7	5.7		11.5				5.2
Ireland	1,314.4	288.1	71.9	82.6	8.0	26.1		12.6		54.0	32.9
Italy	2,021.0	669.7	364.8	126.5	53.8	27.7	20.4	6.4	6.8	5.6	57.7
Netherlands	1,136.8	538.4	206.3	190.6	11.9		22.4		4.0		103.0
Norway	1,366.6	450.2	247.0	141.6	1.0	10.9	8.5				41.1
Portugal	807.0	59.5	9.6	30.4	3.7			.4	5.4		10.1
Sweden	134.4	106.3	51.8	26.3	.5	1.9	17.5				8.3
Trieste	150.0										
Turkey	3,370.9	1,900.3	507.2	659.1	165.8	491.9					76.4
United Kingdom	5,314.5	2,589.5	2,102.0	161.8	1.1	15.0	7.9	33.3	117.8	1.5	149.2
Yugoslavia	131.9	21.3	2.0	18.0		1.3					
Multi-Country	1,187.4	189.5	189.5								
OEEC	6,559.6	3,099.0	1,835.3	212.1	75.8	157.9	593.9	20.7	3.1	53.9	146.4
U. S. Government agencies ²	1,737.9	1,067.7	86.0	648.0	50.8	73.5	159.8	41.0			8.6
Operating costs, unassigned by field of activity	2,588.5	³ 2,806.5									2,806.5

¹ Includes Mutual Defense Assistance Program funds transferred to ECA.

² Costs incurred prior to assignment to specific country projects. Includes \$271.0 thousand authorized and \$33.4 thousand expended for MSA contracts with private organizations.

³ Temporarily in excess of recorded authorizations.

TABLE C-6.—Value of Industrial Guaranties Issued, by Type of Project and Country of Investment, and Value of Reductions in Liability, by Type and Country, Cumulative, Apr. 3, 1948–June 30, 1952

[Thousands of dollars]

Type of project or reduction	Total	France	Germany (Fed. Rep.)	Italy	Netherlands	Turkey	United Kingdom
Total guaranties issued ¹	37,978.9	3,596.0	3,259.1	20,616.3	175.0	2,808.3	7,524.2
Investment—convertibility	36,151.5	3,046.0	1,981.7	20,616.3	175.0	2,808.3	7,524.2
Commercial farms: hybrid corn seed	87.5			87.5			
Miscellaneous food preparations	75.0						75.0
Furniture and fixtures: venetian blinds	175.0				175.0		
Printing and publishing	258.8						258.8
Chemicals and allied products	8,085.7	451.4		1,331.0		2,808.3	3,495.0
Petroleum refining	19,117.5			19,117.5			
Rubber products: tires	1,841.7		1,841.7				
Stone, clay, and glass products	90.0	70.0		20.0			
Fabricated metal products	299.0						299.0
Machinery	3,158.0		921.5	140.0			2,096.5
Transportation equipment	1,180.4	1,120.1		60.3			
Controlling instruments: watches and clocks	1,300.0						1,300.0
Miscellaneous manufacturing: slide fasteners	17.5	17.5					
Engineering: industrial and construction	465.5	465.5					
Investment—expropriation	1,277.4		1,277.4				
Rubber products: tires	1,052.4		1,052.4				
Machinery: elevators and escalators	225.0		225.0				
Forward contracting—convertibility	550.0	550.0					
Engineering: petroleum refining	550.0	550.0					
Total reductions in liability	4,263.4	414.1	65.0	2,700.0	156.7		927.6
Direct receipts ²	1,869.3	114.1		1,689.7	38.4		27.1
Reductions in face	1,538.8	300.0	65.0	930.0	118.3		125.5
Cancellations	855.3			80.3			775.0
Net outstanding guaranties	33,715.5	3,181.9	3,194.1	17,916.3	18.3	2,808.3	6,596.6

¹ Fees collected by MSA/ECA for guaranties issued amounted to \$622.6 thousand.

² Conversions of investors' foreign currency receipts into dollars through regular banking channels. Such conversions must be reported by the insured and serve to reduce the liability of the U. S. Government.

TABLE C-7.—Value of Informational Media Guaranties Issued, by Media and Country, and Reductions in Liability, by Type and Country, Cumulative, Apr. 3, 1948-June 30, 1952

[Thousands of dollars]

Type of media or reduction	Total	Austria	France	Germany (Fed. Rep.)	Italy	Netherlands	Norway	Yugoslavia
Total guaranties issued ¹	13,073.8	261.0	212.1	10,111.9	83.3	2,034.1	323.3	48.0
Motion pictures.....	6,547.1	.....	.....	6,519.1	.....	.....	28.0	.....
Periodicals.....	3,374.2	177.2	.....	2,063.9	27.9	803.9	295.3	.....
Books.....	2,862.8	55.3	212.1	1,271.6	55.4	1,220.4	.....	48.0
Newspapers, etc.....	289.7	28.5	.....	257.4	.....	3.8	.....	.....
Total reductions in liability.....	9,257.6	177.2	88.1	7,557.1	83.3	1,199.3	152.8	.....
Payments for conversion.....	6,611.6	117.3	51.6	5,615.5	9.3	708.7	109.2	.....
Cancellations.....	1,831.0	56.5	18.4	1,321.7	74.0	329.6	30.9	.....
Reductions in face.....	743.2	3.4	16.0	557.4	.....	153.7	12.7	.....
Direct receipts ²	71.8	.....	2.1	62.4	.....	7.3	.....	.....
Net outstanding guaranties.....	3,816.2	83.9	124.1	2,554.8	.....	834.9	170.6	48.0

¹ Applications pending and active total \$4,374.8 thousand. Total fees collected amounted to \$199.7 thousand.

² Dollar payments of foreign currency earnings effected through regular banking channels. Such payments must be reported by the insured publishers and producers and serve to reduce the liability of the U. S. Government.

TABLE C-8.—Approved Loans, as of June 30, 1952, by Country and Fiscal Year

[Millions of dollars]

Country	Total	Fiscal year			
		Apr. 3, 1948- June 30, 1949	July 1, 1949- June 30, 1950	July 1, 1950- June 30, 1951	July 1, 1951- June 30, 1952
Total ¹	1,306.0	972.3	143.7	24.7	165.3
Belgium-Luxembourg.....	68.1	50.9	² 1.7	³ 15.5	.....
Denmark.....	33.3	31.0	.....	.....	2.3
France.....	225.6	172.0	10.4	.....	43.2
Germany (Federal Republic).....	16.9	.....	.....	.....	16.9
Iceland.....	5.3	2.3	2.0	.....	1.0
Ireland.....	128.2	86.3	41.9	.....	.....
Italy.....	95.6	67.0	6.0	.....	22.6
Netherlands.....	166.7	146.7	4.0	.....	16.0
Norway.....	39.2	35.0	.....	.....	4.2
Portugal.....	36.7	.....	27.5	9.2	.....
Sweden.....	20.4	20.4	.....	.....	.....
Turkey.....	85.2	38.0	⁴ 36.0	.....	11.2
United Kingdom.....	384.8	322.7	14.2	.....	47.9

¹ Excludes \$50.2 million loan to Spain. Spanish loan program is reported separately in Table C-10.

² \$1.7 million from the Special Reserve Fund for Overseas Territory Development.

³ \$6.3 million from the Special Reserve Fund for Overseas Territory Development brought forward from 1949-50 fiscal year funds.

⁴ Includes \$1.2 million for technical assistance projects.

TABLE C-9.—MSA Expenditures for Freight Subsidies on Voluntary Relief Supplies and Parcel Post Packages, Cumulative, July 1, 1948-June 30, 1952

Country of destination	Total	MSA subsidy			Total	Total weight of shipments subsidized		
		Parcel post packages	Supplies sent by voluntary agencies	Supplies sent through commercial channels		Parcel post packages	Supplies sent by voluntary agencies	Supplies sent through commercial channels
		[Thousands of dollars]			[Thousands of pounds]			
Grand total ¹	25,237.8	18,175.0	6,876.4	186.4	867,344	452,922	399,177	15,245
European countries.....	24,757.6	18,094.0	6,477.3	186.4	848,326	452,350	380,731	15,245
Austria.....	1,140.3	600.3	539.7	.3	45,159	15,008	30,134	18
Belgium-Luxembourg.....	38.4	31.9	6.5	.....	1,156	797	359	.....
France.....	1,040.3	719.4	320.6	.4	35,554	17,985	17,545	24
Germany (Federal Republic).....	11,308.8	8,062.9	3,157.8	108.2	399,407	201,572	189,875	7,960
Greece.....	1,263.9	651.4	612.1	.3	32,378	16,286	16,052	40
Italy.....	7,098.4	5,505.1	1,592.6	.7	248,801	137,628	111,138	35
Netherlands.....	230.2	190.9	39.3	.....	7,388	4,774	2,611	3
Norway.....	6.7	.....	6.7	.....	264	.....	264	.....
Trieste.....	86.1	15.9	70.2	.....	3,600	398	3,202	.....
United Kingdom.....	2,544.4	2,316.1	151.8	76.5	74,619	57,903	9,551	7,165
China ²	277.6	10.7	266.9	.....	13,290	268	13,023	.....
India.....	34.2	.....	34.2	.....	2,415	.....	2,415	.....
Korea ⁴	110.3	12.2	98.1	.....	3,312	304	3,008	.....

¹ The subsidy program was in effect June 30, 1952, for the following countries: Austria, Italy, Trieste, and China—all three types of subsidy; France, Germany, Greece, Norway, and India—shipments by voluntary agencies only. MSA authority to pay ocean freight subsidies ended June 30, 1952. Under Public Law 400, 82d Cong., a program of relief shipment subsidies has been authorized and will be administered by the Department of State.

² Includes \$58.2 thousand for Post Office administrative expenses reimbursed by MSA.

³ Subsidy payments made only on shipments to "areas deemed eligible."

⁴ Freight subsidies to Korea were discontinued after the Presidential letter of Sept. 29, 1950 relieved ECA of its responsibilities in Korea.

TABLE C-10.—Spanish Loan Program, MSA Approvals, Loans Signed, and Expenditures, by Type of Project, Cumulative, Sept. 6, 1950-June 30, 1952, and Fiscal Year 1952

[Thousands of dollars]

Type of project	Cumulative through June 30, 1952			Fiscal year 1952		
	Approved by MSA	Loan agreements signed	Expenditures	Approved by MSA	Loan agreements signed	Expenditures
Total.....	52,688	50,188	23,662	31,988	32,988	23,662
Capital development.....	27,488	25,488	2,797	26,788	24,788	2,797
Spanish National Railway (Renfe).....	7,500	7,500	1,432	7,500	7,500	1,432
Electric power plants.....	6,751	4,751	1,336	6,751	4,751	1,336
Plants (fertilizer and steel).....	6,700	6,700	29	6,000	6,000	29
Minerals production (including mining equipment).....	4,831	4,831	.....	4,831	4,831	.....
Lignite mining and power plant equipment.....	1,706	1,706	.....	1,706	1,706	.....
Commodity assistance.....	25,200	24,700	20,866	5,200	8,200	20,866
Wheat.....	7,250	7,250	7,222	2,250	2,250	7,222
Cotton.....	5,000	5,000	5,000	.....	.....	5,000
Coal.....	3,500	3,500	2,773	.....	3,500	2,773
Fertilizer.....	3,500	3,500	3,500	.....	.....	3,500
Farm tractors, parts and attachments.....	3,450	3,450	2,371	.....	450	2,371
Tinplate.....	2,000	2,000	.....	2,000	2,000	.....
Oak staves (for wine barrels).....	500	.....	.....	500	.....	.....

NOTE.—Public Law 759, 81st Cong., approved Sept. 6, 1950, authorized loan assistance to Spain up to a maximum of \$62.5 million. ECA issued 3 notes to the Treasury Department totaling \$62.5 million during the fiscal year 1951. Public Law 249, 82d Cong., approved Oct. 31, 1951, appropriated \$100 million for economic, technical, and military assistance to Spain "in the discretion of the President." This amount was increased to \$125 million by Public Law 400, 82d Cong., approved June 20, 1952. As of June 30, 1952, negotiations were proceeding between the United States and the Government of Spain concerning the terms under which the latter assistance would be furnished.

TABLE C-11.—Status of European Local Currency Counterpart Accounts, by Country, Cumulative, Apr. 3, 1948–June 30, 1952

[Dollars and dollar equivalents of the local currencies, in millions of dollars]

Country	Funds governed by MSA/ECA legislation					Deposits under other public laws ²	Total available for country use	Approved for withdrawal	Withdrawals
	MSA/ECA dollar expenditures requiring counterpart	Deposits	Adjusted dollar equivalents of deposits ¹						
			Total	Reserved for use by the United States	Available for use by recipient country				
Total.....	10,826.0	10,599.8	9,829.4	474.6	9,354.8	597.5	9,952.3	8,651.3	8,399.8
Austria.....	871.8	847.1	699.6	32.1	667.5	112.1	779.6	527.3	526.7
Belgium-Luxembourg.....	25.6	25.9	25.5	1.5	24.0	-----	24.0	3.8	2.3
Denmark.....	257.3	257.3	225.1	11.3	213.8	-----	213.8	204.1	118.9
France.....	2,562.4	2,533.2	2,508.2	112.8	2,395.4	308.9	2,704.3	2,702.8	2,702.8
Germany (Federal Republic).....	1,346.2	1,346.2	³ 1,140.0	60.8	1,079.2	-----	1,079.2	1,009.1	1,008.0
Greece.....	905.0	893.8	847.2	40.5	806.7	3.0	809.7	361.1	361.1
Iceland.....	20.9	20.4	19.0	1.0	18.0	-----	18.0	5.8	5.8
Ireland.....	18.2	18.2	18.2	.9	17.3	-----	17.3	(⁴)	(⁴)
Italy.....	1,059.1	1,040.8	1,010.3	51.3	959.0	173.2	1,132.2	1,042.4	1,026.8
Netherlands.....	902.5	888.0	815.9	40.0	775.9	-----	775.9	547.6	505.7
Indonesia.....	⁵ 114.9	114.9	48.2	4.8	43.4	-----	⁶ 43.4	-----	-----
Norway.....	365.6	364.9	351.3	16.6	334.7	-----	334.7	301.1	200.9
Portugal.....	21.2	21.2	20.6	1.2	19.4	-----	19.4	18.4	18.4
Trieste.....	36.7	36.1	35.6	1.8	33.8	.3	34.1	32.3	31.2
Turkey.....	143.7	134.4	134.4	6.0	128.4	-----	128.4	128.4	128.4
United Kingdom.....	2,088.0	1,983.9	1,890.9	90.0	1,800.9	-----	1,800.9	1,762.8	1,762.8
Yugoslavia.....	86.9	73.5	39.4	2.0	37.4	-----	37.4	4.3	-----

¹ Adjusted for revisions in exchange rates.

² Unencumbered portions of deposits under Public Laws 84 and 389, 80th Cong., subject to MSA/ECA approval for release. Includes certain miscellaneous deposits in the Greek special account but excludes GARIOA counterpart funds.

³ After transfer of the equivalent of \$109.4 million to the GARIOA counterpart account in Germany.

⁴ Less than \$50 thousand.

⁵ Aid furnished from European Program funds only.

⁶ As of July 1, 1952, responsibility for administration of the Indonesia program was transferred to the Technical Cooperation Administration.

TABLE C-12.—MSA/ECA Approvals for Withdrawal of European Counterpart Funds Available for Country Use, ¹ by Purpose and Country, Cumulative, Apr. 3, 1948–June 30, 1952

[Dollar equivalents of the local currencies, in millions of dollars]

Country	Total approved for withdrawal	Purpose of approval ²										
		Promotion of production							Monetary and financial stabilization	Housing and public buildings	Military construction, production and procurement	Other
		Total	Electric, gas and other power facilities	Transportation and communication facilities	Agriculture	Manufacturing	Mining	Other production				
Total.....	8,651.3	4,466.3	1,025.5	957.5	817.6	681.7	481.8	502.2	2,583.3	767.5	460.9	373.3
Austria.....	527.3	399.5	76.5	108.6	58.3	123.7	24.3	8.1	85.0	26.9	-----	15.9
Belgium-Luxembourg.....	3.8	3.8	-----	-----	1.4	-----	-----	2.4	-----	-----	-----	-----
Denmark.....	204.1	62.4	.6	2.8	11.2	6.7	-----	41.1	130.1	-----	9.4	2.2
France.....	2,702.8	1,925.6	738.4	294.2	234.1	249.2	340.6	69.1	171.4	314.4	283.9	7.5
Germany (Federal Republic).....	1,009.1	753.7	182.6	86.8	70.7	218.7	91.8	103.1	-----	97.7	-----	157.7
Greece.....	361.1	162.8	9.8	55.1	52.4	17.0	4.7	23.8	-----	65.3	9.5	123.5
Iceland.....	5.8	5.8	4.6	-----	-----	1.2	-----	-----	-----	-----	-----	-----
Italy.....	1,042.4	823.8	1.0	348.9	204.8	22.6	-----	246.5	-----	172.7	-----	45.9
Netherlands.....	547.6	212.8	-----	13.6	166.5	32.3	-----	.4	197.4	88.1	46.3	3.0
Norway.....	301.1	8.4	-----	2.7	-----	-----	5.7	-----	292.7	-----	-----	-----
Portugal.....	18.4	16.0	11.4	1.0	2.6	1.0	-----	-----	-----	2.4	-----	-----
Trieste.....	32.3	32.2	-----	29.9	-----	1.3	-----	1.0	-----	-----	-----	.1
Turkey.....	128.4	57.0	.6	13.9	15.2	8.0	14.7	4.6	-----	-----	60.4	11.0
United Kingdom.....	1,762.8	2.2	-----	-----	.2	-----	-----	2.0	1,706.7	-----	47.5	6.4
Yugoslavia.....	4.3	.3	-----	-----	.2	-----	-----	.1	-----	-----	3.9	.1

¹ Represents deposits under Public Law 472, 80th Cong., as amended, and the equivalent of \$589.3 million of counterpart funds deposited under Public Laws 84 and 389, 80th Cong.

² Reflects revisions of June 30, 1952 data made through September 30, 1952.

TABLE C-13.—MSA Approvals for Withdrawal of European Counterpart Funds¹ Available for Country Use, by Purpose and Country, July 1, 1951-June 30, 1952

[Dollar equivalents of the local currencies, in millions of dollars]

Country	Balance available July 1, 1951	Deposits July 1, 1951-June 30, 1952	Total available for approval	Total approved for withdrawal	Purpose of approval ²								
					Promotion of production					Monetary and financial stabilization	Housing and public buildings	Military construction, production and procurement	Other
					Total	Transportation, communications and utilities	Agriculture	Manufacturing	Other production				
Total	1,395.2	1,570.8	2,966.0	1,665.0	598.1	169.3	161.7	109.1	157.9	394.0	182.7	460.9	29.5
Austria	208.1	151.9	360.0	107.7	104.3	39.8	18.6	36.1	12.8		5.3		-1.9
Belgium-Luxembourg	.1	21.7	21.8	1.6	1.6		1.2		.4				
Denmark	58.8	36.1	94.9	85.2	34.0	.3	2.4	.1	31.2	41.8			
France	17.1	405.7	422.8	421.3	55.8	6.4	12.1	14.2	23.1		81.6	283.9	
Germany (Federal Republic)	88.0	148.5	236.5	166.4	124.3	38.3	.2	42.2	43.6		41.0		1.1
Greece	268.5	212.4	480.9	32.3	13.6	8.4	11.7	8.5	-15.0		4.2		5.0
Iceland	9.7	7.4	17.1	4.9	4.9	3.7		1.2					
Ireland	6.6	10.6	17.2	(3)	(3)				(8)				
Italy	152.8	214.7	367.5	277.7	220.6	66.1	105.4	2.0	47.1		48.2		8.9
Netherlands	375.3	97.4	472.7	244.4						197.4		46.3	.7
Indonesia	⁴ 42.5	.9	43.4										
Norway	103.8	30.0	133.8	100.2	8.4	2.7			5.7	91.8			
Portugal	1.3	2.7	4.0	3.0	.6	.8	.4	1.0	-1.5		2.4		
Trieste	1.9	5.8	7.7	5.9	5.8	4.8		.3	.7				.1
Turkey	33.7	60.5	94.2	94.2	22.8	1.0	9.4	3.5	8.9			60.4	11.0
United Kingdom	27.1	126.9	154.0	116.0	1.0		.1		.9	63.0		47.5	4.5
Yugoslavia		37.4	37.4	4.3	.3		.2		.1			3.9	.1

¹ Represents deposits under Public Law 472, 80th Cong., as amended, and the equivalent of \$21.7 million of counterpart funds deposited under Public Laws 84 and 389, 80th Cong.

² Reflects revisions of June 30, 1952 data made through September 30, 1952.

³ Less than \$50 thousand.

⁴ Counterpart of aid furnished from European Program funds.

TABLE C-14.—Status of United States Portion of European Counterpart Funds,¹ by Country, Cumulative, Apr. 3, 1948-June 30, 1952

[Dollar equivalents of the local currencies, in thousands of dollars]

Country	Available for United States use			Obligations					Transfers to U. S. Treasury ³	Unobligated allocations to DMPA ⁴
	Deposits ²	Transfers between Missions	Net available	Total	Strategic materials	Information and other	Administration	Technical assistance operating expenses		
Total	474,542		474,542	304,067	188,159	62,499	51,317	2,092	74,281	13,372
Austria	32,118		32,118	6,621	1,151	4,000	1,449	21	14,022	5,073
Belgium-Luxembourg	1,451		1,451	824		116	693	15	84	
Denmark	11,342		11,342	4,568	2,662	834	990	82	1,791	
France	112,835	3,960	116,795	81,757	31,093	21,735	27,633	1,276	⁵ 23,920	998
Germany (Federal Republic)	60,749	-2,581	58,168	38,691	27,857	7,927	2,900	7	2,013	3,311
Greece	40,515		40,515	8,810	5,391	1,300	2,116	3	16,737	2,059
Iceland	962		962	110		7	101	2	409	
Ireland	915		915	391		48	326	17	25	104
Italy	51,312	400	51,712	43,927	16,806	21,515	5,456	150	4,595	337
Netherlands	39,996	-1,579	38,417	14,046	10,977	1,737	1,259	73	3,283	192
Indonesia ⁶	4,836		4,836	4,385	3,173	12	1,170	30		
Norway	16,557		16,557	14,553	13,525	253	727	48	1,076	
Portugal	1,218	200	1,418	885	266	44	572	3	286	
Trieste	1,779	-400	1,379	467		216	251		794	
Turkey	5,975		5,975	2,550	61	857	1,616	16	2,146	211
United Kingdom	89,959		89,959	81,170	75,197	1,874	3,750	349	⁶ 2,959	1,087
Yugoslavia	2,023		2,023	312		24	288		141	

¹ Represents deposits under Public Law 472, 80th Congress, as amended.

² Includes interest received on bank deposits.

³ Includes transfers to U. S. Treasury, other U. S. Government agencies and MSA Far East Program, but excludes temporary advances to Mutual Defense Assistance Program (MDAP) and U. S. Information Service (USIS).

⁴ Allocated to Defense Materials Procurement Agency (DMPA) for strategic materials.

⁵ Includes transfer to MSA/ECA Far East Program: France, \$864 thousand; and United Kingdom, \$2,001 thousand.

⁶ As of July 1, 1952, administration of the Indonesia program was transferred to the Technical Cooperation Administration. The unexpended balance of the United States portion of Indonesian counterpart funds was also transferred to TCA.

TABLE C-15.—Status of United States Portion of European Counterpart Funds,¹ by Country, July 1, 1951–June 30, 1952

[Dollar equivalents of the local currencies, in thousands of dollars]

Country	Unobligated balance July 1, 1951	Deposits ² July 1, 1951–June 30, 1952	Transfers between Missions	Net available for United States use	Obligations					Transfers to U. S. Treasury ³	Unobligated allocations to DMPA ⁴
					Total	Strategic materials	Administration	Information and other	Technical assistance operating expenses		
Total.....	150, 883	85, 113	-----	235, 996	117, 049	81, 755	16, 910	16, 292	2, 092	22, 753	13, 372
Austria.....	10, 615	7, 740	-----	18, 355	2, 736	1, 151	358	1, 206	21	4, 144	5, 073
Belgium-Luxembourg.....	40	5, 948	-----	988	361	-----	273	73	15	84	-----
Denmark.....	5, 988	1, 897	-----	7, 885	2, 816	2, 100	324	310	82	86	-----
France.....	16, 282	21, 588	3, 960	41, 830	29, 982	13, 551	8, 767	6, 388	1, 276	730	998
Germany (Federal Republic).....	31, 297	10, 905	-2, 581	39, 621	22, 144	19, 402	1, 045	1, 690	7	13	3, 311
Greece.....	21, 058	11, 095	-----	32, 153	5, 115	3, 918	606	588	3	12, 070	2, 059
Iceland.....	193	485	-----	678	34	-----	26	6	2	201	-----
Ireland.....	143	566	-----	709	185	-----	148	20	17	25	104
Italy.....	4, 194	11, 365	400	15, 959	12, 054	6, 487	1, 590	3, 827	150	715	337
Netherlands.....	20, 013	5, 132	-1, 579	23, 566	2, 222	1, 077	395	677	73	257	192
Indonesia ⁵	1, 404	46	-----	1, 450	999	-----	958	11	30	-----	-----
Norway.....	9, 681	1, 582	-----	11, 263	10, 182	9, 912	182	40	48	153	-----
Portugal.....	85	337	200	622	375	175	184	13	3	-----	-----
Trieste.....	336	294	-400	230	169	-----	47	62	-----	3	-----
Turkey.....	2, 228	2, 398	-----	4, 626	1, 201	-----	630	555	16	2, 146	211
United Kingdom.....	27, 326	6, 711	-----	34, 037	26, 222	23, 982	1, 089	802	349	1, 955	1, 087
Yugoslavia.....	(7)	2, 023	-----	2, 023	312	-----	288	24	-----	141	-----

¹ Represents deposits under Public Law 472, 80th Congress, as amended.

² Includes interest on bank deposits.

³ Includes transfers to U. S. Treasury, other U. S. Government agencies and MSA Far East Program, but excludes temporary advances to MDAP and USIS.

⁴ Allocated to the Defense Materials Procurement Agency (DMPA) for strategic materials.

⁵ Balance of deposits after deducting advances repaid equivalent to \$200 thousand.

⁶ Aid furnished from European Program funds.

⁷ The equivalent of \$90 thousand of advance deposits made prior to June 30, 1951, is included in fiscal 1952 deposits.

PART D

Far East Economic and Technical Assistance Program

TABLE D-1.—Allotment Summary, by Recipient Country and Fiscal Year, June 5, 1950–June 30, 1952

[Thousands of dollars]

Period	Total	Recipient country						General account and Far East inventory ¹
		Burma ²	China (Formosa)	Indochina, Associated States	Indonesian Republic ²	Philippines	Thailand	
Total, June 5, 1950–June 30, 1952	330,457	24,400	179,514 (3 5,900)	47,039 (4 745)	15,973	47,000	15,870	661
June 5, 1950–June 30, 1951	163,447	10,400	98,034 (3 5,413)	22,478 (4 750)	7,973	15,000	8,876	686
July 1, 1951–June 30, 1952	167,010	14,000	81,480 (3 487)	24,561 (4 -5)	8,000	32,000	6,994	-25

¹ Mainly for services provided by the U. S. Public Health Service in connection with health problems common to several countries, not assignable to specific country.

² Responsibility for administration of the programs for Burma and Indonesia was transferred to the Technical Cooperation Administration as of July 1, 1952.

³ Portion of funds made available from obligations originating with ECA's China Program prior to June 5, 1950.

⁴ Portion of funds made available from Mutual Defense Assistance Program.

TABLE D-2.—Authorizations and Paid Shipments, by Major Category of Assistance and Country of Destination, for the Period Jan. 1–June 30, 1952¹

[Thousands of dollars]

Commodity or service	Total	Country of destination						General account and Far East inventory ²
		Burma	China (Formosa)	Indochina, Associated States	Indonesian Republic	Philippines	Thailand	
AUTHORIZATIONS								
Grand total	83,312	8,822	31,621	13,058	6,050	19,969	4,232	160
Commodity total	73,238	6,301	27,733	11,539	4,664	19,498	3,511	-8
Food and agricultural commodities	11,248	-286	7,087	3,762	292	273	120	-----
Industrial commodities	62,017	6,587	20,646	7,786	4,373	19,242	3,390	-8
Unclassified commodities	-26	-----	-----	-10	-----	-16	-----	-----
Technical services	1,344	475	522	47	299	-74	28	47
Technical assistance	5,285	2,046	467	377	1,087	469	718	121
Ocean freight	3,445	-----	2,299	1,095	-----	76	-25	-----
PAID SHIPMENTS								
Grand total	73,922	4,539	45,164	11,242	3,332	7,325	2,637	283
Commodity total	65,376	3,808	40,273	10,221	2,916	6,754	1,411	-7
Food and agricultural commodities	31,732	1,267	22,969	3,464	907	3,082	42	-----
Industrial commodities	33,651	2,541	17,305	6,757	2,009	3,678	1,369	-7
Unclassified commodity refunds	-8	-----	-2	-----	-----	-6	-----	-----
Technical services	1,420	525	385	60	292	63	68	28
Technical assistance	2,008	205	227	146	125	500	543	262
Ocean freight	5,118	1	4,280	815	-1	9	15	-----

¹ Data represent net authorizations and expenditures during the period—increases less decreases; negative figures occur when the value of all decreases, including the adjustment of prior year accounts, is greater than the value of all increases. Expenditures during a period may exceed authorizations to the extent that such expenditures include payments for goods authorized in prior periods.

² Mainly for services provided by the U. S. Public Health Service in connection with health problems common to several countries, not assignable to specific country.

TABLE D-3.—Summary of Authorizations, and Paid Shipments, by Commodity Group and Country of Destination, July 1, 1951-June 30, 1952¹

[Thousands of dollars]

Commodity or service	Total	Country of destination						General account and Far East inventory ²
		Burma	China (Formosa)	Indo-china, Associated States	Indonesian Republic	Philippines ³	Thailand	
AUTHORIZATIONS								
Grand total.....	167,014	14,000	81,480	24,564	8,000	32,000	6,994	-25
Commodity total.....	147,765	10,094	72,593	21,845	6,532	31,191	5,949	-440
Food and agricultural commodities.....	50,885	1,286	37,735	6,108	1,331	4,305	120	
Industrial commodities.....	97,079	8,808	34,860	15,926	5,202	26,895	5,829	-440
Unclassified commodities.....	-190			-190				
Unclassified commodity reductions.....	-8		-2			-6		
Technical services.....	2,189	1,475	376	47	299	-73	-99	164
Technical assistance.....	7,304	2,431	834	584	1,174	806	1,224	251
Ocean freight.....	9,756		7,676	2,089	-5	76	-80	
PAID SHIPMENTS								
Grand total.....	147,002	9,994	90,478	21,969	5,899	12,020	6,188	453
Commodity total.....	133,117	8,890	82,543	20,119	5,144	11,274	5,147	
Food and agricultural commodities.....	67,662	1,587	53,544	6,145	1,045	5,298	42	
Industrial commodities.....	65,345	7,303	29,000	13,958	4,099	5,982	5,003	
Unclassified commodities.....	118			16			102	
Unclassified commodity refunds.....	-8		-2			-6		
Technical services.....	2,493	792	629	134	495	67	190	186
Technical assistance.....	2,655	295	340	181	173	670	729	267
Ocean freight.....	8,737	17	6,967	1,535	87	9	121	
<i>Commodity detail</i>								
Food, feed, and fertilizer.....	50,274	24	42,274	1,937	1,045	4,953	42	
Fertilizer.....	34,397	21	28,130	303	1,045	4,856	42	
Bread grains.....	6,139		6,139					
Fats and oils.....	5,848		5,848					
Sugar, raw or refined.....	1,536			1,536				
Feeds and fodder.....	1,145		1,053			92		
Other.....	1,209	3	1,103	98		5		
Fuel.....	7,991		6,087	1,854		39	11	
Petroleum and products.....	7,980		6,087	1,854		39		
Coal and related fuels.....	11						11	
Raw materials and semifinished products.....	50,787	6,133	28,994	8,669	1,830	3,843	1,318	
Cotton.....	16,120	1,563	10,570	3,675		312		
Fabricated basic textiles.....	11,085	1,972	7,187	1,430		491	4	
Chemicals and related products.....	8,609	649	2,224	3,074	841	989	832	
Iron and steel mill materials and products, including ferro-alloys.....	7,536	1,500	4,511	171	766	107	481	
Nonferrous metals and products.....	2,399		2,081	94	223	1		
Pulp and paper.....	1,992	107	331	164		1,389		
Hides, skins, and leather.....	1,323		878			445		
Other.....	1,724	342	1,212	60		109		
Machinery and vehicles.....	17,729	1,620	3,935	5,632	1,485	1,891	3,166	
Machinery and equipment.....	11,475	1,312	3,122	2,700	839	1,240	2,261	
Motor vehicles, engines, and parts.....	4,351	308	449	2,686		651	257	
Other transportation.....	1,903		364	245	646		647	
Miscellaneous and unclassified.....	6,335	1,113	1,252	2,028	784	548	610	
Scientific and professional instruments.....	2,028	410	157	757	249	109	345	
Tobacco.....	1,234		701	533				
Other.....	3,073	703	394	737	535	438	265	

¹ Data represent net authorizations and expenditures during the period—increases less decreases; negative figures occur when the value of all decreases, including the adjustment of prior year accounts, is greater than the value of all increases. Expenditures during a period may exceed authorizations to the extent that such expenditures include payments for goods authorized in prior periods.

² Mainly for services provided by the U. S. Public Health Service in connection with health problems common to several countries, not assignable to specific country.

³ Excludes \$2,300 thousand authorized and \$399 thousand expended under a special Philippine program for miscellaneous commodities involving the use of Joint United States Military Assistance Group (JUSMAG) dollars for which the Philippine Government, with MISA approval, has advanced an equivalent amount of pesos from existing counterpart funds.

⁴ Includes expenditures totaling \$213 thousand financed by ECA with Mutual Defense Assistance Program funds.

TABLE D-4.—Summary of Authorizations, and Paid Shipments, by Commodity Group and Country of Destination, Cumulative, June 5, 1950–June 30, 1952

[Thousands of dollars]

Commodity or service	Total	Country of destination						General Account ⁴
		Burma	China ¹ (Formosa)	Indo-China, Associated States ²	Indonesian Republic ³	Philippines	Thailand	
AUTHORIZATIONS								
Grand total.....	330,456	24,400	179,514	47,038	15,973	⁵ 47,000	15,870	661
Commodity total.....	296,984	18,918	163,547	42,348	13,487	45,116	13,567	-----
Food and agricultural commodities.....	111,075	1,602	89,762	10,285	1,406	7,896	125	-----
Industrial commodities.....	185,865	17,316	73,785	32,013	12,082	37,227	13,442	-----
Unclassified commodities.....	42	-----	-----	50	-----	-6	-----	-----
Technical services and assistance.....	16,224	5,382	2,977	922	2,391	1,808	2,083	661
Ocean freight.....	17,248	100	12,989	3,768	95	76	220	-----
<i>Field of activity</i>								
Emergency relief.....	948	-----	-----	948	-----	-----	-----	-----
Public health.....	26,692	3,962	731	7,301	3,902	5,621	4,624	461
Agriculture, forestry, fisheries.....	76,901	3,699	42,607	2,487	6,626	16,566	4,916	-----
Transportation, power, other public works.....	43,942	6,991	16,062	6,368	561	9,458	4,499	3
Handicraft and manufacturing, mining and other industry.....	9,608	1,545	4,748	19	1,523	672	1,101	-----
General engineering advisory services.....	4,284	1,950	1,384	-----	950	-----	-----	-----
Education.....	6,035	1,127	208	363	2,098	1,823	355	61
Public administration.....	3,661	1,150	381	1,214	134	-----	129	92
Maintenance of essential supply.....	148,458	3,924	107,171	25,264	-----	12,099	-----	-----
Technical assistance and ocean freight, unassigned.....	9,929	53	6,220	3,075	90	200	246	45
PAID SHIPMENTS								
Grand total.....	177,225	10,246	116,078	25,285	6,099	12,021	6,867	630
Commodity total.....	159,830	9,040	105,664	22,969	5,184	11,274	5,699	-----
Food and agricultural commodities.....	89,977	1,587	74,303	7,698	1,045	5,298	46	-----
Industrial commodities.....	69,743	7,454	31,363	15,256	4,139	5,982	5,550	-----
Unclassified commodities.....	110	-----	-2	16	-----	-6	102	-----
Technical services and assistance.....	6,063	1,166	1,303	402	823	738	1,002	630
Ocean freight.....	11,332	40	9,110	1,914	93	9	166	-----
<i>Commodity detail</i>								
Food, feed, and fertilizer.....	63,092	24	54,638	2,386	1,045	4,953	46	-----
Fertilizer.....	36,973	21	30,364	641	1,045	4,856	46	-----
Fats and oils.....	12,771	-----	12,771	-----	-----	-----	-----	-----
Bread grains.....	9,346	-----	9,346	-----	-----	-----	-----	-----
Sugar, raw or refined.....	1,536	-----	-----	1,536	-----	-----	-----	-----
Feeds and fodder.....	1,145	-----	1,053	-----	-----	92	-----	-----
Other.....	1,321	3	1,103	209	-----	5	-----	-----
Fuel.....	9,927	-----	7,638	2,232	-----	39	17	-----
Petroleum and products.....	9,910	-----	7,638	2,232	-----	39	-----	-----
Coal and related fuels.....	17	-----	-----	-----	-----	-----	17	-----
Raw materials and semifinished products.....	61,526	6,219	37,900	10,117	1,869	3,843	1,579	-----
Cotton.....	25,317	1,563	18,664	4,779	-----	312	-----	-----
Fabricated basic textiles.....	11,085	1,972	7,187	1,430	-----	491	4	-----
Chemicals and related products.....	9,402	718	2,311	3,412	880	989	1,092	-----
Iron and steel mill materials and products, including ferro-alloys.....	7,590	1,500	4,566	171	766	107	481	-----
Nonferrous metals and products.....	2,400	-----	2,081	94	223	1	1	-----
Pulp and paper.....	2,016	125	331	171	-----	1,389	1	-----
Other.....	3,716	342	2,760	60	-----	554	-----	-----
Machinery and vehicles.....	18,451	1,653	3,935	6,053	1,486	1,891	3,433	-----
Machinery and equipment.....	11,914	1,312	3,122	2,949	840	1,240	2,451	-----
Motor vehicles, engines, and parts.....	4,633	341	449	2,858	-----	651	335	-----
Other.....	1,903	-----	364	246	646	-----	647	-----
Miscellaneous and unclassified.....	6,834	1,144	1,553	2,182	784	548	624	-----
Scientific and professional instruments.....	2,072	414	157	795	250	109	346	-----
Tobacco.....	1,535	-----	1,001	533	-----	-----	-----	-----
Other.....	3,228	730	394	853	535	439	277	-----

¹ The data shown exclude authorizations and expenditures for China (including Formosa) from ECA funds prior to June 5, 1950, but include authorizations and expenditures against unutilized funds released from previous programs for China.

² Includes authorizations totaling \$745 thousand issued, and expenditures totaling \$494 thousand financed by ECA with Mutual Defense Assistance Program funds.

³ Excludes procurement authorizations and expenditures for Indonesia from European Program funds allotted to the Netherlands in 1948 and 1949.

⁴ To be used for services provided by the U. S. Public Health Service in connection with health problems common to several countries, not assignable by specific country.

⁵ Excludes \$2,300 thousand authorized and \$399 thousand expended under a special Philippine program for miscellaneous commodities involving the use of Joint United States Military Assistance Group (JUSMAG) dollars for which the Philippine Government, with MSA/ECA approval, has advanced an equivalent amount of pesos from existing counterpart funds.

TABLE D-5.—India Program,¹ Procurement Authorizations, and Paid Shipments, by Commodity Group, Cumulative, Sept. 9, 1950–June 30, 1952

[Thousands of dollars]

Commodity group	Procurement authorizations	Paid shipments
Grand total.....	194,500	176,328
Commodity total.....	194,500	176,328
Food and agricultural commodities.....	194,500	176,328
<i>Commodity detail</i>		
Food, feed, and fertilizer.....	194,500	176,328
Bread grains.....	170,423	153,040
Wheat.....	128,597	153,040
Unclassified.....	41,826	
Grain sorghums.....	² 24,076	² 23,288

¹ Authorizations and expenditures pursuant to India Emergency Food Aid Act of 1951, Public Law 48, 82d Cong., June 15, 1951, and Presidential letter, Sept. 9, 1950.

² Includes \$4,500 thousand authorized and expended, completing payments on authorizations for grain sorghums issued against funds appropriated to ECA for "the general area of China," as directed by Presidential letter dated Sept. 9, 1950.

TABLE D-6.—Status of Far East Local Currency Counterpart Funds, Cumulative, June 5, 1950–June 30, 1952

[Dollar equivalents of the local currencies, in thousands of dollars]

Item	Total	Burma ¹	China (Formosa) ²	Indochina, Associated States	Indonesian Republic ¹	Philippines	Thailand
Total deposits.....	136,059	2,943	94,170	15,624	³ 4,277	14,575	4,470
Transferred for United States use.....	4,145	412	1,819	776		662	476
Available for country use.....	131,914	2,531	92,351	14,848	4,277	13,913	3,994
Total approved for withdrawal.....	116,379	2,165	82,540	⁴ 22,802		7,020	1,852
Military construction and matériel.....	34,479		34,479				
Transportation, power, and other public works.....	26,123	979	15,676	9,358		69	41
Agriculture, forestry, and fisheries.....	24,193	160	14,221	4,110		5,026	676
Joint Commission on Rural Reconstruction (JCRR).....	12,950		12,950				
Public health.....	5,963	608	82	3,486		1,239	548
Public administration.....	3,856	2	859	2,441		550	4
Education.....	3,302	86	2,343	849		14	10
Emergency relief.....	1,663		29	1,634			
Handicraft, manufactures, mining, and other industry.....	1,573	75	743	290		59	406
General engineering.....	1,107	188	918	1			
Technical assistance and other.....	1,170	67	240	633		63	167

¹ Responsibility for administration of the programs for Burma and Indonesia was transferred to the Technical Cooperation Administration as of July 1, 1952.

² Includes new Taiwan dollars deposited in the special account on Formosa for aid furnished under the China Program prior to June 5, 1950. Excludes mainland deposits and proceeds of sales of goods safehavened at Hong Kong at the time of evacuation.

³ Excludes an unused balance of European Program counterpart funds equivalent to \$43,421 thousand. These funds were deposited for grant aid furnished under the European Program while Indonesia was a dependency of the Netherlands.

⁴ Approvals exceed available funds and are subject to future deposits.

TABLE D-7.—Status of Far East Local Currency Counterpart Funds for United States Use, Cumulative, June 5, 1950–June 30, 1952

[Dollar equivalents of the local currencies, in thousands of dollars]

Item	Total	Burma ¹	China (Formosa)	Indochina, Associated States	Indonesian Republic ¹	Philippines	Thailand	Other MSA offices
Total available funds.....	7,919	795	1,381	1,937	1,838	825	615	528
Deposits by Far East countries.....	3,683	412	1,325	776		662	508	
Transfers from European counterpart accounts.....	4,236	383	56	1,161	1,838	163	107	528
Total obligations.....	6,165	629	1,256	1,348	² 1,386	750	514	282
Administration.....	5,783	614	1,241	1,078	1,344	742	482	282
Information.....	345	15	15	265	10	8	32	
Special services ³	37	(⁴)	(⁴)	5	32		(⁴)	

¹ Unexpended balances available to the United States as of June 30, 1952, were transferred to the Technical Cooperation Administration in conjunction with the transfer of the Burma and Indonesia programs.

² Excludes the equivalent of \$3,173 thousand expended for strategic materials while Indonesia was a dependency of the Netherlands.

³ Includes advances for technical assistance.

⁴ Less than \$500.

PART E

Technical Cooperation Administration Program

TABLE E-1.—Value of Program, by Type of Activity, and by Country and Area, Fiscal Years 1951 and 1952, as of June 30, 1952

[Thousands of dollars]

Country and area	Total	Agriculture, forestry, and fisheries	Health, welfare, and housing	Industry and labor	Education	Natural resources	Economic development	Transportation and communications	Government administration and services
Grand total.....	1 207,586.8	79,543.3	21,375.6	18,980.7	15,138.0	11,876.6	5,953.2	3,823.0	896.2
Near East and Africa, total.....	1 110,720.3	30,655.5	9,047.6	4,552.2	7,719.2	5,031.7	2,870.5	623.8	219.7
Egypt.....	743.9	237.6	234.0	33.6	36.2	40.0	123.0	17.5	22.0
Ethiopia.....	1,231.6	2 880.0	3.0		100.0	91.4	157.2		
Iran.....	26,694.5	11,528.0	6,065.7	3,977.5	3,792.2	510.3	492.8	315.5	12.4
Iraq.....	763.7	227.6	107.1	18.4	72.3	170.9	146.7	15.8	4.9
Israel.....	14,930.6	13,536.2	36.3	154.9	575.3	83.8	501.1	33.9	9.1
Israel Relief and Resettlement.....	50,000.0								
Jordan.....	5,020.3	1,753.8	620.6	231.2	448.1	1,662.0	118.3	130.0	56.3
Lebanon.....	4,052.0	900.3	630.6	136.3	286.8	1,823.9	223.7	38.1	12.2
Liberia.....	2,045.8	270.3	475.3		137.2	293.1	762.5	69.5	37.9
Libya.....	1,839.4	532.3	129.0		846.5	145.3	186.3		
Saudi Arabia.....	461.5	48.0	25.2		12.4	211.0	100.0		64.9
Syria.....	88.1				88.1				
Regional.....	2,849.0	741.4	720.8	.3	1,324.1		58.9	3.5	
South Asia, total.....	66,600.4	37,480.6	3,458.3	14,037.4	1,738.9	5,591.0	1,530.9	2,674.9	88.4
Afghanistan.....	425.1	57.2	93.7		113.2	148.5	12.5		
Burma.....	40.3	.5			39.8				
Ceylon.....	18.2								
India.....	54,451.8	34,315.5	2,088.1	9,384.3	621.6	5,342.4	1,207.0	1,456.3	36.6
Indonesia.....	32.9	1.0		.1	31.8				
Nepal.....	270.0	63.3	145.8			55.6	.7	4.6	
Pakistan.....	11,184.3	3,024.9	1,130.7	4,653.0	754.7	44.5	310.7	1,214.0	51.8
Regional.....	177.8				177.8				
American Republics, total.....	30,266.0	11,407.2	8,869.7	391.1	5,679.9	1,253.9	1,551.8	524.3	588.1
Bolivia.....	2,126.0	660.2	618.2		640.5	84.7	40.3	73.9	8.2
Brazil.....	4,174.3	525.5	1,352.5	82.3	846.7	539.5	777.0	12.1	38.7
Chile.....	1,592.8	728.7	654.3	72.6	30.5	10.9	68.9	8.6	18.3
Colombia.....	1,062.0	311.8	594.1	2.6		48.2	41.6	57.3	6.4
Costa Rica.....	1,871.0	1,370.2	363.8			3.3	38.0	47.2	48.5
Cuba.....	223.2	218.5	3.2	.5					1.0
Dominican Republic.....	358.8	67.9			271.0		19.9		
Ecuador.....	1,976.5	597.4	766.9	26.8	441.0	19.0	25.9	88.6	10.9
El Salvador.....	795.3	354.0	343.9	14.1	45.4		32.5	.8	4.6
Guatemala.....	492.5	300.9	182.5		8.8				.3
Haiti.....	1,311.4	769.1	487.6				38.7		16.0
Honduras.....	989.2	392.4	284.2	1.0	224.4	6.9	31.5	19.0	29.8
Mexico.....	1,195.2	150.3	555.0	53.5		384.7	27.1	7.6	17.0
Nicaragua.....	884.2	241.5	254.1	3.3	306.2	53.4	13.8		11.9
Panama.....	1,811.9	925.6	318.2		482.1		29.5	55.0	1.5
Paraguay.....	2,837.4	1,066.3	418.5	12.0	1,064.6	21.3	151.9	25.3	77.5
Peru.....	3,478.3	1,780.2	717.2		785.0	81.8	52.5	37.9	23.7
Uruguay.....	636.0	340.9	104.8	18.7	131.8	.2	24.1		15.5
Venezuela.....	343.2	12.7	262.5					68.0	
Regional.....	2,106.8	593.1	588.2	103.7	401.9		138.6	23.0	258.3

¹ Includes Israel Relief not broken by activity.

² Includes consumers goods.

TABLE E-2.—Number of United States Personnel in the Field, by Type of Activity, and by Country and Area, as of June 30, 1952

Country and area	Total	Agriculture, forestry, and fisheries	Economic development	Health, welfare, and housing	Education	Natural resources	Government administration and services	Industry and labor	Transportation and communications
Grand total.....	972	314	214	183	104	90	33	18	16
Near East and Africa, total.....	343	55	122	62	33	46	9	8	8
Egypt.....	13	5	4	2		2			
Ethiopia.....	4		4						
Iran.....	124	15	50	33	18	4	1	2	1
Iraq.....	30	7	11	2	4	4			2
Israel.....	18	1	13	1				3	
Jordan.....	14		6	1	1	4	1	1	
Lebanon.....	50	6	14	6	1	21		2	
Liberia.....	55	14	7	15	6	6	2		5
Libya.....	19	6	7	1	3	2			
Saudi Arabia.....	11		3			3	5		
Regional.....	5	1	3	1					
South Asia, total.....	104	51	27	8		14	2	2	
Afghanistan.....	3		1			2			
India.....	82	43	20	6		11		2	
Nepal.....	4	3				1			
Pakistan.....	15	5	6	2			2		
Regional.....									
American Republics, total.....	525	208	65	113	71	30	22	8	8
Bolivia.....	39	17	2	5	10	4			1
Brazil.....	81	11	21	25	13	6	1	4	
Cbile.....	17	6	4	3	1		2	1	
Colombia.....	25	13	2	6		2		1	1
Costa Rica.....	29	17	3	4			3		2
Cuba.....	6	6							
Dominican Republic.....	6	3	2		1				
Ecuador.....	34	12	3	8					2
El Salvador.....	20	11	3	5	1				
Guatemala.....	10	8		2					
Haiti.....	18	9	3	6					
Honduras.....	20	6	3	2	7		1		1
Mexico.....	27	5	2	9		11			
Nicaragua.....	19	9	2	3	4	1			
Panama.....	28	9	3	6	9				1
Paraguay.....	39	17	5	7	6		3		
Peru.....	54	26	4	10	8	4	2		
Uruguay.....	10	5	2	2			1		
Venezuela.....	3		3	3					
Regional.....	40	18	1	7	2	1	9	2	

NOTE.—Total TCA field employment as of Dec. 31, 1951, was 1,724, including the 972 employees listed above, 111 employees of United States diplomatic missions engaged in Point 4 activities, 18 American teachers at foreign educational institutions, and 623 local employees. In addition, 11,287 local employees were engaged in *Servicio* programs in the American Republics, financed jointly by Point 4 and the host governments.

TABLE E-3.—Number of Foreign Nationals Training in the United States under the TCA Point 4 Program, by Country of Origin, and by Supervising Agency, as of June 30, 1952

Country of origin	Trainees and leaders	Country of origin	Trainees and leaders
Grand total.....	1 471	Near East and Africa, total	84
American Republics, total	268	Egypt	17
Bolivia.....	19	Iran	21
Brazil	46	Iraq	24
Chile	14	Israel	16
Colombia	13	Jordan	2
Costa Rica.....	16	Lebanon.....	4
Cuba	4	Liberia.....	5
Ecuador	16	Libya.....	1
El Salvador.....	15	South Asia, total	119
Haiti	9	Afghanistan.....	6
Honduras.....	17	Ceylon.....	3
Mexico.....	29	India	37
Nicaragua.....	10	Nepal.....	5
Panama.....	4	Pakistan.....	68
Paraguay.....	6		
Peru.....	13		
Uruguay.....	34		
Venezuela.....	3		

BY SUPERVISING AGENCY ²

	Trainees and leaders
Total	1 471
Department of Agriculture.....	103
Federal Security Agency.....	93
Institute of Inter-American Affairs.....	87
Department of the Interior.....	66
Department of Commerce.....	56
Department of Labor.....	38
Bureau of the Budget.....	17
Federal Communications Commission.....	10
Housing and Home Finance Agency.....	1

¹ Includes 13 trainees studying in Puerto Rico.

² In addition to these supervising agencies, the following U. S. Government agencies were participating in the TCA Point 4 Program: Tennessee Valley Authority, Post Office Department, and the Department of the Army.

TABLE E-4.—Funds Authorized, and Obligated for Bilateral Programs under the TCA Point 4 Program, Including Institute of Inter-American Affairs Programs, by Country, for Fiscal Years 1951 and 1952, as of June 30, 1952

[Thousands of dollars]

Country	Authorized			Obligated
	Total	Fiscal year 1951	Fiscal year 1952	Total
Total all countries	207, 586. 8	16, 039. 5	191, 547. 3	200, 186. 2
American Republics, total	30, 266. 0	10, 894. 8	19, 371. 2	27, 811. 1
Bolivia	2, 126. 0	571. 1	1, 554. 9	1, 964. 9
Brazil	4, 174. 3	1, 342. 7	2, 831. 6	3, 813. 0
Chile	1, 592. 8	413. 6	1, 179. 2	1, 502. 4
Colombia	1, 062. 0	302. 6	759. 4	1, 018. 6
Costa Rica	1, 871. 0	552. 6	1, 318. 4	1, 819. 5
Cuba	223. 2	64. 5	158. 7	209. 2
Dominican Republic	358. 8	131. 9	226. 9	347. 1
Ecuador	1, 976. 5	568. 5	1, 408. 0	1, 950. 2
El Salvador	795. 3	223. 9	571. 4	742. 4
Guatemala	492. 5	284. 4	208. 1	470. 8
Haiti	1, 311. 4	609. 9	701. 5	1, 190. 1
Honduras	989. 2	303. 7	685. 5	924. 2
Mexico	1, 195. 2	467. 1	728. 1	1, 097. 3
Nicaragua	884. 2	278. 0	606. 2	811. 3
Panama	1, 811. 9	469. 3	1, 342. 6	1, 763. 4
Paraguay	2, 837. 4	1, 230. 3	1, 607. 1	2, 240. 8
Peru	3, 478. 3	1, 609. 2	1, 869. 1	3, 201. 2
Uruguay	636. 0	213. 3	422. 7	571. 4
Venezuela	343. 2	198. 8	144. 4	324. 2
Regional	2, 106. 8	1, 059. 4	1, 047. 4	1, 849. 1
Eastern Hemisphere, total	177, 320. 8	5, 144. 7	172, 176. 1	172, 375. 1
Afghanistan	425. 1	76. 5	348. 6	321. 8
Burma	40. 3	14. 2	26. 1	36. 1
Ceylon	18. 2	-----	18. 2	46. 1
Egypt	743. 9	104. 9	639. 0	485. 4
Ethiopia	1, 231. 6	50. 0	1, 181. 6	1, 199. 5
India	54, 451. 8	651. 8	53, 800. 0	53, 393. 9
Indonesia	32. 9	2. 9	30. 0	32. 1
Iran	26, 694. 5	1, 591. 6	25, 102. 9	25, 200. 0
Iraq	763. 7	12. 8	750. 9	467. 4
Israel	14, 930. 6	86. 8	14, 843. 8	14, 561. 7
Israel Relief and Resettlement	50, 000. 0	-----	50, 000. 0	50, 000. 0
Jordan	5, 020. 3	135. 6	4, 884. 7	4, 849. 9
Lebanon	4, 052. 0	104. 0	3, 948. 0	3, 619. 3
Liberia	2, 045. 8	827. 4	1, 218. 4	1, 857. 7
Libya	1, 839. 4	154. 6	1, 684. 8	1, 704. 8
Nepal	270. 0	44. 9	225. 1	234. 9
Pakistan	11, 184. 3	478. 7	10, 705. 6	11, 026. 8
Saudi Arabia	461. 5	91. 1	370. 4	345. 5
Syria	88. 1	-----	-----	88. 1
Regional	3, 026. 8	628. 8	2, 398. 0	2, 904. 1

PART F

Economic Indicators

TABLE F-1.—Industrial Production Indexes for Western Europe, 1938 and 1949-52
[1948=100]

Country	1938	1949	1950	1951	1950				1951				1952	
					1st qtr.	2d qtr.	3d qtr.	4th qtr.	1st qtr.	2d qtr.	3d qtr.	4th qtr.	1st qtr.	2d qtr.
Total	100	113	125	137	119	123	120	136	136	140	130	142	140	138
Austria	148	133	158	179	148	155	158	171	165	184	183	186	180	183
Belgium	82	100	102	117	98	100	98	113	116	120	113	119	116	114
Denmark	77	107	118	121	114	122	111	126	127	125	110	121	117	118
France	90	110	111	125	109	112	103	121	124	130	115	131	137	134
Germany (Fed. Rep.)	193	144	182	218	155	171	187	214	208	219	211	233	220	228
Greece	132	119	150	172	128	141	158	172	161	171	173	181	173	168
Ireland	74	114	126	131	120	130	125	131	124	138	128	133	128	129
Italy	101	110	126	144	118	125	122	138	143	148	140	146	143	146
Luxembourg	72	95	100	122	91	96	101	111	118	122	124	125	127	122
Netherlands	88	112	123	129	116	120	124	135	133	130	121	132	127	128
Norway	80	108	117	123	122	120	103	124	127	126	113	125	130	127
Sweden	67	105	110	114	110	113	99	117	116	119	103	119	116	119
Turkey	63	105	108	113	105	108	106	113	107	114	108	123	(1)	(1)
United Kingdom	83	107	116	120	117	116	110	124	120	122	114	122	123	114

¹ Not available.

TABLE F-2.—Steel Production in Western Europe, 1938 and 1948-52
[Monthly average, in thousands of metric tons]

Country	1938	1948	1949	1950	1951	1951				1952	
						1st qtr.	2d qtr.	3d qtr.	4th qtr.	1st qtr.	2d qtr.
Total ¹	3,755	3,342	3,908	4,249	4,701	4,533	4,788	4,583	4,920	5,047	4,996
Austria	56	54	70	79	86	82	83	90	88	92	87
Belgium-Luxembourg	310	530	510	518	673	650	677	669	698	709	657
France (including the Saar)	731	705	907	879	1,036	1,006	1,039	1,000	1,099	1,122	1,139
Germany (Fed. Rep.)	1,492	463	763	1,010	1,125	1,004	1,143	1,160	1,194	1,270	1,240
Italy	194	177	171	197	253	222	262	254	276	289	298
Sweden	81	105	114	121	125	121	128	111	140	140	141
United Kingdom	880	1,260	1,318	1,380	1,325	1,391	1,371	1,207	1,328	1,353	1,363
Other	11	48	55	65	78	71	80	78	83	84	83

¹ Figures do not necessarily add to the total, due to rounding.

TABLE F-3.—Coal Production in Western Europe, 1938 and 1948-52
[Monthly average, in millions of metric tons]

Country	1938	1948	1949	1950	1951	1951				1952	
						1st qtr.	2d qtr.	3d qtr.	4th qtr.	1st qtr.	2d qtr.
Total ¹	39.8	33.2	36.2	36.8	38.5	38.6	39.5	36.6	40.3	40.9	38.6
Belgium	2.5	2.2	2.3	2.3	2.5	2.4	2.6	2.3	2.7	2.7	2.5
Germany (Fed. Rep.)	11.4	7.3	8.6	9.2	9.9	9.9	9.8	9.7	10.2	10.6	9.7
France (including the Saar)	5.1	4.6	5.5	5.5	5.7	5.9	5.8	5.5	5.9	6.2	5.7
Netherlands	1.1	0.9	1.0	1.0	1.0	1.1	1.0	1.0	1.0	1.1	1.0
United Kingdom	19.2	17.7	18.2	18.3	18.8	19.0	19.2	17.5	19.5	19.9	19.1
Other	.5	.5	.6	.5	.6	.6	.6	.6	.7	.6	.5

¹ Figures do not necessarily add to the total, due to rounding.

TABLE F-4.—Electricity Production in Western Europe, 1938 and 1948-52

[Monthly average, in billions of kilowatt-hours]

Country	1938	1948	1949	1950	1951	1951				1952	
						1st qtr.	2d qtr.	3d qtr.	4th qtr.	1st qtr.	2d qtr.
Total ¹	10.5	15.4	16.6	18.8	21.0	21.2	20.2	19.9	22.5	23.2	20.8
Austria	.2	.4	.4	.4	.5	.4	.5	.6	.4	.5	.6
Belgium-Luxembourg	.4	.7	.7	.8	.9	.9	.8	.8	.9	.9	.8
France (including the Saar)	1.5	2.4	2.5	2.7	3.1	3.2	3.1	2.9	3.4	3.5	3.2
Germany (Fed. Rep.)	2.7	2.6	3.2	3.7	4.3	4.2	4.0	4.2	4.7	4.8	4.2
Italy	1.3	1.9	1.7	2.1	2.5	2.2	2.4	2.5	2.4	2.4	2.5
Netherlands	.2	.3	.4	.5	.5	.5	.4	.4	.6	.5	.4
Norway	.8	1.0	1.3	1.4	1.4	1.5	1.4	1.4	1.5	1.7	1.5
Sweden	.7	1.2	1.3	1.5	1.6	1.7	1.6	1.5	1.7	1.8	1.6
Switzerland	.4	.7	.6	.8	.9	.7	.9	1.0	.8	.8	1.0
United Kingdom	2.0	3.9	4.1	4.6	5.0	5.6	4.7	4.2	5.5	5.9	4.5
Other	.2	.3	.3	.4	.4	.4	.4	.4	.6	.4	.5

¹ Figures do not necessarily add to the total, due to rounding.

TABLE F-5.—Gold and Short-Term Dollar Assets of OEEC Countries and Spain, 1938 and 1948-52

[Millions of dollars]

Country	1938 Dec.	1948 Dec.	1949		1950		1951				1952	
			Sept.	Dec.	June	Dec.	Mar.	June	Sept.	Dec.	Mar.	June
Austria	46	62	92	92	85	92	95	94	107	107	106	102
Belgium-Luxembourg ¹	828	838	935	913	871	846	882	845	908	898	901	969
Denmark	60	77	64	70	67	76	² 79	² 76	² 76	² 76	² 70	² 65
France ^{1,2}	2,952	794	734	740	787	835	827	877	836	902	890	938
Germany ³	219	179	148	149	228	223	242	357	503	434	390	545
Greece	27	27	30	36	44	36	38	44	45	49	50	51
Iceland	1	2	4	4	3	3	3	3	5	5	5	5
Ireland	10	29	32	32	32	26	26	26	33	33	33	33
Italy (including Trieste)	216	428	542	560	543	577	568	538	567	641	646	621
Netherlands ²	1,057	290	328	366	457	505	510	446	446	465	490	547
Norway	99	130	112	120	117	94	104	110	153	150	154	145
Portugal ¹	86	291	232	234	228	257	275	283	306	331	341	340
Sweden	420	130	132	160	184	205	218	228	217	224	276	281
Turkey	29	180	174	164	162	164	167	162	162	165	161	171
United Kingdom ⁴	(⁵)	1,836	1,425	1,688	2,422	3,300	3,758	3,867	3,269	2,335	1,700	1,685
Subtotal	(⁵)	5,293	4,984	5,328	6,230	7,238	7,792	7,956	7,642	6,815	6,213	6,498
Adjustments ⁶	(⁵)	52	28	37	94	165	254	220	230	76	35	57
Total (excluding Switzerland)	(⁵)	5,345	5,012	5,365	6,324	7,403	8,046	8,176	7,872	6,891	6,248	6,555
Switzerland	918	1,886	1,999	2,021	2,154	2,023	1,953	1,960	1,958	1,973	1,976	2,009
OEEC countries—total	(⁵)	7,231	7,011	7,386	8,478	9,426	9,999	10,136	9,830	8,864	8,224	8,564
OEEC countries—grand total (including United Kingdom and dependencies private dollar holdings) ⁷	(⁵)	7,596	7,380	7,726	8,836	9,807	(⁵)	10,510	(⁵)	9,471	(⁵)	9,204
Spain	(⁵)	125	121	127	120	132	128	129	125	128	129	129

¹ Includes overseas territories.² Exclusive of official gold holdings not publicly reported. Allowance for such holdings is made in "adjustments".³ Includes dollar holdings of Americans residing in Germany, except in prewar period.⁴ Exchange Equalization Account official holdings of gold, United States and Canadian dollars, as reported by British Government. Excludes private United States and Canadian dollar holdings. U. S. Treasury and Fed-

eral Reserve Board estimates including private dollar holding of the United Kingdom and dependencies, but excluding Canadian dollars, amounted to \$2,780 million in June 1950; \$3,681 million in December 1950; \$4,241 million in June 1951; \$2,942 in December 1951, and \$2,325 in June 1952.

⁵ Not available.⁶ Adjustments include unpublished official gold holdings for France, Netherlands, and Denmark.⁷ Canadian dollar holdings of United Kingdom are excluded.

TABLE F-6.—Wholesale Price Indexes for Western Europe, 1938 and 1949-52

[1948=100]

Country	1938	1949 Sept.	1950		1951				1952					
			June	Dec.	Mar.	June	Sept.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
Austria	31	133	155	180	206	222	242	258	257	254	254	256	260	259
Belgium-Luxembourg	¹ 26	93	94	113	123	122	120	123	123	121	118	116	115	112
Denmark	44	101	111	129	142	154	148	151	151	150	148	146	143	142
France	6	114	116	135	150	154	154	170	171	170	167	164	162	160
Germany (Bizone)	63	122	126	146	159	156	159	166	166	164	164	165	167	167
Greece ²	0.3	114	110	128	137	130	130	134	138	141	142	136	136	127
Ireland	43	98	104	113	119	122	123	128	128	127	127	129	128	128
Italy	2	90	86	100	105	103	100	100	99	99	98	97	95	94
Netherlands	36	103	115	128	144	145	142	145	145	145	143	142	140	139
Norway	55	102	113	128	136	147	147	149	150	150	150	149	149	151
Portugal	42	103	101	100	110	110	111	117	117	118	118	117	116	117
Sweden	52	101	104	118	134	143	143	149	150	150	150	150	150	150
Switzerland	46	94	90	101	107	105	103	105	105	104	103	102	102	102
Turkey	21	105	92	101	111	101	99	106	106	106	104	106	106	104
United Kingdom	46	105	117	133	143	146	148	151	153	150	152	150	149	149

¹ 1936-38 average.² Represents free market prices of 20 commodities in Athens.

TABLE F-7.—Cost of Living Indexes for Western Europe, 1938 and 1949-52

[1948=100]

Country	1938	1949 Sept.	1950		1951				1952					
			June	Dec.	Mar.	June	Sept.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
Austria	31	136	141	158	168	173	199	220	220	218	217	213	214	221
Belgium	27	96	93	97	104	106	106	107	108	108	107	106	105	105
Denmark	60	101	106	113	124	129	133	143	146	149	148	147	145	143
France ¹	6	100	107	117	124	129	133	143	146	149	148	147	145	143
Germany (Bizone) ¹	62	97	95	95	101	105	103	106	107	107	107	107	108	106
Greece ²	(3)	115	119	131	142	139	137	144	146	148	150	148	148	148
Iceland	⁴ 31	102	119	139	145	153	162	165	168	170	171	171	172	172
Ireland	55	101	103	103	104	110	112	114	114	115	115	115	116	116
Italy	2	101	100	103	107	111	111	112	111	113	113	114	114	115
Netherlands	49	105	115	120	124	129	129	127	128	128	128	128	127	127
Norway	63	101	105	112	115	124	126	127	129	130	130	131	131	131
Portugal	52	104	101	101	102	99	101	101	101	100	100	100	98	98
Sweden	61	102	103	108	117	122	124	126	127	127	128	130	130	131
Switzerland	61	99	97	99	100	102	104	105	105	105	105	104	105	105
Turkey	29	111	104	102	103	101	102	106	107	107	108	110	109	108
United Kingdom	55	104	106	108	111	116	119	121	123	124	124	126	126	128

¹ 1949=100.² Cost of living in Athens.³ Not available.⁴ January-March 1939.

TABLE F-8.—Combined Foreign Trade of OEEC Countries, Indexes of Volume and Monthly Averages of Value, 1938 and 1948-52

Period	Volume of trade [1948=100]			Value of trade [Monthly average, in millions of United States dollar equivalents]								
	Intra-ERP	Imports from rest of world	Exports to rest of world	Total imports	Total exports	Intra-ERP	Trade with all areas, except metropolitan			Trade with Western Hemisphere		
							Imports	Exports	Trade balance	Imports	Exports	Trade balance
1938.....	136	116	107	1,022	762	384	624	378	-246	243	106	-137
1948.....	100	100	100	2,052	1,403	633	1,396	770	-626	672	211	-461
1949.....	124	104	118	2,070	1,569	721	1,342	848	-494	602	206	-396
1950.....	173	100	144	2,018	1,645	811	1,201	833	-368	477	251	-226
1951.....	189	112	169	2,782	2,266	1,061	1,722	1,179	-543	670	360	-310
1950:												
First quarter.....	154	101	127	1,888	1,455	722	1,145	733	-412	465	204	-261
Second quarter.....	158	104	130	1,968	1,493	738	1,206	755	-451	483	208	-275
Third quarter.....	171	94	139	1,928	1,597	789	1,136	808	-328	463	253	-210
Fourth quarter.....	203	100	173	2,286	2,034	996	1,318	1,038	-280	496	340	-156
1951:												
First quarter.....	190	107	156	2,577	2,022	1,012	1,554	1,010	-544	510	322	-188
Second quarter.....	192	112	172	2,918	2,267	1,084	1,839	1,183	-656	707	380	-327
Third quarter.....	180	113	169	2,864	2,285	1,065	1,786	1,221	-565	753	368	-385
Fourth quarter.....	193	114	177	2,873	2,488	1,187	1,711	1,301	-410	708	371	-337
1952:												
First quarter.....	182	117	170	2,964	2,415	1,120	1,827	1,295	-532	743	343	-400
Second quarter.....	175	109	157	2,720	2,207	1,041	1,659	1,166	-493	650	339	-311

TABLE F-9.—Combined Foreign Trade of OEEC Countries (Metropolitan), by Major Areas, 1938 and 1948-52
[Monthly average, in millions of U. S. dollar equivalents]

Period	Non-OEEC areas							OEEC areas		
	Total	United States	Canada	Latin America	Eastern Europe	Sterling	Other	Total	Metropolitan areas	Overseas territories
EXPORTS										
1938.....	327	40	13	54	75	78	67	437	384	53
1948.....	587	78	30	104	78	203	94	818	633	185
1949.....	632	86	31	108	94	223	110	936	721	215
1950.....	631	101	37	113	79	197	104	1,013	811	202
1951.....	885	151	45	165	107	279	139	1,381	1,087	294
1950:										
First quarter.....	544	71	29	104	78	170	92	912	722	190
Second quarter.....	570	74	35	99	86	184	98	925	738	187
Third quarter.....	627	110	38	105	72	199	103	970	789	181
Fourth quarter.....	788	150	45	146	88	234	125	1,247	996	251
1951:										
First quarter.....	767	152	36	133	85	232	129	1,254	1,012	242
Second quarter.....	892	160	52	169	101	260	150	1,375	1,084	291
Third quarter.....	918	144	50	173	115	300	136	1,368	1,065	303
Fourth quarter.....	964	148	40	183	126	325	141	1,525	1,187	338
1952:										
First quarter.....	952	153	33	157	130	328	152	1,463	1,120	343
Second quarter.....	843	145	39	156	120	228	155	1,364	1,041	323
IMPORTS										
1938.....	537	113	43	87	98	122	74	485	398	87
1948.....	1,152	374	97	201	113	229	138	901	656	245
1949.....	1,160	371	89	142	112	242	144	970	728	242
1950.....	945	261	57	158	92	230	147	1,072	816	256
1951.....	1,344	369	93	209	135	319	221	1,464	1,086	379
1950:										
First quarter.....	913	284	51	129	92	223	134	973	743	230
Second quarter.....	946	267	55	161	84	227	152	1,023	762	261
Third quarter.....	900	241	58	161	94	213	130	1,029	792	237
Fourth quarter.....	1,024	254	61	178	98	259	171	1,262	968	294
1951:										
First quarter.....	1,207	297	56	157	110	351	236	1,370	1,023	347
Second quarter.....	1,433	386	77	244	115	361	250	1,485	1,079	406
Third quarter.....	1,416	383	116	254	153	305	205	1,449	1,078	371
Fourth quarter.....	1,321	408	121	182	161	257	192	1,553	1,163	390
1952:										
First quarter.....	1,414	449	103	190	144	316	212	1,550	1,137	413
Second quarter.....	1,253	358	129	164	124	291	187	1,467	1,061	406

TABLE F-10.—General Economic Data for Selected Countries of the Near East and Africa

<i>Egypt</i>			<i>Ethiopia</i>		
Item	1938	1950	Item	1938	1950
General:			General:		
Area (1,000 square miles).....		356	Area (1,000 square miles).....		350
Population (thousands).....	¹ 16,008	20,439	Population (thousands).....	(²)	15,000
Production:			International trade and payments:		
Agricultural production, FAO index (1948=100).....	³ 88	104	Total exports (millions of U. S. dollars).....	(²)	⁴ 27.3
International trade and payments:			Total imports (millions of U. S. dollars).....	(²)	⁴ 29.9
Total exports (millions of U. S. dollars).....	151.1	503.7	Commodity exports:		
Total imports (millions of U. S. dollars).....	185.2	610.9	Coffee (thousands of metric tons).....	⁵ 12.0	18.7
Commodity exports:			Cereal, flour, pulses (thousands of metric tons).....	(²)	38.1
Cotton (thousands of metric tons).....	³ 375.4	386.5	United States trade (millions of U. S. dollars):		
Rice (thousands of metric tons).....	³ 99.5	178.2	Exports to the United States.....	(²)	3.5
United States trade (millions of U. S. dollars):			Imports from the United States.....	(²)	3.4
Exports to the United States.....	3.6	36.3			
Imports from the United States.....	12.3	44.3			
Price indexes (1948=100):					
Cost of living (Cairo).....		104			
Wholesale prices (export goods):					
Cotton: Ashmouni.....		145			
Karnak.....	(²)	113			
Rice.....	(²)	95			
Iran			Iraq		
Item	1938	1950	Item	1938	1950
General:			General:		
Area (1,000 square miles).....		628	Area (1,000 square miles).....		168
Population (thousands).....	¹ 16,200	18,772	Population (thousands).....	⁶ 3,700	5,100
Production:			Production:		
Crude petroleum (1948=100).....	41	128	Crude petroleum (1948=100).....	106	159
International trade and payments (millions of U. S. dollars):			International trade and payments:		
Total exports.....	⁷ 156.0	⁸ 528.5	Total exports (millions of U. S. dollars).....	68.4	124.9
Total imports.....	⁷ 85.0	⁸ 286.8	Total imports (millions of U. S. dollars).....	45.8	105.3
Commodity exports:			Commodity exports:		
Petroleum.....	114.4	473.5	Barley (thousands of metric tons).....	³ 204.5	462.2
Carpets.....	6.4	13.8	Dates (thousands of metric tons).....	³ 174.1	212.0
Dried fruits.....	5.4	8.2	Crude petroleum (millions of U. S. dollars).....	30.4	63.3
Raw cotton.....	5.6	5.3	United States trade (millions of U. S. dollars):		
Opium.....	3.2	3.0	Exports to the United States.....	⁹ 2.7	¹⁰ 2.0
United States trade:			Imports from the United States.....	4.2	¹⁰ 18.6
Exports to the United States.....	3.4	6.3			
Imports from the United States.....	6.4	89.2			
Price indexes (1948=100):			Price indexes (1949=100):		
Wholesale prices (all goods).....	17	79	Wholesale prices.....	¹¹ 22	103
Cost of living.....	15	89	Cost of living (Baghdad).....	¹² 19	91

¹ 1937.² Not available.³ Average for 1934-38.⁴ Fiscal year ended September 10.⁵ Unofficial estimate for 1934-38 average.⁶ 1941.⁷ 1937-38.⁸ 1949-50.⁹ Does not include petroleum.¹⁰ 1949.¹¹ December 1938-August 1939.¹² 1939.

TABLE F-10.—General Economic Data for Selected Countries of the Near East and Africa—Continued

<i>Israel</i>			<i>Jordan</i>		
Item	1938 ¹³	1950	Item	1938	1950
General:			General:		
Area (1,000 square miles).....		8	Area (1,000 square miles).....		¹⁴ 37
Population (thousands).....	(²)	¹⁵ 1,554	Population (thousands).....	¹⁶ 300	¹⁷ 1,300
International trade and payments:			International trade and payments (millions of U. S. dollars):		
Total exports (millions of U. S. dollars).....	24.4	35.3	Total exports.....	2.8	12.6
Total imports (millions of U. S. dollars).....	55.5	287.3	Total imports.....	6.4	36.4
Commodity exports:			Commodity exports:		
Citrus fruits (thousands of metric tons).....	³ 300.1	167.2	Oil seeds and vegetable oils.....	(²)	.8
Diamonds, cut and polished (millions of U. S. dollars).....		8.8	Wheat.....	1.6	.8
United States trade (millions of U. S. dollars):			Wool.....	(¹⁸)	.6
Exports to the United States.....	.6	8.3	United States trade:		
Imports from the United States.....	4.7	105.5	Exports to the United States.....	(²)	(²)
Price and wage indexes (1948=100):			Imports from the United States.....		
Wholesale prices.....	22	83		(²)	1.4
Cost of living.....	³ 30	95			
Wages.....	³ 18	126			
Employment index (manufacturing) (1948=100).....	³ 76	139			
Lebanon			Liberia		
Item	1938	1950	Item	1938	1950
General:			General:		
Area (1,000 square miles).....		4	Area (1,000 square miles).....		43
Population (thousands).....	¹ 925	1,257	Population (thousands).....	(²)	¹⁸ 1,000
International trade and payments (millions of U. S. dollars):			International trade and payments:		
Total exports.....	²⁰ 4.6	²¹ 25.9	Total exports (millions of U. S. dollars).....	1.9	²² 16.3
Total imports.....	²⁰ 19.0	²¹ 143.3	Total imports (millions of U. S. dollars).....	2.2	²² 10.4
Commodity exports:			Commodity exports:		
Wool, raw.....	²⁰ 5	2.5	Rubber (thousands of metric tons).....	³ 1.6	31.6
Legumes and root crops.....	²⁰ 4	2.0	Palm kernels (thousands of metric tons).....	8.7	²³ 19.7
Fruits, edible.....	²⁰ 3	2.2	United States trade (millions of U. S. dollars):		
United States trade:			Exports to the United States.....	1.0	²² 13.9
Exports to the United States.....	²⁰ 5	²¹ 2.7	Imports from the United States.....	.9	7.4
Imports from the United States.....	²⁰ 1.8	²¹ 16.7			
Price indexes at Beirut (1948=100):					
Wholesale prices (all goods).....	²⁴ 13	76			
Cost of living.....	²⁵ 20	87			

¹³ Present State of Israel established in 1947. Statistics shown for 1938 are for Palestine.

¹⁴ Includes 2,400 square miles, the incorporated segment of Palestine.

¹⁵ 1951.

¹⁶ UN estimate for 1937.

¹⁷ Department of State estimate, UN estimate is 619,000.

¹⁸ Less than \$50,000.

¹⁹ Department of State estimate. UN estimate is 1,648,000. No firm figures are now available, but a census is in progress.

²⁰ 1939. Lebanon share imputed to be 25 percent of the exports and 50 percent of the imports of the Syro-Lebanese Customs Union.

²¹ April 1950–March 1951.

²² Sept. 1, 1949–Aug. 31, 1950.

²³ UN estimate.

²⁴ June 1939.

²⁵ June–August.

TABLE F-10.—General Economic Data for Selected Countries of the Near East and Africa—Continued

Libya			Saudi Arabia		
Item	1938	1950	Item	1938	1950
General:			General:		
Area (1,000 square miles).....		687	Area (1,000 square miles).....		²⁸ 1,000
Population (thousands).....	²⁷ 849	²⁸ 1,124	Population (thousands).....	(?)	²⁸ 6,000
International trade and payments:²⁹			International trade and payments:		
Total exports (thousands of U. S. dollars).....	5,732	12,186	Total exports (millions of U. S. dollars).....	(?)	(?)
Total imports (thousands of U. S. dollars).....	46,401	19,739	Total imports (millions of U. S. dollars).....	(?)	³⁰ 85.0
Commodity exports:			Commodity exports:		
Live cattle (thousand head).....	³¹ 4	5.1	Petroleum (1,000 barrels).....	(?)	199,546
Barley (thousand metric ton).....	³¹ 2.2	35.5	Gold (1,000 troy ounces).....		66
Sponges (thousands of U. S. dollars).....	406	970	Silver (1,000 troy ounces).....		124
United States trade (thousands of U. S. dollars):			United States trade (millions of U. S. dollars):		
Exports to the United States.....		17	Exports to the United States.....	(?)	(?)
Imports from the United States.....	541	141	Imports from the United States.....	(?)	³⁰ 35.0
Syria					
Item	1938	1950			
General:					
Area (1,000 square miles).....		66			
Population (thousands).....	(?)	³² 3,228			
International trade and payments:					
Total exports (millions of U. S. dollars).....	³³ 13.7	¹⁰ 25.7			
Total imports (millions of U. S. dollars).....	20.7	¹⁰ 116.8			
Commodity exports:					
Textiles and textile materials, including clothing (millions of U. S. dollars).....	3.8	¹⁰ 5.8			
Vegetable products (millions of U. S. dollars).....	4.1	¹⁰ 12.2			
Wheat (thousands of metric tons).....	³⁴ 13.8	215.6			
United States trade (millions of U. S. dollars):					
Exports to the United States.....	³⁴ 1.4	¹⁰ 9			
Imports from the United States.....	³⁴ 1.4	¹⁰ 26.9			

²⁸ Area of Arabian Peninsula.²⁷ Census of 1936.²⁸ 1947.²⁹ Includes interterritorial trade among Tripolitania, Cyrenaica, and the Fezzan.³⁰ Estimated.³¹ Average for 1935-38.³² UN estimate. Department of State estimate is 3,478,000. Neither figure includes 300,000 nomadic tribesmen nor 83,000 Arab refugees.³³ Average for 1937-38.³⁴ Includes Lebanon. Average for 1934-38.

TABLE F-11.—General Economic Data for Selected Countries of Southeast Asia

Item	Unit	Burma		Indochina, Associated States		Indonesia		Philippines		Formosa		Thailand	
		Pre-war ¹	1951	Pre-war ¹	1951	Pre-war ¹	1951	Pre-war ¹	1951	Pre-war ¹	1951	Pre-war ¹	1951
Miscellaneous:													
Area.....	Thousands of square miles.....		262		287		583		116		13		200
Population.....	Millions.....	16.2	18.8	23.5	28.5	68.0	75.0	15.8	20.3	5.7	9.0	14.8	18.5
Foreign trade:													
Total exports.....	Millions of dollars.....	193	206	105	132	546	1,258	152	409	127	98	88	² 270
Total imports.....	do.....	91	143	63	² 211	274	805	109	475	93	143	57	² 195
Commodity exports:													
Copra.....	Thousands of metric tons.....					506	525	237	772				
Rice.....	do.....	3,048	1,323	1,547	360					312	85	1,325	1,625
Rubber.....	do.....	10	² 10	45	² 52	473	793					36	² 114
Tin concentrates.....	do.....	2	² 1			26	² 31					17	² 11
Sugar.....	do.....					1,365	² 29	871	624	831	284		
United States trade:													
Exports to United States.....	Millions of dollars.....		2	7	15	115	266	126	284	2	6	1	137
Imports from United States.....	do.....	2	5	3	27	25	162	85	350	1	41	4	50
Japanese trade:³													
Exports to Japan.....	do.....	4	28	4	² 1	23	40	10	31	118	48	3	
Imports from Japan.....	do.....	8	24	2	² 2	69	151	16	33	80	42	10	
Cost of living:													
All items.....	1948=100.....	28	112	42	⁴ 116			24	99	⁵ 100	⁵ 1,478	8	110
Food.....	do.....	25	120	42	⁴ 104	8	189	23	94				
Agricultural production:													
Industrial production:	Prewar=100.....	100	82	100	81	100	99	100	116	100	82	100	176
Industrial production:													
Petroleum (crude).....	Thousands of metric tons.....					7,260	7,440						
Cement.....	do.....			235	212			150	299	146	389	82	22
Coal.....	do.....			2,308	624	1,373	² 799	26	² 159	1,953	1,657		

¹ 1937 or near to that year.² 1950.³ Prewar figures for Japan include trade with Korea and Formosa.⁴ 1949=100.⁵ General wholesale price index, based on January-June 1937=100.

TABLE F-12.—General Economic Data for Selected Countries of South Asia

Item	Unit	Ceylon		India ¹		Pakistan ¹		Afghanistan		Nepal	
		Pre-war ²	1951	Pre-war ²	1951	Pre-war ²	1951	Pre-war ²	1950	Pre-war ²	1950 ³
Miscellaneous:											
Area	Thousands of square miles		25		1,200		360		251		54
Population	Millions	5.8	7.7	307.4	364.0	67.6	76.0	11.0	12.0	6.0	7.0
Foreign trade:											
Total exports	Millions of dollars	125	401	711	1,559		529	34	38	5	12
Total imports	do.	89	328	666	2,029		518	28	20	8	8
Commodity exports:											
Tea	Thousands of metric tons	97	138	150	202		415				
Rubber	do.	73	104								
Coconut oil	do.	68	112								
Cotton, raw	do.			661	30		4207				
Jute:											
Raw	do.			843	157		4588			31	34
Gunny bags and cloth	do.			1,028	738						
Manganese ore	do.			1,017	4542						
Cotton piece goods	Million yards			233	766						
Karakul	Thousands of skins							2,000	2,440		
Fruits and nuts	Millions of dollars							10.0	11.0		
Wool	Thousands of tons							5.0	5.5		
Rice	Millions of dollars									2	5
Oilseeds	do.									1	0.8
Fats	do.									0.5	1
United States trade:											
Exports to United States	do.	21	49	96	297		44		21		(⁸)
Imports from United States	do.	2	19	44	463		38		4		(⁸)
Japanese trade: ⁵											
Exports to Japan	do.	1	2	68	34		444				
Imports from Japan	do.	6	17	83	47		452				
Cost of living:											
All items	1948=100	642	109	35	109		799				
Food	do.	639	112	33	115		799				
Agricultural production: Total	Prewar=100	100	148	100	102	100	108				
Rice (milled)	Thousands of metric tons	186	222	23,731	23,814	7,728	8,335				
Industrial production: Total	1948=100				107						
Jute manufactures	Thousands of metric tons			1,286	850						
Coal	do.			25,400	34,900		516				
Pig iron and ferro-alloys	do.			1,668	1,848						

¹ India prewar trade figures include territory now Pakistan.² 1937 or near to that year, except trade data for Afghanistan which are 1939.³ Commodity export data are for 1944-45, the latest period available. The jute figures are in millions of dollars.⁴ 1950.⁵ Prewar figures for Japan include trade with Korea and Formosa.⁶ August-December 1939.⁷ April 1948-March 1949=100.⁸ Negligible.

TABLE F-13.—General Economic Data for Selected Countries of Latin America

Country	Area	Population		Foreign trade								Prices			
		Pre-war ¹	1950	Total exports		Total imports		Trade with United States				Wholesale prices		Cost of living ²	
				Pre-war ¹	1950	Pre-war ¹	1950	Exports to United States		Imports from United States		Pre-war ¹	1951	Pre-war ¹	1951
		Pre-war ¹	1950					Pre-war ¹	1950	Pre-war ¹	1951				
		[Thousands of square miles]	[Thousands]	[Millions of United States dollar equivalents]								[Index, 1948=100]			
MIDDLE AMERICA															
Costa Rica.....	20	599	801	10.1	34.7	12.6	46.0	4.6	24.6	6.2	30.9	43	117	47	127
Cuba.....	44	4,359	5,348	142.7	642.0	106.0	515.0	108.4	379.7	75.2	407.5	(3)	(3)	437	484
Dominican Republic.....	19	1,586	2,121	14.3	83.5	11.3	532.0	4.6	36.5	6.1	32.0	(3)	93	(3)	105
El Salvador.....	13	1,649	1,859	10.9	69.5	9.1	47.2	6.8	59.9	4.3	31.6	36	143	42	99
Guatemala.....	42	2,088	2,803	16.3	67.6	16.8	71.2	11.3	60.2	7.5	48.7	(3)	113	(3)	120
Haiti.....	11	(3)	3,112	6.5	38.5	7.6	36.2	3.0	21.5	4.3	27.6	(3)	(3)	(3)	(3)
Honduras.....	59	1,020	1,534	8.2	21.7	10.3	34.2	7.1	15.1	6.3	26.9	(3)	(3)	(3)	(3)
Mexico.....	760	18,737	25,368	195.9	501.4	115.5	509.0	132.0	433.2	66.6	429.6	(3)	146	31	123
Nicaragua.....	57	926	1,053	5.9	34.6	5.1	25.3	4.0	24.2	3.1	20.6	29	136	119	129
Panama.....	29	575	801	7.7	10.1	17.7	67.0	3.4	9.3	10.1	44.4	(3)	(3)	(3)	94
SOUTH AMERICA															
Bolivia.....	413	3,327	3,019	32.2	94.1	25.0	55.8	1.1	65.7	6.6	23.6	(3)	(3)	19	158
Brazil.....	3,288	38,685	52,124	295.6	1,346.5	294.6	1,097.9	101.5	734.3	71.3	379.1	(3)	151	24	112
Chile.....	286	4,754	5,809	141.5	293.7	102.7	247.9	22.1	153.3	28.6	118.5	(3)	168	23	159
Colombia.....	440	8,531	11,260	81.2	393.6	89.1	362.6	42.6	325.4	44.4	240.8	(3)	(3)	40	141
Ecuador.....	106	2,782	3,077	12.6	64.4	11.0	41.6	4.7	35.7	3.8	27.8	(3)	(3)	(3)	(3)
Paraguay.....	157	934	1,406	7.0	54.3	7.6	27.5	.9	1.7	.7	6.4	24	182	24	272
Peru.....	482	6,695	8,405	76.7	193.7	58.3	187.0	20.6	50.8	20.0	30.9	26	186	30	139
Uruguay.....	72	2,080	2,365	61.7	191.6	61.6	204.7	2.4	129.5	7.2	39.2	(3)	(3)	55	110
Venezuela.....	352	3,415	4,924	178.6	1,167.6	97.5	539.5	37.2	332.0	54.9	367.4	58	100	449	499

¹ 1938 or near to that year.² Data are for the principal city in each country, except data for Cuba which are based on food only for the entire country.³ Not available.⁴ Food only.⁵ Estimated.⁶ Direct exports to the United States only. Reexports to the United States from Curacao and Aruba are substantial.

THE MUTUAL SECURITY PROGRAM

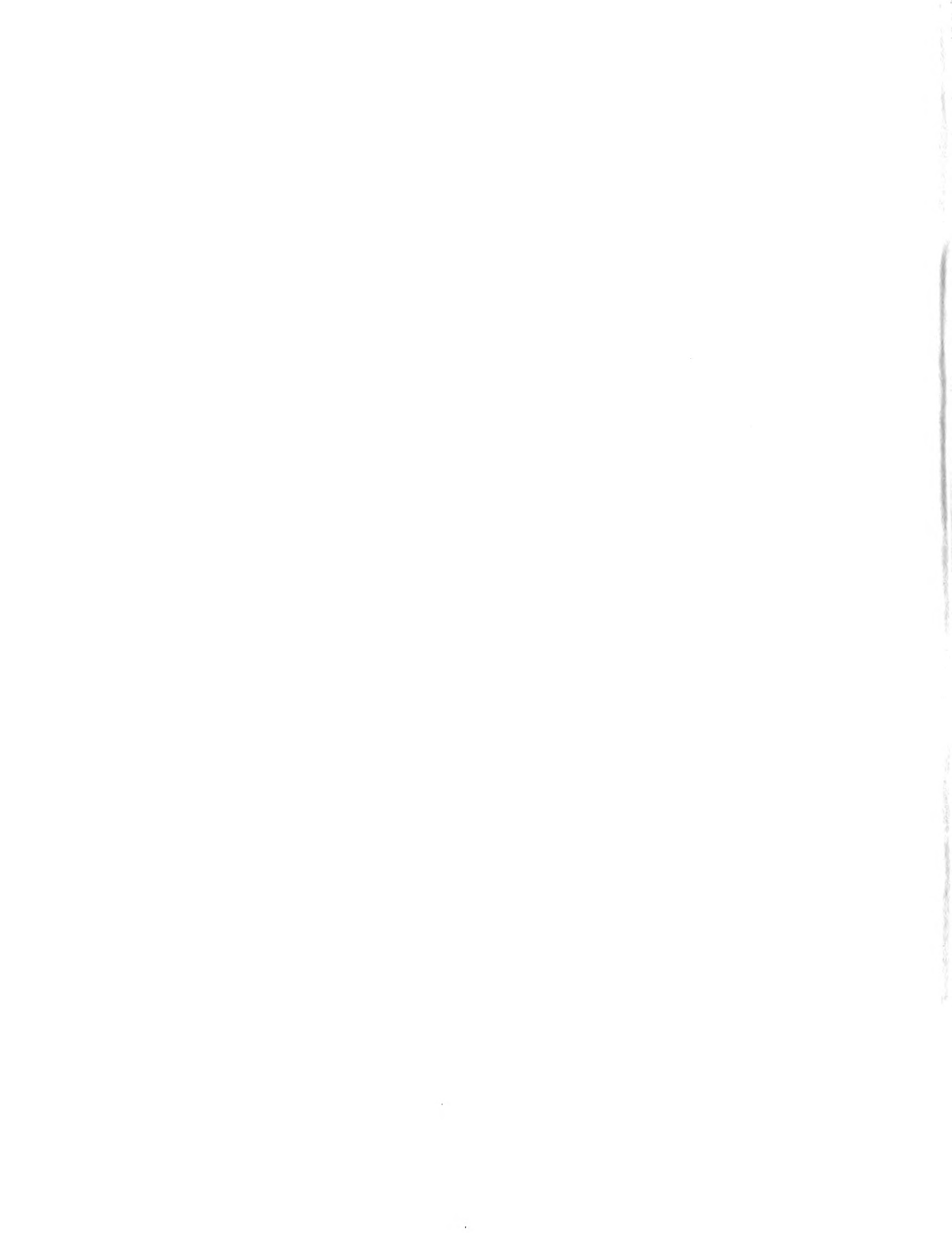
... for a strong and free world



Third Report to Congress

for the six months ended

December 31, 1952





Third Report to Congress
on the
Mutual Security Program

... for a strong and free world

December 31, 1952

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PRESIDENT'S LETTER OF TRANSMITTAL

To the Congress of the United States:

I am transmitting herewith a report on the operations of the Mutual Security Program covering the period from July 1 to December 31, 1952, insofar as statistics are available at this date. Since this is the last such report that I shall furnish to the Congress, I am taking this opportunity to review, in broad outline, the origins of the program, its accomplishments, and the kind of policy decisions that it will present to the new Administration and Congress.

In October 1951, the Congress combined most of the major aspects of our international programs in the fields of defense, economic development, and technical assistance into one statute authorizing the Mutual Security Program.

The story of this program and its predecessors is the story of a crowded and dangerous period—a period of historic decisions. And mirrored in the evolution of this program is the story of a great national awakening, of a people in reluctant transition from wishful thinking to a firm acceptance of the responsibilities of free-world leadership.

There is no need here to recall the state of the world at the end of hostilities—the destruction, the dislocations, the misery, and the demoralization of great areas and great segments of humanity. It was natural that American sympathy should go out to peoples everywhere suffering from the aftermath of history's most destructive war—and that our sympathy should be expressed in the form of generous assistance to the hungry and the sick and the displaced.

We already knew from painful experience that what happens in the rest of the world necessarily affects our own domestic life; that we cannot live secure and prosperous, isolated from a world community that is insecure and depressed. But not long after the end of the war we found that the problem was more than just physical relief from disaster. Gradually we realized that the world was suffering not only from the wreckage and wastage of war, but from deep social unrest—and from the predatory acts and intentions of a former ally.

In 1947 we were faced with a great decision. The British could no longer afford to carry the burden of support to the Greek nation in its fight against communist insurrection. On March 12, 1947, I addressed the Congress and explained the urgent need for a program of military and economic aid to Greece and Turkey, which was also under communist pressure. In that address, I reminded the Congress that the problems of Greece and Turkey were parts of a fundamental challenge facing the American people, and I said:

I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures.

I believe that we must assist free peoples to work out their own destinies in their own way.

I believe that our help should be primarily through economic and financial aid which is essential to economic stability and orderly political processes.

The implications of these propositions soon became clear, as did the next steps that needed to be taken on the difficult course upon which we were embarked. The scattered aid that we were giving—to Greece and Turkey and China in the form of military and economic aid, to France and Italy and Austria in the form of grant economic assistance, to Great Britain in the form of a loan, and to many countries through support of the United Nations special agencies—clearly was not adequate in amount or in form.

For in early 1948—just 5 years ago—large areas of Greece were still held by the still-powerful communist forces.

Across the Adriatic Sea from Greece, 5 years ago, a new democratic government in Italy faced an election in a chaotic country—an election which, it was widely feared, might be won by the communists.

Across the Alps in France, there were unemployment and increasing hunger, black-markets and strikes—and bankruptcy ahead.

On the other side of the English Channel, the British people were struggling against terrible odds to repair the dreadful damage of war and to feed a population which grows about one-third of the food it needs.

Western Germany lay prostrate and the Kremlin was completing its plans to drive the Western Allies out of Berlin.

The peoples of Western Europe, aided by stop-gap American help, had made a gallant effort to get up and stand on their own feet after the end of World War II, but the odds were too great. The inescapable fact was that they did not have and could not earn the dollars they needed to buy the things that were required to restore economic and social order in time to prevent chaos. In desperation, they were forced to seek relief in nationalistic economic and financial restrictions which, in the end, could only make the situation worse.

It was a situation that was made to order for the Kremlin—and the Kremlin made the most of it by promoting strikes and riots, by sabotaging recovery through its puppet communist parties, by political maneuver, and by massive injections of propaganda. It looked as if Western Europe might well fall to the communists through economic and political collapse.

That, in broadest outline, was the state of Europe and its dependencies, and it bade no good for the peace of the world nor for the security of the United States.

Elsewhere in the world, the symptoms were not less alarming. The forces of Nationalist China were giving way before the communists; fighting was under way in Indochina; there was violence in Burma and in Malaya; in Indonesia a new state was emerging with difficulty and uncertainty; the sub-continent of India had been divided and the long struggle for national security and stability was just beginning; Iran and Turkey were still subject to Soviet pressure. There were other areas of danger and potential danger in the Middle East, North Africa, and elsewhere.

The threat that this posed to the security of the United States needs no emphasis.

On both sides of the Atlantic the realization was growing that the problem of restoring economic and social stability in Europe could not be solved cheaply or quickly—nor by separate national efforts. What was required was a sustained cooperative undertaking. The groundwork for this was laid in an address in June 1947, by Secretary of State Marshall. He said that if the nations of Europe would come together and prepare a plan of self-help and mutual aid, the United States was prepared to provide the critical margin

needed for a successful recovery program. He specifically stated: "It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health in the world, without which there can be no political stability and no assured peace. Our policy is directed not against any country or doctrine, but against hunger, poverty, desperation, and chaos." That meant—among other things—that if the Soviet Union were prepared to enter into a cooperative international program of economic recovery, the United States would help in that endeavor.

This put Soviet policy to the test, and it soon became clear what the real Soviet intentions were with respect to Western Europe. When the then Foreign Ministers of the United Kingdom and France issued invitations to all of the governments of Europe to meet and discuss the implications of this American proposal, Mr. Molotov came to the conference, denounced the whole idea, and walked out to set up the Cominform which promptly set out to sabotage the recovery of Western Europe. The Soviet-dominated nations of Eastern Europe were forbidden by the Kremlin to participate in the European Recovery Program, but 18 nations enthusiastically went ahead with this unprecedented international venture. By spring of 1948 the Congress had enacted the Economic Cooperation Act which got the Program under way and a scant 2 years later, these things had happened:

- ▶ The industrial production of Western Europe had greatly exceeded prewar levels, and agricultural production had almost recovered.

- ▶ The dollar deficit in the balance of payments of all the 18 countries participating in the recovery program had been reduced from \$7 billion in 1947 to less than \$2 billion in 1950.

- ▶ Trade among the participating countries had more than doubled.

- ▶ With the exception of Italy, Germany, and Belgium there was virtually full employment.

- ▶ Rationing of almost all consumer items had been abolished and recourse to black markets for the necessities of life had been virtually eliminated.

Relative industrial peace had been established.

Measured by all indexes—parliamentary strength, party membership, membership in communist trade unions, circulation of party newspapers, et cetera—communist strength in Western Europe was on the wane.

The Organization for European Economic Cooperation was providing general direction to the recovery program on a basis of unprecedented international cooperation; Belgium, the Netherlands, and Luxembourg were forging an economic union; the Council of Europe had been established; and the idea of European unification was gaining ground.

The principle of common defense of the West was accepted and the first great organizational steps were taken. In 1948, the United Kingdom, France, Belgium, the Netherlands, and Luxembourg concluded a defense treaty and established central headquarters in France. In April 1949, the North Atlantic Treaty Organization had been established linking together the greatest potential aggregation of military power, industrial strength, and human skills ever brought together in a common enterprise. Shortly thereafter, the Congress enacted the Mutual Defense Assistance Act to contribute to a moderate increase in the military defenses of the free world.

The statistical story of physical recovery during the first two years of the European Recovery Program was deeply impressive. But more important than exact quantitative measurements was the reversal of trends toward eco-

conomic deterioration, political weakness, and spiritual despair and the emergence of trends toward economic growth, political strength, and spiritual hope. By far the major part of this record was due to the efforts of the Europeans and the vitality and imagination of European statesmanship. The role of the United States was to supply the missing elements without which the Program could not be undertaken.

All this was accomplished in spite of every effort—diplomatic pressure, political intrigue, propaganda onslaught, and actual sabotage—on the part of the communist parties of Western Europe to wreck this Program.

In short, by 1950, the Kremlin's plot to take over Western Europe had been frustrated: the nations of Western Europe were still free, still democratic, and had new hopes and a new faith in the future. There was no longer any great likelihood that Western Europe would collapse internally and fall into the arms of the Kremlin.

Meanwhile China had fallen to the communists and the Nationalist Chinese had retreated to Formosa. The China Aid Program, conducted by the Economic Cooperation Administration, was continued in Formosa and, under special authorization, funds from that Program were used in other Far Eastern countries which were either subject to direct or indirect communist attack or were in economic difficulties. In addition, the Mutual Defense Assistance Act had made funds available to provide military equipment required by these countries to combat overt communist efforts to take them by force. Despite the serious impact on the economy of Formosa of the arrival of thousands of refugees, the Island was kept away from the communists and the first steps had been taken to relieve the impact upon its economy. This assistance, particularly to Indochina, began to have effect in building up strength to resist direct or indirect communist aggression. In short, the Kremlin's plot to take over all of Asia had been frustrated also.

By 1950 we were starting the next great step on the difficult course upon which we had embarked in 1947—the Point 4 Program to provide the technical assistance needed to lay the basis for economic and social progress in the underdeveloped areas of the world. Working directly with individual nations, and through the United Nations, we began the long process of attacking hunger, disease, and illiteracy. Programs began to take shape to bring scientific knowledge and modern techniques to the underdeveloped areas, mainly in the fields of agriculture, public health, and education.

Hope for a decent life had begun to dawn for tens of millions in the underdeveloped areas of the world.

But in the fall of 1949 the Soviet Union had produced its first successful atomic explosion. In the summer of 1950 came the Kremlin's decision to test the courage and the will of the free world by instigating aggression in Korea. These two events forced the United States and its allies to shift regrettably from a program which emphasized economic recovery to a program which emphasized urgent rearmament, especially in Europe. Rearmament on the scale undertaken after the Korean invasion could not even have been considered had it not been for the economic recovery and the restoration of hope and confidence that already had taken place.

Since 1950, our principal efforts in the Atlantic community of nations have been directed toward the establishment of military security.

And since then these things have happened :

▶ The first international military command in the peacetime history of the world has become a going concern.

▶ The NATO nations, originally 12 and now 14, have agreed on a common strategic plan for the common defense.

▶ These nations are building, together, balanced collective forces.

▶ Armed forces of the original NATO nations have more than doubled and to those have been added the powerful forces of Turkey and Greece.

▶ Intensive joint training exercises and war games have been carried out on land, sea, and in the air by the armed forces of many nations.

▶ The consultative machinery originally established under NATO has been transformed into a permanent working organization.

▶ While the nations of Western Europe and the Atlantic world are not yet secure against Soviet invasion, they have created and will continue to strengthen a powerful military deterrent to any aggression.

▶ At the same time there has been real progress toward the establishment of a Western European community of nations, including the Federal Republic of Germany. The Schuman Plan—one of the most imaginative acts of statesmanship in our times—has led to the establishment of a six-nation merger of coal and steel resources. The same six nations are considering ratification of a treaty to establish a common defense force with a common budget under supranational control; other projects are pending for economic integration; and work has been started on a draft constitution for political federation. There have been disappointments and set-backs; we face a number of difficult problems right now. But, over-all, the movement toward greater unity in Europe is still continuing.

In short, what began as international cooperation for economic recovery in Western Europe is growing into collective defense, economic integration, and political unity. This is one of the most hopeful—and essential—developments in our time.

All this has been accomplished despite every effort short of general war which the Kremlin could devise to stop us. It has been done, too, with conscious regard for the economic and social consequences of the diversion of resources from economically constructive purposes to the military program that has been forced upon us.

Since 1950 the United States—principally through the Mutual Security Program—has been helping many nations outside of Europe to strengthen their military security. We helped equip the armed forces of France and the Associated States of Indochina in their gallant and exhausting fight against communist insurrection; we helped supply the forces of the Philippines to put down the communist-inspired Huk rebellion; we concluded mutual defense treaties with Japan and with the Philippines; we completed a tripartite treaty with Australia and New Zealand for common defense of the South Pacific; we provided both military and economic assistance to the free Chinese on Formosa; we continued to help bolster Iranian defenses; and we are helping to supply our Latin American friends with military equipment in line with the Western Hemisphere defense alliance concluded in the Rio Pact.

The heavy emphasis we have placed on military preparedness in the past few years has been brought about because we have been confronted with a

military threat, because we and the other free nations considered it urgent to mobilize the military and industrial resources of the free world for mutual defense against this threat, and because the initiative in this imperative task clearly lay with the United States.

But we have not lost sight of the fact that the Soviet design for conquest counts on subversion as well as military aggression. In contrast to the false promises of food and better living conditions offered by the communists, we have joined with other peoples, particularly in the underdeveloped areas, in tangible cooperative programs that strike directly at hunger, disease, and illiteracy. We have aided and participated in basic economic development projects in many parts of the world. Technical assistance programs are now under way in 41 countries and also in many overseas territories of European nations.

These programs of technical assistance would be vitally important quite apart from the existence of the communist conspiracy. Our basic desire is to help other people to help themselves build decent conditions of life in which they can find political and social security. When we strike against the enemies of mankind—poverty, illiteracy, hunger, and disease—we work for freedom also; when we build the conditions in which freedom can flourish we destroy the conditions under which totalitarianism can grow. Moreover, the resulting increase in production and trade help, in turn, not only the underdeveloped countries but also the United States and the whole free world.

The present Mutual Security Program has grown, by evolutionary steps, from our first postwar efforts to bring relief from the destruction of World War II. Today it combines our major efforts to win a global struggle against totalitarianism and misery.

It is appropriate and desirable for the new Administration and the Congress to review the Mutual Security Program. Any program that occupies such a central part of our foreign policy structure, that requires such a large investment of our resources, that affects so many people in so many ways, should be so reviewed as a matter of course.

The rapid pace of events would itself require a reevaluation at this time to determine the appropriateness of the timing, the scope, and the emphasis of the Mutual Security Program. Without seeking to influence such a review, it may be helpful to the new Administration and the Congress to indicate what appear to me to be several basic considerations to be taken into account.

We know that the men now in the Kremlin are the center of a vast conspiracy whose inexorable purpose is to blot out human freedoms throughout the world because those who direct this conspiracy deny the worth of the individual human being and despise the concept of human dignity. It is clear that the threat directed against us is simultaneously military, economic, political, and psychological; that it might move more aggressively with any or several of these weapons in any number of places at any time; and that a prime objective of current Soviet strategy is to split the free world and especially to destroy the unity of the western alliance, that it may divide and conquer.

Clearly we cannot undertake to do all of the things that we should like to do to meet and overcome this threat everywhere and simultaneously. In the end certain choices have to be made—hard choices based on the best judgment we can bring to bear—as to how we shall allocate our great but not unlimited resources between use at home and use abroad, between use in various areas of the world, and between various types of programs designed

primarily to strengthen our defenses, strengthen the free-world economies, or strengthen the political and social forces that are working generally for the preservation and extension of freedom.

We must face the existence of a major military threat and the consequent economic burdens of rearmament and yet we must also continue to strengthen our economies and to help build sound political and social institutions upon which free societies rest; we must honor our military commitments in the Far East and recognize the military problems in other parts of the world and yet we must also persevere in our pursuit of military security in the North Atlantic area; we must be prepared to cope with unpredictable crises and yet we must design and administer our programs with a view to the long pull ahead.

There is no longer any responsible body of opinion in the United States that questions the rightness of the concept of mutual security in the free world nor of the need for American leadership and the investment of American resources in this common enterprise. The questions that arise concern mainly the relationship of the Mutual Security Program to our over-all political, military, and economic policies; the magnitude of the Program; the proper balance between military, economic, and technical assistance that should apply within the Program; the proper emphasis of effort by geographic area; and choices involved between the relatively short-term results and the relatively long-term results that we are seeking.

There are three aspects of these difficult problems which I think should be given particular attention:

1. The Mutual Security Program must be viewed within the framework of foreign and national security policy as a whole and tailored so as to provide the maximum support to that policy. This requires a grasp of complex interrelationships. We must understand that the requirements of our own armed forces have to be related to the requirements of the armed forces of our friends and allies, based upon a recognition that the security of the United States depends upon strong military defenses beyond our shores. We must recognize that the need for assistance has to be tied to achievement of stated foreign policy objectives—for example, the ability of France to sustain the military burden of war in Indochina directly affects her position in the North Atlantic Alliance and the progress of the European Defense Community. We must realize that the development of strong economic and social institutions in the free world is dependent upon increased productivity and economic growth in the underdeveloped areas. In particular, we must appreciate the relationship between our foreign economic policies and our domestic economic policies which are, in fact, so closely interrelated as to be, for most practical purposes, inseparable. Fluctuations in the general level of business activity in this country can have a profound impact on the economies of other nations: the continued expansion of our own industrial economy depends directly upon increased production abroad of essential raw materials; the role of United States private investment abroad and United States public loan policies affect the ability of other countries to develop and become independent of United States aid; our tariff policies and customs procedures have a great deal to do with the ability of other nations to earn their own way in the dollar markets. All these factors act and react on each other. If we are to make the greatest possible progress and the most effective

use of our resources, all of our policies and programs—foreign and domestic—must be internally consistent and must mutually support each other.

2. Programs to help build collective strength in the free world can no longer be considered as emergency measures, but as essential to the security of the United States in the cold war struggle which may be with us for a long time. We have a great stake in maintaining strong economies and strong defenses among the nations of the free world and for some time to come this will require assistance on the part of the United States. As for the underdeveloped areas of the free world, economic development and technical assistance programs are long-range by nature.

The time has come to stop thinking about mutual defense and foreign economic programs as stopgap measures and to think about them as activities which for the sake of our own security require considerable forward planning. I do not mean to suggest that grants from this Government should continue indefinitely. But so long as there is need for any aid, there will also be need for careful planning on a longer and more consistent basis than has been provided by our traditional process of annual appropriations. We must work out measures which will enable longer range planning than is now possible, without impairing the proper responsibilities of the Congress for appropriating funds and overseeing their expenditure.

We must all realize that the Mutual Security Program is a joint endeavor requiring substantial contributions by each and every partner, because the program is directed at objectives in which all participants have a large common interest. For our sake and for our partners' sake, it will be desirable to develop a longer range approach than the one-year review and renewal of our programs which has been the practice since the end of the Marshall Plan.

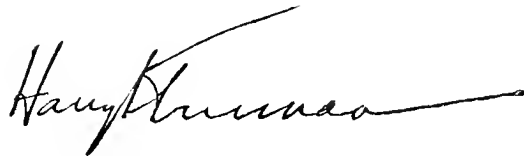
3. We need to examine anew our programs in the underdeveloped areas. It has become increasingly clear that the steady but slow contributions from technical assistance must be complemented, in one form or another, by capital development. Funds are needed to help the underdeveloped countries build such key facilities as dams, power plants, and transport, and to increase the production of basic commodities—raw materials and food—which are essential to the achievement of an expanding free-world economy, including our own.

There are several other aspects of the Mutual Security Program that warrant study and possible adjustment. For example, we need to find methods to expedite delivery of end-item military equipment and to achieve the optimum volume of offshore procurement. Naturally, the essential requirements of Korea and other active combat areas must first be satisfied. But, beyond this, in allocating military equipment, we must hold to the principle that those who may be called upon to fight first should be adequately equipped first. The armed forces of our allies in Europe and in critical areas in other parts of the world are manning the frontiers of freedom. We will be sacrificing a substantial measure of our own security if we do not see to it that these forces are speedily and adequately equipped.

With respect to offshore procurement, we need to recognize that the development of a production base abroad is essential if the free world is to have the necessary equipment and supplies should war come and if our friends and allies are to be in a position ultimately to assume responsibility for their own defense. Mutual security funds must be so directed as to assure achievement of this basic security objective.

We need to keep constantly in mind the crucial fact that the end objective of mutual security arrangements is the preservation and strengthening of free-world unity. The essential unity of aims and major policies of the western alliance is so steadfast that we can afford to disagree over details and methods. This, in fact, is the basic strength of a democratic relationship—that we each have views and express them—and then work out our differences. But we must be forever alert to the certain efforts that will be made by the Kremlin to seize these differences and exploit them as issues, to convince our friends and allies that they have lost their independence and that the United States is using the lever of “aid” to coerce its allies into following policies and programs unilaterally laid down in Washington. The donor-recipient relationship—the suggestion of charity—implicit in the term “foreign aid” is psychologically unhealthy. It is well known that this has caused increasing anxiety on the part of some of our allies. We may regard this as a welcome sign of independence and vitality on the part of people who rightly resent any suggestion of United States dominance over their own affairs. The term “foreign aid” is obsolete, unsound and unworthy as a conceptual basis for the great ventures in international partnership upon which we are engaged. As partners in a free association of independent nations we have grown in strength and unity. As such—but only as such—can we find together still greater strength and greater unity.

It has been our conscious purpose to maintain a high degree of flexibility in the Mutual Security Program. Such flexibility implies the need for continuing review and reevaluation by both the Congress and the Executive Branch. I am pleased and proud that as I leave office the Mutual Security Program is a going concern with a record of splendid accomplishment. The great forward strides toward collective defense, toward economic progress, and toward free world unity that have taken place under the Mutual Security Program will stand out as dramatic and historic accomplishments in the twentieth century struggle for peace and decency for mankind.

A handwritten signature in cursive script, reading "Harry Truman". The signature is written in dark ink and is positioned to the right of the typed name.

THE WHITE HOUSE.

January 16, 1953.

The Mutual Security Program During the Last Six Months of 1952

Europe

The Defense Build-up in Europe

THE 12 nations of Europe who are associated together with the United States and Canada in the North Atlantic Treaty Organization (NATO) continued—during the second half of 1952—their steady progress in creating military, economic, and political strength.

During December 1952, Cabinet members of all the NATO nations attended a meeting in Paris of the North Atlantic Council in order to review this progress. The United States was represented by the Secretaries of State, Treasury, Defense, and the Director for Mutual Security. The meeting received reports from the NATO Military Committee; from the Secretary General of NATO, Lord Ismay; from the Supreme Allied Commander of Europe, Gen. Matthew B. Ridgway; and from the Supreme Allied Commander of the Atlantic, Admiral Lynde McCormick. It also received a first report on the 1952 Annual Review.

The military build-up in Europe during the past few months must be measured against the goals agreed to at Lisbon in February 1952. The goals for the 1952 build-up of NATO forces, excluding Greece and Turkey, were 25 active divisions and 25 reserve divisions, 4,000 aircraft, and naval forces of about 1,600 vessels. The progress reports submitted to the North Atlantic Council showed that, as a result of greater defense burdens undertaken by all NATO members, and as a result of an increasing contribution by the United States in the actual delivery of military equipment, the ambitious goals set in February had been nearly reached by the end of December 1952.

Among the ground forces, the 25 divisions scheduled to be on active-duty status were largely up to the required standards; the bulk of the deficiencies are therefore found mostly in the strength—of men and equipment—of the reserve divisions.

Insofar as air forces are concerned, the Lisbon goal of 4,000 available aircraft was nearly met by December. Flight training and ground-support organization lagged slightly behind aircraft availability.

The naval goals were considered met.

Despite unforeseen difficulties, the 1952 force goals, which were established purposely on optimistic assumptions at Lisbon, were largely realized. The principal problem in completing the 1952 task is bringing the reserve ground divisions up to strength.

The December meeting of the North Atlantic Council reviewed not only the status of forces reached at the end of 1952 but also the progress made to date on developing plans for 1953. Firm force goals for 1953 will be established at a subsequent Council meeting in the spring of 1953, at which time the results of the 1952 Annual Review will be considered.

Infrastructure

During the calendar year 1952 much progress was made in developing certain fixed military facilities such as headquarters, airfields, and communications networks, which are needed for effective defense and which are used jointly by the integrated combat forces. The United States participates with other NATO nations in financing the cost of these common facilities which are called “infrastructure.”

The infrastructure program was started in 1950 by five nations in Western Europe: Belgium, France, Luxembourg, the Netherlands, and the United Kingdom. They contributed \$92 million to what has become known as the First Slice of common infrastructure. In September 1951 the United States and Canada joined the European nations in a \$221 million program for the Second Slice. Since then Italy, Denmark, and Norway have joined in the program and at Lisbon, in February 1952, the 10 participating countries agreed to a Third Slice program amounting to \$425.6 million.

The Fourth Slice program calls for an expenditure of \$473 million, of which an installment of \$229.6 million was authorized for financing at the December 1952 North Atlantic Council meeting in Paris.

Airfields have received top priority in the infrastructure programs to date, along with the necessary communications facilities, and more recently jet fuel storage and distribution facilities. Of the more than 100 airfields approved for construction in seven NATO countries and in Western Germany, a very large percent are completed or under construction. The remaining fields are in the planning-and-survey stage. The runways and taxiways are being built to handle the latest jet planes.

European Defense Expenditures

During the last half of the calendar year 1952 the total defense expenditures of the European NATO nations continued to rise. For the fiscal year which ended June 30, 1952, the total defense expenditures of these countries amounted to over \$9 billion. However, expenditures in the final months of the fiscal year were approximately one-fourth greater than expenditures in the beginning of the year. In view of the rise in expenditures which has already taken place, and the further increases expected during the coming months, the total for European defense expenditures during the fiscal year 1953 will be substantially over \$10 billion.

These figures do not include support costs contributed by the Federal Republic of Germany. If the treaty creating the European Defense Community (EDC) is ratified, the German contribution will represent a substantial addition, in the years ahead, to the European defense expenditures.

Although all categories of defense expenditures will increase in fiscal year 1953, there will probably be a faster-than-average rise for military construction and major matériel. This is due partly to the fact that contracts which had been entered into early in the defense program are now resulting in increased deliveries of "long-lead time" items, that is items which require a long time for manufacturing and hence a long interval between the time when contracts are let and the time when deliveries take place. Military construction is also being stepped up.

The United Kingdom accounts for the largest single share of European defense expenditures (over 40 percent) and by far the largest portion of the major procurement and production of military equipment. France is a close second in total expenditure and, in addition, the second largest producer of equipment. These two countries together account for about three-fourths of the total defense expenditures among the European NATO countries, and account for an even larger share of the total production of equipment.

In most of the NATO countries the level of defense production, especially the production of "hardware" items continues to reflect the increased production capacity which has been made possible by the United States aid through the Mutual Security Agency,¹ and, more recently, through production resulting from the offshore procurement program.²

Delivery of Military Equipment

The major part of the funds appropriated by the Congress for the Mutual Security Program in Europe is for military assistance. From the start of the military assistance program in 1949 through the end of November 1952, funds allocated to the Department of Defense for military assistance to Europe totaled \$11.2 billion. The equipment for the military assistance program is procured from both domestic and foreign sources. The total value of shipments by the United States to the Western European countries (from the beginning of the military assistance program through the end of November 1952) amounted to over \$2.6 billion, of which over \$800 million was shipped during the 5 months ended November 30, 1952.

¹ See page 5.

² See page 3.

During the last 6 months of 1952 there was a substantial upward trend in the rate of shipments. The increase is a reflection not only of increasing availability of military equipment from United States production lines, but is in addition, a reflection of the allocations policy established by the President in January 1952. At that time the President directed that allocations of military equipment, after the requirements of Korea and other active battle areas had been met, be made by the Department of Defense in a way which would assure the adequate equipping of the United States forces in Europe, of NATO forces, and the forces of other allies which in case of war would be the first to be engaged.

Although shipments during the 6 months under review were made at a rate considerably above that for previous periods, an even higher rate of shipments will have to be obtained during the next 6 months if the targets for the fiscal year ending June 1953 are to be met. However, deliveries of certain items, especially tanks and jet aircraft, are taking place on an impressive scale. In some instances, deliveries of equipment have had to be held up temporarily because of lack of facilities in Europe to receive and utilize available items.

Because of security regulations, it is not possible to publish in detail military aid shipments to a single country or to a single geographic area. However, on a global basis, major items shipped (from the beginning of military assistance through November 1952) included:

Army:	
Radios and radar-----	36, 600
Tanks and combat vehicles-----	18, 664
Motor transport vehicles-----	98, 689
Small arms and machine guns-----	1, 407, 213
Artillery-----	20, 095
Ammunition:	
Small arms and machine guns	
(rounds)-----	496, 069, 000
Artillery (rounds)-----	10, 937, 000
Navy:	
Vessels-----	441
Aircraft-----	481
Air Force:	
Aircraft-----	2, 311

Offshore Procurement

To help meet the need for equipment for the European NATO forces and to assist the European NATO nations in developing or maintaining an adequate production base for military supplies

and equipment, the program of offshore procurement which was under way during the first 6 months of 1952 was scheduled to be increased substantially during the next 12 months. As of June 30, 1952, a total of \$620 million worth of Mutual Security Program funds had been earmarked to pay for contracts placed in Europe under the offshore procurement program.

Between June and December 1952 an additional \$130 million worth of such contracts were placed: \$40 million in Italy—for naval vessels; \$90 million in England—for Centurion tanks and related ammunition. It is expected that during the year ending in June 1953 offshore procurement contracts amounting to \$1 billion will be placed in Europe.

Over \$200 million of Mutual Security Program funds are to be used in a joint \$400 million program—financed by the United States and certain countries of Western Europe—for the production of interceptor aircraft in Belgium, France, Italy, the Netherlands, and the United Kingdom. An even larger amount will be used for the procurement of ammunition in Europe. This will have the result not only of providing part of the initial stocks of ammunition which are needed under the program of United States military assistance to the European defense build-up, but also of substantially enlarging the base for producing ammunition in Europe. This will help to provide a greater degree of self-sufficiency.

NATO Maneuvers

During the last 6 months of 1952 an extensive series of training exercises and joint maneuvers by the NATO armed forces were held. In these operations, experience was gained by the various commanders in the preparation and execution of plans and in logistic support of field operations.

The most publicized joint exercise was held in September 1952 and was known as Operation "MAINBRACE." This was a joint naval operation in the North Atlantic under the direction of Admiral Lynde McCormick, Supreme Allied Commander, Atlantic. A similar naval maneuver known as Operation "LONGSTEP," was held in the Mediterranean during November 1952. This operation, in which Greek and Turkish forces participated, was under the command of Admiral Robert B. Carney.

Four ground maneuvers were held during September.

Operation "BLUE ALLIANCE," an air maneuver in which many nations participated, was also held during September.

The ability to carry out such joint maneuvers is a good measure of progress in building up the defense in Western Europe. The success of such operations depends not only upon the availability of armed forces and equipment but also upon a central command structure and workable systems of communications, transportation, and supply. Practically none of these latter essentials existed 2 years ago.

European Economic Developments

In 1952, for the first time since 1945, Western European over-all industrial production failed to rise above the previous year. The continued rise in the output of heavy industry was offset by the decline in consumer goods. The over-all index averaged about the same as the record output in 1951. While industrial production in the second and third quarters of 1952 was somewhat lower than in the corresponding periods of 1951, output in the final quarter was again higher.

The year 1952 represents a period of consolidation and internal adjustment in contrast to the rapid expansion which characterized the earlier phases of the post-Korean boom. Indeed, this earlier phase was not without its draw-backs. The inflation suffered by many Western European countries after June 1950 injected considerable distortion into the economies of Western Europe—especially in their external financial position—which required much subsequent correction. It appears that the reaction to the post-Korean buying has about completed its course, thus permitting a resumption of post-World War II economic growth on a more stable foundation. The European nations have adopted as a broad objective the expansion of industrial production by 25 percent during the 5 years ending in 1956. European military and political strength depend in large measure upon substantial progress over the next few years toward this goal.

Agricultural production during the crop year 1951-52 showed an increase of 3 percent over the previous year, reaching a level 13 percent higher than prewar. Further gains are expected in 1952-53. Only in Austria has the total output

failed to reach or surpass prewar figures. Production of bread grains and coarse grains was higher than the year before, while output of fats and oils rose substantially. Sugar and potato production were materially higher than prewar.

While total agricultural production increased, the population also increased; there were at least 2 million more people to feed than the year before. As a result, per capita production showed only a 2-percent gain over 1950-51 and just about equalled the prewar average.

Despite these over-all gains, Western Europe is still dependent on the rest of the world for 30 percent of its food needs. Improved productivity and higher output are therefore essential. Accordingly, the Organization for European Economic Cooperation has raised its output goal to 25-30 percent over prewar for the 1956-57 crop year.

Wholesale prices were generally lower at the end of 1952 than at the beginning of the year. Cost-of-living indexes at the end of 1952 were about the same as at the beginning of the year or somewhat higher.

The Dollar Gap.—The problem of the dollar gap remains, especially for the United Kingdom. During the 12 months ended June 30, 1952, the United Kingdom lost more than \$2 billion from her gold and dollar reserves. The rate of loss slowed down during the first 6 months of 1952 and since June—with some assistance in the form of raw materials, machinery, and other commodities provided by the Mutual Security Agency, and as a result of strict control of imports—payments have been in balance.

At the end of December, Britain's gold and dollar reserves totaled about \$1.9 billion. In view of the wide and sudden swings which can and have occurred in the balance of payments position of Britain—the United Kingdom being extremely sensitive to economic changes all over the globe—this level of reserves is not considered satisfactory or even safe.

The United States provision of defense support assistance to Britain was of substantial help in maintaining British defense industries which, in the absence of this support, would have lacked raw materials or would have been devoted to the production of export goods which could be sold in order for Britain to buy essential imports of food and raw materials.

The ministers of the 18-nation Organization for European Economic Cooperation, meeting in Paris a few days prior to the NATO meeting, emphasized their view that the dollar problem remained at the center of European economic difficulties. The "OEEC Fourth Report" adopted by the ministers recognized that this problem should be solved by "trade, not aid," and that this solution will require major European efforts in achieving internal financial stability and in increasing productivity and trade liberalization. This report, though recognizing that the main responsibility for solving the dollar problem rested with Europe, pointed out that United States cooperation will be essential if other countries are to earn the dollars they need through trade and commerce. The OEEC countries pointed to United States foreign investment and trade policy as areas where American cooperation was particularly important. The European ministers noted that basic objectives on both sides of the Atlantic must not be sacrificed in the effort to close the dollar gap, and that no panacea can be accepted which entails lack of economic progress, large unemployment, inadequate defense, or living standards so low as to threaten social stability.

Defense Support

During the last 6 months of 1952, the Mutual Security Agency allotted \$541 million and authorized the procurement of \$447 million worth of commodities and services for defense support to Western Europe (including economic aid to Austria). The total value of paid shipments during this period was \$708 million, of which a large part represented deliveries against authorizations issued prior to the current fiscal year. The United Kingdom and France received about 75 percent of the aid authorized.

Defense support, mostly in the form of raw materials, food, fuel, and machinery and equipment, made it possible for the Western European nations to devote a greater share of their production facilities to defense than would have been possible otherwise. Aid furnished by the United States largely represents the difference between what the European nations need from the dollar areas to keep their defense economies growing and what they can pay for in dollars without diverting manpower and industrial resources from their defense

build-up in an effort to earn additional dollars through increased exports.

Counterpart Funds ³

The European countries receiving defense support assistance under the Mutual Security Program deposited in their special counterpart funds accounts the equivalent of \$611 million in the 5 months ended November 30, 1952.

The Mutual Security Act of 1952 requires that, except as otherwise specifically authorized by law, counterpart funds may be used only for programs to carry out purposes for which United States funds authorized by the Act would be available—that is, primarily for military assistance and defense support.

Since July 1, 1952, the Mutual Security Agency has approved the withdrawal of the equivalent of \$495 million in counterpart funds. The bulk of these releases—approximately 56 percent of the total—was approved for the construction of military installations and for the production and procurement of matériel for the armed forces. Since the approval of the Mutual Security Act of 1951, over \$800 million of counterpart funds has been released in Western Europe for expansion of military programs. In addition to direct military uses, counterpart funds were channeled into defense supporting industries and other uses.

The Mutual Security Act of 1952 revised the proportion of counterpart funds to be reserved for use by the United States so that not less than 10 percent of the counterpart deposited on or after June 20, 1952, would be available for use by the United States. Between July 1 and November 30, 1952, the equivalent of \$35 million was set aside for this purpose.

European Integration

In the Mutual Security Act of 1952 the Congress restated "its belief in the necessity of further vigorous efforts" in the progress toward "political federation, military integration, and economic unification in Europe." The Congress also directed that the Mutual Security Program should be "so administered as to support concrete measures" toward these ends.

³ For a description of counterpart fund operations see the *Second Report to Congress on the Mutual Security Program*, pp. 11-12.

On July 25, 1952, the Schuman Plan for a European Coal and Steel Community went into effect. Joining together are the coal and steel industries of six nations (France, Western Germany, Belgium, Luxembourg, the Netherlands, and Italy) into a single competitive market. The European Coal and Steel Community's High Authority met for the first time in Luxembourg on August 10, 1952, and turned its attention initially to the organization of its own staff. The High Authority was scheduled to make its first report to the Coal and Steel Assembly on January 10, 1953. It has set up several commissions to develop specific recommendations on problems confronting the new organization.

In September 1952 a subcommittee of the Schuman Plan Assembly was established in Strasbourg to undertake the preparation of a draft constitution for a proposed European Political Community. This action was the result of a proposal made at the May 1952 session of the Council of Europe Assembly which had recommended that the drafting of such a constitution be undertaken immediately, either by the Schuman Plan Assembly, or by members of the Council of Europe Assembly. The draft constitution is expected to be completed early in 1953.

Vigorous debate has taken place in Europe concerning ratification of the Treaty to create the European Defense Community with its six-nation European Defense Forces to include forces from France, Germany, Italy, Belgium, the Netherlands, and Luxembourg. The Defense Community, which, if approved by the respective parliaments, would unify the armed forces of six nations and provide a central source for the procurement of military equipment for those nations, represents an unprecedented step in international relations and provides framework for the Federal Republic of Germany to contribute to the defense of Western Europe.

The Treaty for the European Defense Community provides that the Community itself, rather than the individual member nations, may receive military equipment provided through assistance by other nations. The Mutual Security Act specifically provides that military assistance may be furnished by the United States to the European Defense Community. If the Treaty is ratified, the United States could transfer guns, tanks,

planes, and other military items through the European Defense Community.

The armed forces of the member nations, including the forces to be contributed by the Federal Republic of Germany, will be under the direction of the Supreme Allied Commander, Europe.

Special Programs

Austria

The continued occupation of Austria and the drain on Austrian resources by the Soviet authorities in Austria has prevented the achievement of full economic recovery. In order to maintain the economic independence of Austria and to assist in progress toward further recovery, the United States is continuing to make economic aid available.

During the 6 months ended December 31, 1952, the United States allotted \$35 million to Austria, mainly for the importation of foodstuffs, fuel, and machinery. Additional aid will be made available under the so-called Moody Program.⁴ The counterpart of the "Moody funds" will be used for assistance to an Austrian productivity center and for productivity loans to Austrian industry. These counterpart funds will be used by the Austrian Government to help reduce the effect of restrictive business practices and to ensure that the benefits of increased productivity are shared between management, labor, and the consumers.

Spain

Congress has authorized that \$125 million of aid be made available for military, economic, and technical assistance to Spain (in addition to the previously authorized \$62.5 million loan program which has been entirely committed)—\$100 million under the Mutual Security Appropriations Act of 1952, and \$25 million under the Supplemental Appropriations Act of 1953. Negotiations between the United States and Spain have been in progress for several months and now appear to be reaching a successful conclusion. Developments during the last months raise hopes that the three agreements—with respect to the construction of air and naval bases in Spain, the provision of economic and technical assistance, and the pro-

⁴ See page 7, "Encouragement of Free Enterprise."

vision of military assistance—will be completed and signed early in the calendar year 1953, and that the assistance made possible by Congress may be made available to Spain at an early date.

Yugoslavia

In 1952 the Second Tripartite Conference on aid to Yugoslavia was held in Washington, D. C. It was attended by representatives of the United States, France, and the United Kingdom. As a result of agreements reached during this conference, these three governments are continuing, for the year ending in June 1953, a program of tripartite assistance to Yugoslavia. It will amount to \$99 million, of which \$78 million is being provided by the United States. In addition, the United States is continuing to provide large amounts of military assistance to help equip the Yugoslav armed forces.

Our interest in Yugoslavia is based primarily on defense considerations. The maintenance of Yugoslavia's capacity to resist aggression involves the provision of military and economic assistance, not only to help equip the Yugoslav armed forces but also to offset the economic effects of the disruption of relations between Yugoslavia and the Soviet bloc and to prevent weakening of the Yugoslav economy and deterioration of the civilian morale. Unfortunately, the need for economic aid was aggravated by a severe drought that occurred in the summer and fall of 1952. This sharply reduced domestic output of foodstuffs and made large food imports necessary. Allotments of economic aid to Yugoslavia amounted to \$50 million during the 6 months ended December 31, 1952.

Encouragement of Free Enterprise

To encourage competition of business enterprise, a higher rate of productivity in European industry and agriculture, and the strengthening of free labor unions in Europe, the Mutual Security Act of 1952⁵ provides that not less than \$100 million of local currency counterpart funds shall be used to stimulate "free enterprise and the expansion of the economies of those countries with equitable sharing of the benefits of increased production and productivity between consumers, workers, and owners."

⁵ Section 9 (sec. 115 (k) of the Economic Cooperation Act of 1948, as amended), the Moody amendment.

By December 1952 negotiations to set up special programs and funds to achieve these objectives had reached an advanced stage in 11 European countries. The largest programs were being developed in France, Italy, Germany, and Austria; smaller programs were under discussion with the United Kingdom, Norway, Denmark, the Netherlands, Belgium, Greece, and Turkey.

The two principal industrial objectives of these programs will be (1) higher productivity, i. e., greater output per man-hour through better product design, better plant layout, better management organization, and better production techniques; and (2) lower sales prices of finished products. Emphasis will be placed on the concept of expanding production and enlarging competitive markets, upon the elimination of restrictive marketing and labor practices, and on the participation of consumers and workers in sharing—in the form of lower prices and higher wages—the benefits of expanding production.

In most countries funds will be used, on a loan basis, to finance the adoption of new techniques and new designs. A sizable part of the funds will be used for the direct provision of technical assistance, research, education and demonstration. Such funds will be made available on an individual plant basis and will be administered by appropriate institutions of a semigovernmental nature, with the participation of business and labor groups.

The actual expenditure of funds probably will take place mainly in the latter part of this fiscal year and in the coming fiscal year, because of the careful preparations that must be made in establishing the appropriate institutions and in negotiating and developing the specific programs at the plant level.

The new programs and related activities are being carefully planned to merge with the already existing technical assistance programs which laid the groundwork for the more aggressive productivity effort which is now under way.

Escapee Program

A beginning has been made in all major European countries of asylum on the problem of affording escapees from the Iron Curtain better opportunities for resettlement and a higher standard of interim care. Firm contractual relation-

ships have been entered into with the several voluntary agencies cooperating in the local implementation of the program, complementing the transportation arrangements with the Migration Committee.

Some 2,600 escapees had been resettled overseas or were awaiting departure by December 31, 1952. A number of projects have been undertaken to facilitate movement of escapees, such as aid in obtaining visas and supporting documents, counseling, and assistance in developing training. As these intensive efforts on an individual basis reach full potential, it is expected that the number of departures will increase substantially.

Supplemental care projects have been initiated to improve conditions of reception, and to furnish additional food, clothing, medical and dental care, and other supplies and services for escapees awaiting resettlement. It is estimated that over 9,000 escapees are receiving direct assistance from this activity, and many more are benefited indirectly through the improvement of common-use facilities such as living quarters and health and sanitation installations.

Of the original allocation of \$4.3 million authorized by the President at the inception of the program on March 22, 1952, approximately \$2.8 million was available for carry-over to fiscal year 1953. In addition, nearly \$2 million in foreign currencies has been made available for program activity.

Dependent Overseas Territories

The dependencies of the European nations comprise over 75 territories with a total population of about 173 million people. The largest such dependent overseas territories are in Africa and these, together with Malaya and the dependencies in the Caribbean area, are of considerable strategic, economic, and political importance to Europe, the United States, and the rest of the free world. These territories, particularly those in Africa, possess extensive undeveloped resources of the raw materials and food which are essential to the defense program of the free world and to expanded civilian output. These territories already make a substantial contribution of raw materials and foodstuffs and are prevented from making a greater contribution by the lack of certain resources, particularly those of adequate financing and trained manpower. The Mutual Security Agency has contributed to the overseas development programs of the European metropolitan countries both indirectly by assistance to the metropolises and directly by the technical assistance program that has been carried on in the dependent overseas territories since 1949. Additional assistance in financing development of the overseas territories is provided as part of the basic materials program.⁶

⁶ See page 14.

The Near East and Africa

In the Near East and Africa, 12 nations received aid from the United States through the Mutual Security Program during the last 6 months of 1952: Greece, Turkey, Iran, the Arab States (Egypt, Iraq, Jordan, Lebanon, Saudi-Arabia), Ethiopia, Liberia, Libya, and Israel.

Military assistance was supplied to Greece, Turkey, and Iran. By virtue of their membership in the Organization for European Economic Cooperation, and more recently in the North Atlantic Treaty Organization, Greece and Turkey receive defense support assistance as a part of the European program. The other countries in the area, including Iran, receive assistance under the Point 4 Program, which is aimed at raising the levels of food production, education, health, and other

services basic to sound economic and political development.

Although the objectives of Point 4 are of a long-range nature, and are not achieved by projects designed to produce immediate and dramatic effects, considerable progress has been made in the Near East during the period of this report. Except for Liberia, which has received United States assistance for many years, the concept of Point 4 was still new to the states in this area at the start of 1952, and it has taken time to overcome ingrained traditions, and suspicions of foreign participation in the affairs of the countries concerned. Considering the difficult political and economic conditions which existed in many states of the area, progress to date has been truly re-

markable. In each country, particular emphasis has been placed on those projects which will work to the benefit of the greatest number of people.

In Jordan, Cooperative Services, along the lines of the *Servicios* which have been the foundation of the success of Point 4 in Latin America, have been set up in all major fields of program activity. In this country, with a population swollen by hundreds of thousands of refugees from Palestine, efforts are being made to make maximum beneficial use of every drop of a critically scarce supply of water. This involves the development of ground water possibilities, the improvement of water conservation and distribution practices, and the construction of storage facilities. Through Point 4, funds are being made available for preliminary surveys on the use of water from the Yarmuk River, a tremendous potential source of water for both irrigation and power.

In Egypt, where 75 percent of the population is either directly or indirectly engaged in agriculture and 90 percent of the country's exports are of agricultural products, the Point 4 Program calls for assistance in establishing an effective extension service, developing credit facilities, improving grain storage and improving and diversifying the yield of agricultural products.

In Iran, despite an unsettled political situation, a continued impasse on the oil issue with the United Kingdom, a precarious financial situation, and a growing sentiment against foreign "intervention," the Point 4 Program has been moving forward with increasing momentum. Among the numerous projects successfully under way, probably the most outstanding is the assistance supplied by the Technical Cooperation Administration to the Shah's land distribution program. In cooperation with Iranian agencies and officials, as well as the Near East Foundation, the Technical Cooperation Administration is training supervisors to assist Iranian farmers in making a living from their newly acquired land. The project involves financial assistance to the new landowner so that he may buy seeds, livestock, and elementary farm equipment.

In all states in the area, primary emphasis is placed on agricultural and natural resource development, because in the long run the hope of the people in this area lies in their soil. At the same

time, attention is being given to education and public health projects which are particularly responsive to the needs of the people in the crowded urban areas.

Special Programs

The Palestine Refugee Program

The United States continued to give full support to the United Nations Relief and Works Agency (UNRWA) for Palestine Refugees in the Near East in that Agency's development of large-scale programs to help the refugees to become self-supporting and in its provision of food, shelter, and medical attention to more than 800,000 refugees on relief rolls.

The appropriation by the United States Congress of \$60,063,250 for Palestine refugee relief and rehabilitation under the Mutual Security Act of 1952, and the continuing support of many members of the United Nations, made it possible for UNRWA to negotiate additional programs to help prevent this mass of homeless people from threatening internal order and security in the countries in which they are situated, to carry out resettlement and development programs as rapidly as political and financial factors will permit, and to provide subsistence on a minimum basis pending the opening of economic opportunities for the refugees to become self-sustaining.

A recent agreement was concluded with Jordan, where about 450,000—or over one-half—of the refugee population is located, which provided for resettlement projects designed to take care of many thousands of refugee families. In addition to this, the United Nations Agency is now intensively studying a plan for harnessing and distributing the waters of the Yarmuk and Jordan Rivers, which could make possible the settlement of many thousand more families. Negotiations have also been going forward with the Syrian Government for a large-scale resettlement program, and the Syrian Government has already offered to grant large areas of state lands for refugee use. While the problems remained great, the good will and increasing cooperation throughout the area gave hope that further vigorous efforts by the United Nations Relief and Works Agency would result in freeing many more refugees from the precarious existence of living on relief.

Economic Aid to Israel

A special program of economic aid for the relief and resettlement of refugees coming into Israel was carried forward during the period under review. The aid program was made possible by an appropriation of \$70,228,000 by the Congress for this purpose, two-thirds of which had been expended or obligated by December 31, 1952.

To meet Israel's most pressing needs, roughly half the funds made available were used for the purchase of basic food requirements. Substantial additional sums were expended for fodder, seeds, fertilizers and veterinary drugs, for raw materials used in the manufacture of clothing and footwear,

for medical supplies and for fuels. Construction materials and equipment for the transport and fishing industries were also supplied, and it is hoped that increased emphasis can be placed on developmental projects, rather than relief needs, as the program progresses.

The Israeli Government has suffered from a chronic and critical foreign-exchange shortage, and every effort has been made to time the release of funds in a manner which would also provide maximum fiscal benefits. Intensive studies of Israel's financial problems were undertaken in connection with the economic aid program and the Israeli Government is now taking steps to adjust its economic activities to a level commensurate with its financial capabilities.

Asia and the Pacific

Twelve nations in the Asia and Pacific area received assistance from the United States under the Mutual Security Program. Four of these nations are in South Asia (India, Pakistan, Afghanistan, and Nepal), and eight are in Southeast Asia and the Far East (Cambodia, Laos and Vietnam—the Associated States of Indochina—Burma, Indonesia, the Philippines, the Republic of China on Formosa, and Thailand).⁷

Military assistance was supplied during the last half of 1952 to the Associated States of Indochina, the Republic of China on Formosa, the Philippines, and Thailand. Shipments of military equipment to these nations increased substantially during the period under review. This military equipment, plus advice and training provided by the United States Military Assistance Advisory Groups in these nations, is helping to develop capable defense forces.

Point 4 Programs were carried on by the Technical Cooperation Administration in the Department of State in the following countries: Burma, India, Indonesia, Pakistan, Afghanistan, and Nepal. Programs of economic and technical assistance were carried on by the Mutual Security Agency in the Associated States of Indochina, the

Philippines, the Republic of China on Formosa, and Thailand.

In India and Pakistan, ambitious projects for economic development are under way. On October 2, 1952, the Community Development Program in India was officially inaugurated with impressive ceremonies.⁸

The Indian Government has adopted a 5-year plan "to raise the standard of living of India's people and open to them opportunities for a richer and more varied life." The plan includes recommendations for industry and agriculture as well as recommendations for expanding programs of communication, health, and education.

Of special interest is the new attitude of the Government of India toward nationalization of industry and toward the investment of foreign capital in India. The first report on the 5-year plan, which was presented by Prime Minister Nehru on December 8, 1952, said that "nationalization of existing enterprises is of little advantage as most of the purposes in view can be served by judicial regulation." Furthermore, the Government of India has assured foreign investors that there will be no discrimination against them; it has extended facilities for the remittance of profits and repatriation of capital and

⁷ In Burma and Indonesia the Technical Cooperation Administration assumed on July 1, 1952, administrative responsibility for the United States technical assistance program as required by congressional action in the Mutual Security Act of 1952.

⁸ For a description of how the Community Development Program operates, see pp. 26-27 of *Second Report to Congress on the Mutual Security Program*.

has promised "fair and equitable" compensation should there be, in the future, nationalization of enterprises supported by foreign capital.

In Pakistan, the Point 4 Program has assisted the Government to carry on programs for village development, agriculture, control of disease, and the development of natural resources.

As a result of drought in Pakistan in the spring of 1952, an emergency need for food developed in the fall. In normal years Pakistan produces not only enough grain to feed its own population but also a small amount for export. However, this year Pakistan needed to import over 300,000 tons of wheat. To meet this need, \$15 million of Mutual Security Program funds were earmarked for a long-term loan to Pakistan. The Export-Import Bank handled the formal financial arrangements and the Technical Cooperation Administration was in charge of administering the wheat program.

The loan agreement with the Government of Pakistan was signed on September 17, 1952. About 150,000 tons of wheat will be shipped under this agreement. As of the middle of December, contracts had been signed for the entire quantity. The first shipment arrived in Pakistan on December 19, 1952.

During the period under review the Government of Afghanistan, with assistance from the Technical Cooperation Administration, set up an administrative authority modeled along Tennessee Valley Authority lines to develop the potentially rich Helmand Valley. This project, in which the Export-Import Bank and the Technical Cooperation Administration are participating jointly with the Afghan Government, is the core of Afghanistan's development program, calling for the creation of 20,000 kilowatts of electric power, and water for the irrigation and settlement of some 450,000 acres of land.

Seven agricultural technicians and one public health doctor supplied by the Technical Cooperation Administration were beginning work on education and training in Nepal and laying the groundwork for a village development program modeled along the lines being followed in India.

During September-October 1952 the Burmese Government sent an economic mission to the United States. The Burmese mission and United States officials concluded a program agreement involving the expenditure of \$6.5 million by the

United States and about the same amount of rupees by the Government of Burma for specific projects in the fields of agricultural extension and education, irrigation and flood control, forestry development, environmental sanitation, field health centers and hospital construction, education, engineering, and technical training.

In Indochina, the French Union continued to wage war against the Communist Viet Minh. Substantial military aid from the United States has played a major role in the campaigns against the Viet Minh. Economic and technical aid from the United States has helped to give the people of these war-torn lands confidence in their future well-being. In addition to direct assistance to the Indochinese States, United States assistance to France has indirectly helped the Indochinese in their bitter battle for freedom.

In the Philippines, American assistance through the Mutual Security Program has enabled the Philippine Government to build up the armed forces it needs to preserve internal security, and to establish conditions more favorable to economic development.

In these Islands there is emerging a pattern which may be applied to other areas in the world: the progression from grant aid, to government loans, and then to the investment of private capital. Grant aid from the United States to the Philippines is helping to assure the internal security and basic economic and social preconditions for the development of that nation. Such internal security and fundamental development make possible the investment which is needed for further economic progress. On December 4, 1952, the Export-Import Bank concluded arrangements for a \$5 million line of credit to the Philippines for loans, to small industrial enterprises, which will supplement large development loans like that made for the Ambukalo hydroelectric project. The Philippine Central Bank will re-lend this money to private business firms on the Islands. It is hoped that in the future there will be substantial investment of private capital—both from the United States and other nations—which will contribute to the growth and prosperity of the Filipino economy.

A substantial percentage of all Mutual Security Program funds for the Far East has gone to assist the Republic of China on Formosa. The primary aim of military assistance has been to train and

re-equip sufficient Chinese armed forces to protect the Island of Formosa against any attack from the Chinese communists on the mainland. Economic assistance has been necessary to support the military build-up and to help the Chinese Government to overcome the massive economic problems on Formosa so that economic stability can be maintained and progress made toward achieving a more self-supporting status.

In one year alone, 1949, the population of Formosa increased by almost 2 million people as a result of evacuation from the mainland of the Chinese Nationalist Government, units of the Chinese armed forces, and great numbers of civilian refugees. At that time, because of chaotic postwar conditions, food and industrial production on Formosa were at low levels. The economic turmoil and sharp inflation already existing were further intensified by the migration from the mainland.

With United States assistance, Formosa has largely brought inflation under control; retail prices, which increased 75 percent in the last 6 months of 1949, an additional 72 percent in 1950, and a further 52 percent in 1951, did not rise at all during the first 9 months of 1952.

Agricultural production on Formosa has made marked progress with the assistance of the Joint Commission on Rural Reconstruction. The increase in food production and taxable income in rural areas, as well as improved rural welfare, has contributed much to economic stability.

On November 29, 1952, the Chinese Government presented to the United States Government representatives a "4-year plan" which has as its objective the termination of economic aid from the United States. Much remains to be done to create those conditions of economic development and stability which will enable the Republic of China on Formosa to become economically self-supporting. These problems include attracting private investment, both domestic and foreign: increasing

export earnings; and balancing the budget through careful control of expenditures and increased tax collections.

The economic program of the Mutual Security Agency in Thailand has emphasized the production of more rice. Exports of rice from Thailand can do much to bring stability to other nations in the area which are unable to grow the amount of rice they need. Other technical assistance programs of the Mutual Security Agency have enabled the Thai Government to expand its transportation facilities which are needed both for military use and for further economic development.

In six states of Southeast Asia (the three Associated States of Indochina, the Philippines, the Republic of China on Formosa, and Thailand), economic and technical assistance from the United States is administered by the Mutual Security Agency. During the last 6 months of 1952, \$133 million was allotted these countries, of which \$107 million had been authorized for specific goods and services. Payments for aid to these four countries amounted to \$58 million during the period under review, including expenditures authorized in previous months.

Korea

The United States provides economic assistance to Korea through the United Nations Korean Reconstruction Agency (UNKRA). This Agency was established in December 1950 and is responsible for general relief and rehabilitation. During the continuation of hostilities, the Unified Command has primary responsibility for emergency direct relief of the civilian population. During the last 6 months of 1952 arrangements were completed with the United Nations Command whereby UNKRA will, during the first 6 months of 1953, carry on a \$70 million program of sustaining commodity imports and projects of rehabilitation.

American Republics

Negotiations of the required agreements for grant-aid military assistance were concluded with seven countries in Latin America during the first 6 months of 1952.⁹ Four of the agreements became effective on the day they were signed, or shortly thereafter. The agreement with Brazil, Chile, and Uruguay are effective when ratified by those countries. Chile has completed ratification.

The first shipments, on a grant basis, of military equipment took place in July. Such military assistance was supplied, during the last 6 months of 1952, to Chile, Colombia, Cuba, Ecuador, and Peru. These shipments were in accordance with that section of the Mutual Security Act which provides that grant assistance may be furnished only in accordance with defense plans which are found by the President to require the recipient country to participate in missions important to the defense of this hemisphere. The grant-aid military assistance program for Latin America is intended to help the above-named countries to prepare for hemisphere missions which the United States might otherwise have to perform.

United States programs of technical assistance have been in progress in Latin America for over 10 years. At present there are some 3,000 different projects in operation—in all the Latin American Republics except Argentina. The program in Latin America includes not only the basic fields of health and sanitation, agriculture, and education, but has been broadened to include such fields as housing, social welfare, civil aviation, minerals development, public roads, public administration, and industrial development.

In July 1952 the Congress appropriated \$20.3 million for the Point 4 Program in Latin America. In the fiscal year ended June 30, 1952, direct contribution to *Servicio* operations—funds and services, including the value of land and buildings—

⁹ Brazil, Chile, Colombia, Cuba, Ecuador, Peru, and Uruguay.

averaged about \$4 from the Latin American countries to every \$1 from the United States.

At the end of 1952 there were about 600 United States technicians working with almost 8,800 citizens of the 19 Latin American countries. In the field of health, Point 4 projects in operation numbered 590, including the construction of 76 water supply systems, 14 sewerage systems, 24 hospitals, 24 health centers, and one nursing school; the operation of 66 health centers, 14 hospitals, and 24 mobile units; the setting-up of 60 local training courses and 25 health education projects; and the direction of 12 malaria-control projects.

In the field of agriculture, the programs in Latin America involve projects in research, training for home economics, extension services and rural development, which include the development of new agricultural areas. The development program is made up of projects for land clearance, irrigation and drainage, soil conservation, food processing and storage, control over weeds, insects and plant diseases, the operation of farm-equipment pools, demonstration of the best use of fertilizer, management of livestock and range land, and the development and production of better seeds and the establishment of nurseries. Other projects include forest management and road building.

During the past year, the Institute of Inter-American Affairs, which is the operating agency in Latin America for the Technical Cooperation Administration, has organized a division called the Division of Industry, Government, and Technical Services.

The industry branch of this division is concerned with raising the productivity of existing industries in Latin America. Two industrial *Servicios* have been established in Brazil and Chile and more are under consideration. These *Servicios* assist in plant layout, in product design and production methods and give advice ranging from the acquisition of machine tools to the best methods of cost accounting.

Other Parts of the Mutual Security Program

Reimbursable Military Assistance

Reimbursable military assistance is provided under the authority of Section 408 (e) of the Mutual Defense Assistance Act of 1949, as amended by Section 8 (b) of the Mutual Security Act of 1952. Under this Section, the President is authorized to transfer—or enter into contracts for the procurement for transfer—equipment, materials, or services to eligible foreign governments, without cost to the United States.

Assistance in this form is characteristic of the basic philosophy of the Mutual Security Program as a whole. It provides a means whereby the United States can help the friendly nations of the world to help themselves. Requests from nations for reimbursable military assistance can be merged with the over-all procurement programs of the United States military departments, thus avoiding conflicting demands on the productive capacity of the United States. Fifty-one nations are at present eligible to make purchases of military equipment under this authority.

As of October 31, 1952, 49 countries had submitted requests for reimbursable military assistance. Forty-one of these countries had made purchases of equipment, materials, or services valued at \$601 million (\$185 million, Army; \$85 million, Navy; and \$331 million, Air Force). Purchases were made by cash advances of \$355 million and the balance of \$246 million through the use of contractual obligational authority under the “dependable undertaking” method of payment, as provided for in the Mutual Defense Assistance Act of 1949, as amended. Of the total purchases made, \$512 million was for end items, supplies, and spare parts. Deliveries of this equipment were valued at \$156 million and had been made to 33 countries through October 1952.

Training

Training, while a comparatively small monetary part of the over-all military assistance program, is a very vital part. It is provided to insure that the equipment supplied under the program is properly maintained and operated, to the end that maximum utilization of that equipment will be achieved. The need for training is generated by the delivery of equipment and, therefore, train-

ing requirements are directly related to the items being supplied.

Training programs differ from country to country in relation to the type of items being supplied and the technical advancement of the military personnel of the recipient countries. Through the training program we are providing a cadre of trained instructors who, upon return to their own country, are supplying the acquired technical knowledge to the maintenance and operation of the equipment and conducting their own training programs.

In the interest of economy, training is carried on in the United States overseas installations to the maximum extent possible, making use of existing training facilities and personnel which are required to support our own overseas military forces. Where circumstances permit, training is given directly to the forces in the field by the sending of mobile training teams, technical representatives, and technical specialists. To date approximately 20,000 foreign students have received training in United States service schools and an additional 5,000 are currently in training. Service schools have not been a one-way proposition, for it has been reported that the foreign students have also contributed toward the improvement of our own methods and techniques.

Basic Materials Program

The Mutual Security Agency has continued to make counterpart funds available to the Defense Materials Procurement Agency for the purchase and development of strategic materials which are in short supply in the United States.¹⁰

In addition, under authority granted by Congress in the Mutual Security Act of 1952 (section 514) the Mutual Security Agency is carrying out a basic materials program which seeks to expand the production and facilitate the delivery of essential raw materials needed not only by the United States but by all countries receiving United States assistance. This program will help these countries to obtain the materials necessary to expand production, it will help reduce their dependence upon the dollar area for such materials, it will

¹⁰ See pp. 45-46 of *Second Report to Congress on the Mutual Security Program*.

reduce the drain upon the United States own resources of these materials, and it will reduce the former dependence on the Soviet Bloc for raw materials.

In developing the program it has been found that private financing, both from the United States and other nations, is more readily available for the direct production facilities than it is for the supporting facilities such as transportation, ports, and power resources. For this reason, the basic materials program will, for the most part, assist in financing these ancillary facilities, the lack of which is holding back increased private investment and increased production of materials.

Aid to U. S. Small Business

During the period July to December 1952, the Office of Small Business in the Mutual Security Agency expanded its program to assist United States small business enterprises to participate in the Point 4 Program of the Technical Cooperation Administration, as well as in the Mutual Security Agency program. It published 65 "Small Business Circulars" devoted exclusively to procurement for Technical Cooperation Administration projects, and 306 Circulars on trade opportunities resulting from the Mutual Security Agency operations. The Department of Defense, through its Military Small Business Specialists; the Small Defense Plants Administration, through its regional offices; the Department of Commerce, through its 42 Field Offices; and 750 individual Field Counselors of the Mutual Security Agency cooperated in distributing procurement information from both the Mutual Security Agency and Technical Cooperation Administration.

To increase the amount of procurement data resulting from Technical Cooperation Administration operations, Small Business Officers were appointed by Technical Cooperation Administration Missions. Copies of the "Directory of U. S. Companies" published by the Mutual Security Agency were distributed in countries where the

Technical Cooperation Administration has programs in order to apprise host governments, and local private importers, of commodities and services available from United States small business enterprises.

In addition, arrangements were completed for distributing the new "Directory of Combination Export Managers," also published by the Mutual Security Agency, in all countries where the Mutual Security Agency and Technical Cooperation Administration have programs, and also in the United States. This directory lists commodities and services which can be supplied by small United States enterprises through combination export managers. The directory will assist small manufacturers in the United States who are unable to afford an export department to participate in programs of the Mutual Security Agency and the Technical Cooperation Administration by arranging for combination export managers to perform necessary export functions.

The Contact Clearing House Service is being expanded to include countries in the Far East, Asia, Africa, and Latin America, and the dependent overseas territories of the nations of Western Europe. This Service, started in Europe in 1950, encourages and helps American enterprises to explore possibilities of investing their industrial patents, processes, techniques, equipment, services and/or capital abroad. It publishes specific opportunities for American investments abroad, and also proposals on the part of American enterprises to invest abroad. This information is disseminated by 5,785 volunteer, unpaid Field Counselors in the United States and Western Europe. Approximately 2,400 United States and foreign firms have registered specific investment proposals with this Service, which is conducted by the Office of Small Business at nominal cost and is made possible by the cooperation of private business service groups, such as industry associations, chambers of commerce and banks.





