P.L 386

AUTHORIZING LAWS AND REPORTS

[PUBLIC LAW 389—80TH CONGRESS]

[CHAPTER 520—1ST SESSION]

[S. 1774]

AN ACT

To promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Aid Act of 1947".

SEC. 2. It is the purpose of this Act to provide immediate aid urgently needed by the peoples of Austria, China, France, and Italy, hereinafter referred to as the recipient countries, to alleviate conditions of hunger and cold and prevent serious economic retrogression.

SEC. 3. The President, acting through such existing departments, agencies, or independent establishments of the Government as he shall direct, may, by allocation of funds herein authorized to any such existing departments, agencies, or independent establishments, or by establishing in this country credits subject to the control of the President, whenever he finds it in furtherance of the purposes of this Act and upon the terms and conditions set forth in this Act—

(a) procure, or provide for the procurement of, from any source—

(1) food, medical supplies, fibers, fuel, petroleum and petroleum products, fertilizer, pesticides, and seed, delivered in a recipient country on or after the date of the enactment of this Act; and

(2) incentive goods, consisting of commodities not in short supply in the United States, including Government-owned stocks, to be used, distributed, or sold in a recipient country, under a specific agreement previously entered into pursuant to section 5 (g) to increase the production or distribution of locally produced commodities referred to in paragraph (1) of this subsection (a): *Provided*, That not more than 5 per centum of the funds made available under the authority of this Act may be used to procure such incentive goods;

(b) transport and store, or provide for transportation and storage of, such commodities;

(c) transfer such commodities to any recipient country;

(d) incur and defray expenses, including administrative expenses and expenses for compensation and travel of personnel, for carrying out the purposes of this Act.

SEC. 4. The President shall promulgate regulations controlling the purchase or procurement of commodities under this Act designed to minimize (a) the drain upon the natural resources of the United States and (b) the impact of such purchase or procurement upon the domestic price level: *Provided*—

(1) That procurement may be from foreign sources whenever the cost delivered to the recipient country will be less than the cost delivered from the United States;

(2) That, except in the case of commodities not produced in commercial quantities in the United States, not more than 10 per centum of the funds made available under the authority of this Act may be used to procure commodities abroad at delivered cost higher than from the United States, its Territories and possessions, provided that the President shall find that such commodities are in short supply or not readily available in the United States: *Provided further*, That no funds made available under the authority of this Act shall be used by any procurement agency of the United States Government for the purchase, within the United States and its Territories and possessions, of any commodities (other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to Act of July 1, 1941, 55 Stat. 498, as amended) at prices higher than the market price prevailing at the time of the purchase in the area wherein the purchase is made;

(3) That the President shall, in making a finding of short supply in the United States, consider (a) the drain upon natural resources, and (b) the effect of the necessary procurement upon domestic prices;

(4) That the procurement of petroleum and petroleum products shall, to the maximum extent practicable, be made from petroleum sources outside of the United States and its Territories and possessions; and wherever practicable such petroleum and petroleum products shall be delivered to the recipient country by the most economical route from the source of supply.

SEC. 5. Before any commodities are made available to any recipient country under the authority of this Act, an agreement shall be entered into, subject to the limitations and provisions of this Act, between such country and the United States containing an undertaking by such country—

(a) to make efficient use of any commodities made available under the authority of this Act and to take insofar as possible the economic measures necessary to increase its ability to achieve a self-sustaining economy;

(b) to make, when any commodity which is not furnished on terms of repayment in dollars is made available under this Act, a commensurate deposit in the currency of such country in a special account under such general terms and conditions as may, in said agreement, be agreed to between such country and the Government of the United States, and to hold or use such special account for, and only for, such purposes as may be agreed to between such country and the Government of the United States, and under agreement by the government of the receiving country that any unencumbered balance remaining in such account on June 30, 1948, will be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution of the Congress, be agreed between such country and the Government of the United States;

(c) to give full and continuous publicity by all available media (including government press and radio) within such country, so as to inform the ultimate consumers, as to the purpose, source, character, and amounts of commodities made available under the authority of this Act;

(d) to furnish promptly upon request of the President information concerning the method of distribution and use of commodities made available under this Act, and to furnish on March 31, 1948, or as soon as practicable thereafter, information showing—

(1) an itemized list of commodities made available with funds provided under this Act;

(2) the total amount of money received by such country from the sale of commodities made available under this Act and the average price charged per unit for each commodity;

(3) a detailed statement of the disposition of all money and other things of value received from the sale or transfer of any commodities made available under this Act; and

(4) such other information concerning the distribution and use of commodities made available under this Act as may be requested by the President;

(e) to make available to its people at reasonable prices, consistent with economic conditions in the recipient country, such commodities as it may sell under the terms of this Act; and, where necessary, to distribute to indigent and needy persons their fair share of all available food supplies;

(f) to make all possible efforts to secure the maximum production and distribution of locally produced commodities, and not to permit any measures to be taken involving sale, distribution, or use of any commodities of the character covered in this Act which would reduce the locally produced supply of such commodities or the utilization of foreign sources of supply other than the United States;

(g) to enter into specific agreements providing for such use, distribution, and sale of each classification of incentive goods, made available to it under the authority of this Act, as will increase the production or distribution of locally produced commodities referred to in paragraph (1) of section 3 (a);

(h) not to export or permit removal from such country, while need therefor continues, of commodities made available under the authority of this Act or commodities of the same character produced locally or imported from outside sources, except to the extent agreed upon by the Government of the United States;

(i) to permit representatives of the Government of the United States, including such committees of the Congress as may be authorized by their respective Houses, to observe, advise, and report on the distribution among the people of such country of commodities made available under the authority of this Act;

(j) to permit representatives of the press and radio of the United States to observe and report on the distribution and utilization of the commodities made available under this Act and the special account provided for in subsection (b) of this section.

SEC. 6. The President shall promptly terminate the provision of aid under this Act for any country (a) whenever he determines that such country is not adhering to the terms of its agreement entered into in accordance with section 5 of this Act; or (b) whenever he finds, by reason of changed conditions, that the provision of aid under this Act is no longer necessary or desirable; or (c) whenever he finds that because of changed conditions aid under this Act is no longer consistent with the national interests of the United States.

SEC. 7. All commodities made available under the authority of this Act or the containers of such commodities shall, to the extent practicable, be marked, stamped, branded, or labeled in a conspicuous place as legibly, indelibly, and permanently as the nature of such commodities or containers will permit, in such manner as to indicate to the people of the country of destination that such commodities have been furnished or made available by the United States of America.

SEC. 8. Wherever reference is made, in this Act, to commodities made available under the authority of this Act, such reference shall be deemed to include commodities procured with credits made available to a recipient country under the authority of this Act.

SEC. 9. The President shall take appropriate steps to encourage other countries to make available to recipient countries such aid as they may be able to furnish.

SEC. 10. The President may, from time to time, promulgate such rules and regulations as he may find necessary and proper to carry out any of the provisions of this Act: *Provided*, That nothing in this Act shall be deemed to authorize the issuance of any proclamations, orders, rules, or regulations in any way controlling production or prices or allocating deliveries of any commodity within the United States. He may delegate to the Secretary of State any of the powers or authority conferred on him under this Act. In accordance with the direction of the President, the responsibility for administering in the recipient countries the program of assistance provided for in this Act shall be vested in the field administrator of the United States foreign relief program appointed pursuant to section 4 of the joint resolution of May 31, 1947 (Public Law 84, Eightieth Congress). The provisions of subsections (i) and (j) of section 5 of this Act shall not apply to distribution of commodities in Austria: *Provided*, That the President shall have determined, upon recommendation of the United States High Commissioner for Austria, that commodities furnished to Austria hereunder will be distributed under control systems embodied in agreements between the High Commissioner and the other occupying authorities or the Austrian Government which assure compliance with the objectives of the occupation and with the purposes of this Act. No citizen or resident of the United States shall serve under this Act as a United States representative, observer, or adviser until such person has been investigated as to loyalty and security by the Federal Bureau of Investigation. The field administrator may, when he finds it essential to the purposes of this Act, utilize for observation the services of a limited number of other persons, who shall be investigated and approved by the field administrator.

SEC. 11. (a) There is hereby authorized to be appropriated not to exceed $597,000,000, out of any money in the Treasury not otherwise appropriated, to carry out the provisions and accomplish the purposes of this Act. This Act, however, shall not imply any present or future obligation to give aid to any foreign country, nor shall it imply or guarantee the availability of any specific commodities.

(b) Notwithstanding any other provision of this Act, none of the funds authorized or made available under this Act shall be used or made available for use for the acquisition of wheat, wheat flour, or cereal grain in the United States or the shipment thereof from the United States unless the President shall first—

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

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

(3) estimate the total amount of such commodities available for export from the United States to the recipient countries, after giving due consideration to the quantity thereof required in this country for food, feed, seed, and industrial uses, and for the needs of other countries dependent upon the United States for supplies of such commodities. In estimating the amount of such commodities available for export from the United States the President shall allow for a carry-over of wheat in the United States as of July 1, 1948, of not less than one hundred and fifty million bushels to protect the economy of the United States from inflationary prices and to insure against a scarcity of bread for domestic consumption during the twelve-month period beginning July 1, 1948.

The funds authorized herein shall not be made available or used to acquire a quantity of wheat, wheat flour and cereal grain in the United States which, after taking into consideration the amount estimated for export to other countries, and the amount needed for domestic consumption in the United States, will leave a carry-over of less than one hundred and fifty million bushels of wheat on July 1, 1948, unless the estimates of the President after March 1, 1948, justify an increase in the amount available for export to recipient countries with full protection for domestic needs.

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

(d) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to this section, to make advances, not to exceed in the aggregate $150,000,000, to carry out the provisions of this Act, in such manner and in such amounts as the President shall determine. From appropriations authorized under this section, there shall be repaid without interest to the Reconstruction Finance Corporation the advances made by it under the authority contained herein. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation in implementation of this subsection.

(e) Notwithstanding any other provision of law, any commodity heretofore or hereafter acquired by any agency of the Government under any price-support program shall, to the extent that such commodity is determined by the President to be appropriate for such purpose and in excess of domestic requirements, be utilized in providing aid under this Act or any other Act providing for assistance and relief to foreign countries, and shall be disposed of by such agency for such purpose at such price as may be determined by such agency, which price may be the equivalent of the domestic market price of a quantity of wheat having a caloric value equal to that of the quantity of the commodity so disposed of. Any such agency shall report to the Congress on March 31, 1948, or as soon as practicable thereafter, the amount of losses incurred by it as the result of the disposition of commodities hereunder and the Secretary of the Treasury is authorized and directed to cancel notes of such agency held by him in an amount equal to the amount of such losses.

SEC. 12. Personnel employed to carry out the purposes of this Act shall not be included in computing limitations on personnel established pursuant to the Federal Employees Pay Act of 1945 (59 Stat. 298), as amended by section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219).

SEC. 13. The President, from time to time, but not less frequently than once every calendar quarter, and until the end of the quarterly period after all operations under the authority of this Act have been completed, shall transmit to the Congress a report of operations under this Act. All information received pursuant to undertakings provided for by section 5 (d) of this Act shall, as soon as may be practicable after the receipt thereof, be reported to the Congress. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, if the Senate or the House of Representatives, as the case may be, is not in session.

SEC. 14. The functions, applicable records, and funds provided for the purposes of carrying out this Act shall be transferred to the administration of any organization for general foreign aid which Congress may provide. To the extent that any funds may be made available under provisions of any other Act heretofore or hereafter passed relating to China, any funds reserved under this Act for China may be used for aid to the other countries named in section 2 of this Act.

SEC. 15. After March 31, 1948, no funds may be obligated for the procurement of commodities provided for under this Act.

SEC. 16. (a) Clause (1) in the proviso in the first paragraph of the first section of the joint resolution of May 31, 1947 (Public Law 84, Eightieth Congress), is amended to read as follows: "(1) to constitute more than 57 per centum of the aggregate amount contributed to said fund by all governments, including the United States;".

(b) The amendment made by subsection (a) of this section shall take effect as of May 31, 1947.

SEC. 17. If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

SEC. 18. Nothing in this Act shall be construed to make inapplicable, in the case of commodities procured under the authority of this Act, the authority to prohibit or curtail exports granted by section 6 of the Act of July 2, 1940 (Public Law 703, Seventy-sixth Congress), as now in force or as hereafter amended.

Approved December 17, 1947.

Calendar No. 978

80th Congress, 2d Session	SENATE	Report No. 935

EUROPEAN RECOVERY PROGRAM

REPORT

OF THE

COMMITTEE ON FOREIGN RELATIONS

ON

S. 2202

A BILL TO PROMOTE THE GENERAL WELFARE, NATIONAL INTEREST, AND FOREIGN POLICY OF THE UNITED STATES THROUGH NECESSARY ECONOMIC AND FINANCIAL ASSISTANCE TO FOREIGN COUNTRIES WHICH UNDERTAKE TO COOPERATE WITH EACH OTHER IN THE ESTABLISHMENT AND MAINTENANCE OF ECONOMIC CONDITIONS ESSENTIAL TO A PEACEFUL AND PROSPEROUS WORLD

FEBRUARY 26 (legislative day, FEBRUARY 2), 1948.—Ordered to be printed with an illustration

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1948

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Approved December 17, 1947.

Calendar No. 978

80TH CONGRESS, 2d Session — SENATE — REPORT No. 935

EUROPEAN RECOVERY PROGRAM

REPORT

OF THE

COMMITTEE ON FOREIGN RELATIONS

ON

S. 2202

A BILL TO PROMOTE THE GENERAL WELFARE, NATIONAL INTEREST, AND FOREIGN POLICY OF THE UNITED STATES THROUGH NECESSARY ECONOMIC AND FINANCIAL ASSISTANCE TO FOREIGN COUNTRIES WHICH UNDERTAKE TO COOPERATE WITH EACH OTHER IN THE ESTABLISHMENT AND MAINTENANCE OF ECONOMIC CONDITIONS ESSENTIAL TO A PEACEFUL AND PROSPEROUS WORLD

FEBRUARY 26 (legislative day, FEBRUARY 2), 1948.—Ordered to be printed with an illustration

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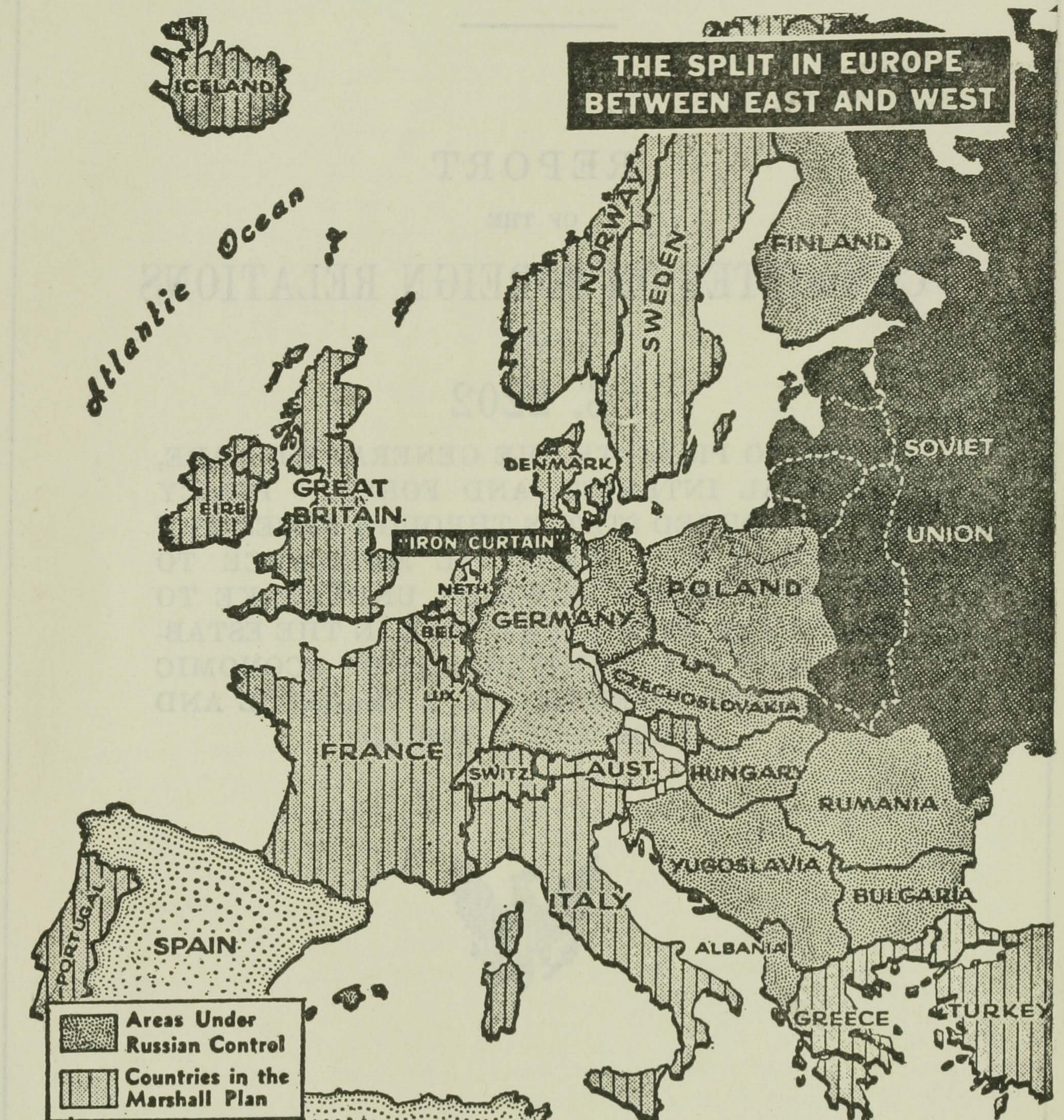

—From New York Times.

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EUROPEAN RECOVERY PROGRAM

FEBRUARY 27 (legislative day, FEBRUARY 2), 1948.—Ordered to be printed with an illustration

Mr. VANDENBERG, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany S. 2202]

The Committee on Foreign Relations, having had under consideration a bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries, unanimously report the bill favorably to the Senate, without amendment, and recommend that it do pass.

MAIN PURPOSE OF THE BILL

This bill provides for the participation of the United States in a European recovery program for approximately a 4-year period. It is a major step in the development and promotion of a peaceful and prosperous world which is the principal objective of United States foreign policy. The authorization for the first year is 5.3 billion dollars, 1 billion of which may be advanced by the Reconstruction Finance Corporation pending congressional action on appropriations. The assistance contemplated, which will involve both loans and grants, will not be confined to relief commodities; the program is designed to help European nations to help themselves to recovery in such a way as to become independent of outside assistance. A new agency, the Economic Cooperation Administration, headed by an Administrator, will be established to administer the program at home and abroad. The bill contains ample safeguards and conditions in order to insure that the money appropriated will be properly administered and wisely spent and that the domestic economy of the United States will not be impaired. Assistance extended by the United States will be contingent upon the continuous cooperation of the participating countries. Except for liquidation purposes the program will terminate on June 30, 1952.

Introduction

The American people, victorious in battle, look out upon a world disrupted by war and shaken by its aftermath. Our efforts to win back to peace have included unswerving support of the United Nations, as well as generous assistance to foreign countries in need of aid. The decision which must now be made is whether we shall continue the effort to achieve our goal: The establishment of a stable world with free political institutions and the rule of law. Events of the next few years may well decide the issue. World stability and European stability are inseparable; free institutions and genuine independence cannot perish in Europe and be secure in the rest of the world. We must therefore shape our course upon the basis of our determination whether the countries of Europe can preserve their liberties and independence if they do not achieve economic recovery.

The committee is convinced they cannot. In the light of this conviction, it has given earnest consideration to the form and scope of a program of American assistance based upon and flowing from a European recovery program of self-help and mutual aid.

Sixteen European countries have come forward with such a program, designed to achieve genuine recovery within approximately 4 years.

This report analyzes in some detail the conclusions of the committee, based upon its study, and offers the recommendations of the committee with respect to the Economic Cooperation Act of 1948.

Part I. Background Developments

1. EVENTS LEADING UP TO THE PRESENT SITUATION

During the summer of 1947, when UNRRA expired, Europe had not achieved a condition of economic and political stability. Not only did the extreme cold of last winter curtail European crops, but they were even more severely affected by the severe drought of the summer just passed. Moreover, the international monetary system was thrown out of balance by the rapidly rising cost of imports and the suspension of the convertibility of the pound sterling. These developments made it particularly difficult for the countries of Europe to secure needed supplies.

In order to alleviate immediate suffering and to pave the way for later long-range action, on November 17, 1947, President Truman called Congress into special session to deal with "the rise in prices * * * (and) * * * the crisis in western Europe." Congress met his request in December and provided funds for interim aid to France, Italy and Austria until April 1, 1948, when it was expected that the long-range program would be in operation.

The present legislation was anticipated by two addresses, one by Under Secretary of State Dean Acheson, on May 8, 1947, the second by Secretary of State George C. Marshall, on June 5, 1947, in which both indicated that the United States stood ready to consider how far she might be able to help Europe help herself on the road to recovery. On July 11, 1947, 16 western European nations on their own initiative responded to the suggestion, and met in Paris to prepare a report setting forth their needs and their willingness to cooperate in a joint recovery program. Meanwhile, United States agencies, Members of Congress traveling abroad, and special committees appointed by the President, studied the needs of the European nations, and the impact of the contemplated assistance upon our resources and upon our domestic economy. On December 19, 1947, President Truman sent his special message to Congress on the situation in Europe, requesting relief in the amount of $17,000,000,000 for a period to run from April 1, 1948, to June 30, 1952, with a recommendation for an appropriation of $6,800,000,000 for the 15-month period running from April 1, 1948, to June 30, 1949. The President also made a number of recommendations as to administration, the types of agreements to be made, and the financial arrangements which were to be embodied in the new program.

2. THE COMMITTEE HEARINGS

The committee conducted hearings on the European recovery program from January 8 to February 5, inclusive. On January 8 Secretary of State George C. Marshall accompanied by Ambassador Lewis W. Douglas and members of the State Department staff presented the program in general terms and urged the speedy passage of the draft bill which he presented for legislative consideration. On following days Ambassador Douglas returned to analyze in detail the political, economic, and administrative problems involved in a recovery program.

On January 12 Secretary of Commerce W. Averell Harriman presented the findings of the Harriman committee, discussing in detail the impact of the program upon the United States economy and other related matters. On January 13 Secretary of Agriculture Clinton P. Anderson described the food and agricultural parts of the recommended program and pointed out what they would mean to the farmers and consumers of the United States. On the same day Secretary of the Interior Julius A. Krug presented an analysis of the findings of the Krug committee on national resources and foreign aid with particular emphasis upon the effect of the recovery program upon certain commodities in short supply.

On January 14 Secretary of the Treasury John W. Snyder discussed the principal financial aspects of the program and the measures the participating countries would be expected to take. Mr. William M. Martin, Jr. explained the possible role of the Export-Import Bank in such a program. On the same day Secretary of the Army Kenneth C. Royall discussed the role of Germany in the rehabilitation of the European economy and the relationship of the European recovery program to the national defense. The list of Government witnesses was completed on January 15 when Secretary of Defense James V. Forrestal described the relationship of the recovery program to the security interests of the United States.

During the 3 weeks that followed, nearly 100 nongovernmental witnesses appeared before the committee. Included were representatives of many of our outstanding national organizations, spokesmen of business, labor, agricultural, veterans, religious, educational, and service groups. Included also were many outstanding individuals who appeared in their capacity as private citizens, such as John Foster Dulles, Bernard Baruch, and Robert M. La Follette.

Following the conclusion of the public hearings the committee met in executive session for an additional week to continue its consideration of the European recovery program, taking as a basis for discussion the draft proposal submitted by the Department of State. On the basis of information obtained during the hearings the committee proceeded to rewrite the bill, essentially altering it in many important particulars. On February 17 the committee concluded its deliberations and voted unanimously to report the bill favorably to the Senate.

As in the case of the Foreign Aid Act, the committee was greatly impressed with the thorough documentation which was available during its examination of the European recovery program. It is probable that no legislative proposal coming before the Congress has ever been accompanied by such thoroughly prepared documentary materials. In addition to the extensive documents submitted by the Department of State, the reports of the Paris Conference of the CEEC countries, the Nourse, Krug, and Harriman reports, the handbook on the European recovery program prepared by the staffs of the Senate Foreign Relations Committee and the House Foreign Affairs Committee, the special report of the Brookings Institution, and the numerous reports of the House Select Committee on Foreign Aid were all available. Added to these reports was a great deal of material which had been produced in the course of congressional experience with foreign-aid matters prior to 1948, such as discussions relating to UNRRA, interim aid, etc.

Particular reference should be made at this point to the report submitted by the Brookings Institution. Early in its consideration of the European recovery program it became apparent to the committee that the task of providing for a satisfactory administrative organization for such an important program would be extremely difficult. Accordingly, the Chairman of the Foreign Relations Committee invited the Brookings Institution to analyze the various proposals which had been advanced and to submit its findings and recommendations. On January 22 this report was completed. It served as a basis of discussion for the members of the committee and helped them arrive at a satisfactory solution.

The committee was likewise impressed by the fact that very few opposition witnesses appeared to testify against the bill. Representatives of labor and management alike warmly endorsed its objectives. All witnesses were heard who asked to be heard. A complete list of the witnesses who testified before the committee is attached as Appendix II of this report.

3. WHY EUROPE IS IN NEED AT THIS TIME

Economic nationalism, political tensions and uncertainty, war devastation, the prolonged interruption of international trade, the loss of foreign income and dollar funds, internal financial disequilibrium, shortage of supplies from southeast Asia, the wartime movement of peoples to certain areas of western Europe, and a 10-percent increase of population have all contributed to economic break-down in Europe. Germany, a focal point in the European economy, is paralyzed. Inflation is rampant. Subversive elements are hampering recovery and engineering social chaos.

Apart from this, Europe is suffering from invisible devastation—the loss of soil fertility, the deterioration of war-strained machinery, and the lowering of individual productive capacity because of exhaustion, hunger, and the loss of technical skills.

These factors aggravate historic economic difficulties in western Europe; a region which, with relatively slender natural resources, attempts to maintain a disproportionately large population by being an industrial workshop and commercial middleman for the rest of the world. According to the International Bank, the CEEC countries with twice the population of the United States have one-half our national income.

The physical volume of goods shipped from western Europe to the rest of the world in the prewar years did not equal in value the supplies which had to be obtained from outside. The difference was made up by the so-called invisible items in the trade balance—income from overseas investments, earnings from shipping, insurance and commercial financing, and the money spent by tourists. The war has upset this balance. Furthermore, the world-wide inflation since 1939 has increased the cost of European imports much more than it has increased the price she has been able to obtain for her exports.

The difficulty involved in rebuilding an intricate working system of business, professional, and financial relationships has been a major impediment to recovery.

Eastern Europe has suffered its own war devastation and large amounts of available exports have been exacted by the Soviet Union as reparations, as payment for occupation costs, or under enforced commercial agreements, thus weakening one source of supply and trading.

The residents in the CEEC countries in 1947 were living on an emergency subsistence level averaging 2,250 calories a day instead of their prewar diet of 2,800 calories or the 3,350 calories of the average American diet.

The bill in several ways recognizes the present needs but attempts rather to provide the breathing spell wherein western Europe, on its part, will take the joint measures to meet the basic difficulties lest they become chronic.

4. EUROPEAN PROGRESS TOWARD RECOVERY

Steady progress toward economic recovery has characterized the period since the end of the war. In mid-1947, however, the recovery process began to slow down. In part, this was the result of the unprecedentedly severe winter of 1946–47, followed by spring floods and summer drought, which compelled the countries to maintain unexpectedly high food imports and to cut down on other imports. Shortages of imported materials began to appear and to limit production in important industries. In part, it was also the result of cumulative fatigue; heavy reconstruction efforts in all countries were overtaxing people who for years had not had proper rest and nourishment. And, in part, it was the result of labor unrest, in many cases politically inspired for the very purpose of retarding recovery and prolonging economic difficulties by a party which thrives on distress.

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However, for 1947 as a whole, national income in the participating countries as a group had reached 91 percent of the 1938 level. Owing to the increase in population, per capita national income was only 86 percent of the 1938 level. These over-all measures conceal, of course, wide variations between countries and between different branches of the economy within each country. In eight countries, industrial production in 1947 exceeded 1938 levels, and the average for all countries except Germany was approaching the 1938 level. Coal production had recovered well in most countries; the United Kingdom nearly achieved its target of 200,000,000 tons and has been able to resume coal exports of about 200,000 tons a week; French output slightly exceeded prewar; the smaller western European producers were almost back to 1938 levels; coal production in western Germany, however, was less than two-thirds of 1938 output.

The Continent's 1947 production of steel is estimated at slightly over 35,000,000 tons, or 63 percent of its prewar output. The average was brought down by western Germany, for production in the other participating countries was equal, on the average, to 1938. The United Kingdom reached its target of 14,000,000 tons, and France reached 93 percent of its 1938 production. In the case of Belgium-Luxemburg, 1947 production surpassed 1938.

Output of hydroelectric power in 1947 exceeded 1938 by nearly 40 percent. France has been particularly successful in increasing this important source of energy.

In most countries, agricultural production was severely affected by the weather in 1947 and averaged hardly more than four-fifths of 1938 output. This was especially serious because food consumption had dropped from a prewar average of about 2,900 calories to less than 2,500 calories, and the poor crops in 1947 meant that even the current level of food intake would be difficult to maintain. Great efforts have been and are being made by the participating countries to reduce their need for imported food. British farmers are now producing about half of the country's food requirements, as compared to a third before the war. The French Government has increased its bread-grain acreage goal for 1948 from 84 percent to 95 percent of prewar and is also expanding production in French North Africa. The United Kingdom and France are initiating programs for production of groundnuts in their overseas dependencies in order to reduce their need for imported fats and oils. All countries are taking measures to increase the use of farm machinery and of fertilizer in order to raise output while economizing on labor.

Although progress toward recovery has slowed down, the momentum has not been lost. Despite real difficulties, the efforts of the peoples of western Europe give support to the conclusion that their economy will respond to a recovery program over a period of several years and that the basic objectives of the production program appear to be attainable if the will to cooperate and to produce is vigorous.

5. EUROPEAN RECOVERY TARGETS

The committee appreciates that goals and targets, which seem optimistic to many American experts, are not the same as achievements; but it is worth while to record what the CEEC countries and western Germany hope to achieve by the end of 1951. This program does not necessarily mean a recreating of all prewar conditions, some of which were admittedly undesirable.

The CEEC countries have set themselves the following aims to be achieved by the end of 1951:

(1) Restoration of prewar bread-grain production and of an intensive livestock economy.

(2) Increase of coal production to 584,000,000 tons yearly, an increase of 30,000,000 tons above the 1938 level.

(3) Expansion of electricity output by nearly 70,000,000,000 kilowatt-hours and an increase of generating capacity by 25,000,000 kilowatts, which is two-thirds above prewar.

(4) Development of oil-refining capacity to 2½ times prewar.

(5) Increase in crude steel production to 55,000,000 tons yearly, or 20 percent above prewar.

(6) Expansion of inland transport to carry 25 percent more than prewar.

(7) Rehabilitation and restoration of the merchant fleets of the participating countries.

(8) Supply from European production of most of the capital equipment needed for these expansions.

The committee feels that the early months after the initiation of the program provide the most opportune time for putting vigorous measures into effect. Such national and cooperative action must be undertaken now, when levels of employment are high in almost all parts of the world. Certain of the production goals should be revised to enable greater concentration on the achievement of the food and coal targets and on the production for export goals. Full use must be made of existing capacity; bottlenecks must be eliminated. Schemes for the proper training of manpower can contribute greatly to the required result. There must be organizational skill and initiative. The resources of dependent territories must be better developed.

The estimates of this program presuppose a considerable reduction in the rate of capital development as compared with the CEEC statements. Essentiality must be measured in terms of the scarcity of the goods and of the urgency of the need for these goods before additional capacity is constructed. The rigor of certain estimates may be gaged to the fact that they assume exports to the Western Hemisphere in fiscal 1949 to be approximately as large in physical terms as those to the same area in 1938, even though the German contribution will be only a third as large and Austria and Italy will be below prewar performance.

So that our own vision is not clouded, and in fairness to the participating countries, it is entirely appropriate that the committee quote from the CEEC report at this point:

> It is not only a problem of Europe and the American Continent; it is a problem of the balance of the whole world economy.

Further, while stating that in the initial period the contribution to this world problem which Europe can make by its own exertions is of prime importance, the report concludes:

> But as the 4-year period develops, the world considerations rather than those of European production itself will be decisive.

6. MEASURES TAKEN BY THE PARTICIPATING COUNTRIES TO STRENGTHEN THEIR ECONOMIES

The committee has observed with satisfaction that since the Paris Conference last summer the participating countries have taken immediate steps to strengthen their economies and to cooperate with one another. The following examples may be cited:

1. The Financial Committee of the CEEC conference recommended the adoption of a proposal for setting off debits against credits in inter-European payments as a means of stimulating intra-European trade. The operation of a multilateral clearing arrangement was entrusted to the Bank for International Settlement. On January 19, 1948, the first inter-European clearing under the new system was announced.
2. The Study Committee of Customs Unions, established at the CEEC conference, is examining the possibility of establishing a common customs union among all the countries represented and appointed a tariff committee which is attempting to complete the preparation of a specimen common tariff.
3. In addition to the project for a general European customs union, there are several projects of more limited scope: (*a*) Denmark, Iceland, Norway, and Sweden; (*b*) France and Italy; (*c*) Greece and Turkey. The Benelux customs union entered into effect January 1, 1948.
4. Since the Paris Conference the CEEC countries have intensified their efforts to attain budgetary balance, reduce inflationary pressures in general, and restore confidence in their currency. This is strikingly illustrated by the vigorous and courageous actions taken by France and Italy in recent months.
5. A conference on manpower met in Rome and developed measures to utilize more effectively surplus manpower in such countries as Italy, to facilitate the movement of labor across international boundaries, and to improve occupational qualifications and training.
6. Five of the sixteen countries, not yet being members of the United Nations, are not members of the Economic Commission for Europe, but they have been invited to the committees of the Commission. It is planned to reestablish the prewar system for exchanging freight cars and to facilitate highway truck traffic.

In spite of these gains, it seems clear to the committee that the western European nations require an organization with wider powers and greater responsibilities than the Paris Conference. Such an organization might well have the responsibility for screening requirements and integrating production and investment programs and should be in a position to make positive proposals to its member governments for raising the productive efficiency of the western European economy. The vast potentialities of the dependent territories should be mobilized behind any program of European aid.

7. UNITED STATES ASSISTANCE TO EUROPE SINCE THE WAR

Since the end of the Second World War, the United States has extended assistance to Europe in the form of (1) repayable loans and credits, and (2) relief supplies and grants not requiring specific repayment. Most American assistance belongs to the first category.

Credits and loans.—Interest-bearing credits and loans include (1) the loan to the United Kingdom of $3,750,000,000, authorized by Congress in July 1946; (2) two Export-Import Bank reconstruction loans to France, one of $550,000,000 in September 1945, the second of $650,-000,000 in June 1946; (3) sale of United States surplus property abroad and surplus merchant vessels on long-term credit, to France at a credit of $300,000,000, and to Italy at a credit of $160,000,000 for purchase of surplus property in Europe, and $42,000,000 to each for the purchase of merchant vessels; (4) lend-lease settlements and pipe-line credits. In the period from July 1, 1945, to June 30, 1947, the United States Government authorized repayable loans and credits to the Paris Conference countries of $7,353,000,000 in all.

Grants and relief.—Grants and relief include (1) UNRRA, toward which the United States contributed $2,700,000,000; (2) United States foreign-relief program, including an authorization of $332,000,000 in July 1947, and a donation of $15,000,000 to the International Children's Emergency Fund; (3) interim aid to Austria, France, and Italy, in the amount of $522,000,000, enacted in December 1947; (4) Greek-Turkish aid, to the amount of $400,000,000; (5) relief of occupied areas; (6) lend-lease aid not repayable. In the period from July 1, 1945, to June 30, 1947, the United States Government authorized assistance under the programs listed above of some $1,943,000,000, allocable to certain of the Paris Conference countries. A further $767,000,000 allocable to German relief, and $481,000,000 not allocable to specific countries in Europe but intended almost entirely for the Paris Conference countries, were authorized, making a total of $3,191,000,000, to which interim aid should be added, making the total as of December 31, 1947, $3,788,000,000.

Thus loans, credits, grants, and relief to the Paris Conference countries and Germany authorized in the period July 1, 1945, to December 31, 1947, totaled a little over $11,000,000,000.

These figures do not take into account remittances from private individuals and voluntary agencies in the United States, which in the year 1946 ran slightly more than half a billion dollars, a sum which it is estimated was equaled in 1947.

A break-down of United States loans, credits, grants, and relief contributions for the two fiscal years July 1, 1945, to June 30, 1947, is as follows:

TABLE A.—*U. S. Government loans, property credits, and grants—Amount available, utilized, and unutilized, as of June 30, 1947, by type and country*

[Millions of dollars]

Country	Amount available, July 1, 1945–June 30, 1947			Amount utilized, July 1, 1945–June 30, 1947			Unutilized balance, June 30, 1947		
	Total	Loans and property credits	Grants and other relief	Total	Loans and property credits	Grants and other relief	Total	Loans and property credits	Grants and other relief
Total	16,302	9,128	7,174	12,575	7,309	5,266	3,727	1,819	1,908
Europe	12,160	7,977	4,183	9,902	6,752	3,150	2,258	1,225	1,033
Paris Conference countries	9,331	7,388	1,943	7,828	6,414	1,414	1,503	974	529
Austria	195	11	184	140	1	139	54	9	45
Belgium and Luxemburg	210	149	61	210	149	61			
Denmark	30	30		15	15		15	15	
France	1,928	1,907	21	1,719	1,698	21	209	209	
Greece	745	121	624	329	55	274	417	67	350
Italy	926	331	595	784	223	561	142	108	34
Netherlands	303	283	20	276	256	20	27	27	
Norway	81	80	1	11	10	1	70	70	
Sweden	1		1	1		1			
Switzerland	2		2	2		2			
Turkey	141	41	100	6	6		134	34	100
United Kingdom	4,769	4,435	334	4,334	4,000	334	435	435	
Countries not at Paris Conference	2,305	546	1,759	1,866	337	1,529	439	209	230
Czechoslovakia	247	73	174	204	30	174	42	42	
Finland	106	106		71	71		35	35	
Germany	767		767	537		537	230		230
Hungary	37	37		10	10		27	27	
Poland	439	90	349	379	30	349	60	60	
U. S. S. R.	410	242	168	364	196	168	45	45	
Yugoslavia	301		301	301		301			
Europe unallocable	522	41	481	207		207	315	41	274
Canada	−6	−6		−12	−12		6	6	
Latin-American countries	495	473	22	206	184	22	289	289	
China	1,328	229	1,099	1,262	163	1,099	66	66	
Japan	606	15	591	398	7	391	208	8	200
Korea	170	25	145	48	3	45	122	22	100
Philippines	769	76	693	194	76	118	575		575
All other countries	367	332	35	169	134	35	198	198	
Unallocable	411	6	405	405		405	6	6	

TABLE B.—*United States Government loans and property credits—Amount available, utilized, and unutilized, as of June 30, 1947, by type and country*

[Millions of dollars]

Country	Amount available, July 1, 1945–June 30, 1947			Amount utilized, July 1, 1945–June 30, 1947			Unutilized balance, June 30, 1947		
	Total	Export-Import Bank and other loans	Property credits	Total	Export-Import Bank and other loans	Property credits	Total	Export-Import Bank and other loans	Property credits
Total	9,128	6,426	2,703	7,309	5,052	2,258	1,819	1,374	445
Europe	7,977	5,734	2,242	6,752	4,776	1,976	1,225	958	267
Paris Conference countries	7,388	5,544	1,845	6,414	4,689	1,725	974	855	120
Austria	11	1	10	1	----------	1	9	1	9
Belgium and Luxemburg	149	100	49	149	100	49	----------	----------	----------
Denmark	30	20	10	15	15	----------	15	5	10
France	1,907	1,200	707	1,698	998	700	209	202	7
Greece	121	25	96	55	5	50	67	20	46
Italy	331	130	202	223	24	199	108	106	2
Netherlands	283	205	78	256	197	59	27	8	19
Norway	80	50	30	10	----------	10	70	50	20
Turkey	41	28	13	6	----------	6	34	28	6
United Kingdom	4,435	3,785	650	4,000	3,350	650	435	435	----------
Countries not at Paris Conference	546	149	397	337	87	250	209	62	147
Czechoslovakia	73	23	50	30	22	8	42	----------	42
Finland	106	81	26	71	58	13	35	23	13
Hungary	37	7	30	10	----------	10	27	7	20
Poland	90	40	50	30	7	23	60	33	27
U. S. S. R	242	----------	242	196	----------	196	45	----------	45
Europe, unallocable	41	41	----------	----------	----------	----------	41	41	----------
Canada	−6	−6	----------	−12	−12	----------	6	6	----------
Latin-American countries	473	394	79	184	149	35	289	245	44
China	229	98	131	163	60	103	66	38	28
Japan	15	----------	15	7	----------	7	8	----------	8
Korea	25	----------	25	3	----------	3	22	----------	22
Philippines	76	70	6	76	70	6	----------	----------	----------
All other countries	332	128	206	134	7	127	198	121	78
Unallocable	6	6	----------	----------	----------	----------	6	6	----------

TABLE C.—*U. S. Government grants under other relief—Amount available, utilized, and unutilized, as of June 30, 1947, by type and country*

[Millions of dollars]

Country	Amount available, July 1, 1945–June 30, 1947					Amount utilized, July 1, 1945–June 30, 1947					Unutilized balance, as of June 30, 1947			
	Total	UNRRA and post-UNRRA	Occupation program	Lend-lease	Other	Total	UNRRA and post-UNRRA	Occupation program	Lend-lease	Other	Total	UNRRA and post-UNRRA	Occupation program	Other
Total	7,174	2,642	2,014	1,151	1,365	5,266	2,310	1,484	1,151	319	1,908	332	530	1,046
Europe	4,183	1,973	1,219	420	570	3,150	1,641	989	420	99	1,033	332	230	471
Paris Conference countries	1,943	802	285	420	436	1,414	673	285	420	35	529	129	----	400
Austria	184	104	79	----	----	139	59	79	----	----	45	45	----	----
Belgium and Luxemburg	61	1	----	60	----	61	1	----	60	----	----	----	----	----
France	21	3	----	16	2	21	3	----	16	2	----	----	----	----
Greece	624	321	----	----	303	274	271	----	----	3	350	50	----	300
Italy	595	359	206	----	30	561	325	206	----	30	34	34	----	----
Netherlands	20	1	----	19	----	20	1	----	19	----	----	----	----	----
Norway	1	1	----	----	----	1	1	----	----	----	----	----	----	----
Sweden	1	1	----	----	----	1	1	----	----	----	----	----	----	----
Switzerland	2	2	----	----	----	2	2	----	----	----	----	----	----	----
Turkey	100	----	----	----	100	----	----	----	----	----	100	----	----	100
United Kingdom	334	9	----	325	----	334	9	----	325	----	----	----	----	----
Countries not at Paris Conference	1,759	969	771	----	61	1,529	945	524	----	61	230	----	230	----
Czechoslovakia	174	168	----	----	6	174	168	----	----	6	----	----	----	----
Germany	767	13	754	----	----	537	13	524	----	----	230	----	230	----
Poland	349	304	----	----	45	349	304	----	----	45	----	----	----	----
U. S. S. R	168	166	----	----	2	168	166	----	----	2	----	----	----	----
Yugoslavia	301	293	----	----	8	301	293	----	----	8	----	----	----	----
Europe unallocable	481	227	180	----	74	207	24	180	----	3	274	203	----	71
Latin-American countries	22	----	----	5	17	22	----	----	5	17	----	----	----	----
China	1,099	334	----	644	121	1,099	334	----	644	121	----	----	----	----
Japan	591	----	591	----	----	391	----	391	----	----	200	----	200	----
Korea	145	1	144	----	----	45	1	44	----	----	100	----	100	----
Philippines	693	10	28	----	655	118	10	28	----	80	575	----	----	575
All other countries	35	1	31	2	----	35	1	31	2	----	----	----	----	----
Unallocable	405	324	----	79	2	405	324	----	79	2	----	----	----	----

8. THE PARTICIPATING COUNTRIES

The 16 countries which attended the Paris Conference and signed the CEEC report are as follows: Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Italy, Luxemburg, the Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, and the United Kingdom. A number of other states were invited but did not attend: Finland, Poland, Hungary, Rumania, Bulgaria, Yugoslavia, Czechoslovakia, and Russia.

In view of the cooperative nature of the recovery program, the committee believed the door should be left open for those other countries if they choose to enter. To this end, in addition to the CEEC signatories and western Germany, the act envisages the possibility of any other country wholly or partly in Europe, including Trieste and areas under international administration and control, becoming a participating country. Such countries must, however, adhere to a joint program for European recovery. Under the terms of the act the words "participating country" include its dependent areas.

Some criticism has been voiced because certain states like Portugal and Switzerland, which are in sound economic condition, are listed among the participating countries. The fact that a state is a "participating country" does not necessarily mean that it will receive assistance from the United States. The committee stressed the fact that some of the CEEC countries will not require any direct assistance from our Government and that they should be looked upon as cooperators in the program rather than recipients of our aid. Their contribution to European recovery will be considerable. When it is remembered how closely the participating countries are bound together by ties of trade and commerce it is evident why they must all be brought into the program and why they must all work together as a team if the goal of European recovery is to be realized.

Of all the sovereign states of Europe, Spain was the only one which was not extended an invitation to attend the Paris conference. From an economic point of view Spain might be able to make a contribution to such a program. On the other hand, due to the nature of the Franco regime and due to the resolutions adopted at various international conferences, the CEEC countries at the Paris conference did not believe it appropriate or consistent with the spirit of such resolutions to invite Spain to participate at that time. Whether she eventually takes part in the program will depend upon her own willingness to assume the obligations involved, the willingness of the participating countries to admit her, and the ability of Spain to conclude a satisfactory bilateral agreement with the United States.

Part II. The Administration of the Program

A. THE ECONOMIC COOPERATION ADMINISTRATION

The committee agreed that the complex nature of the recovery program and the magnitude of the task to be performed called for the creation of a new and separate operating agency. Many of the activities contemplated partake of the character of a business enterprise. But the administration of such a program, with its wide

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ramifications abroad, is much more than a business venture. It involves our relations with foreign nations and is, in many of its aspects, inextricably bound up with United States foreign policies at the highest level.

The problem before the committee, therefore, was to devise an administrative arrangement which would insure the smooth and effective operation of the business aspects of the enterprise without, at the same time, impinging upon the essential authority of the Secretary of State in the conduct of foreign relations.

The committee completely agreed with the Secretary of State that it would be unwise to place the agency in the Department of State. Such a move would impose upon the Secretary responsibility for duties of an operational nature, not within the normal range of the Department's activities and might, as a result, impair the execution of its policy functions. Under the circumstances a new and separate agency seemed to be a wise alternative.

It is also apparent that the form of the new agency must be such as to insure sufficient flexibility of structure and operations. For this reason some people have argued that a part of the program, at least, might be entrusted to a new organization with corporate structure comparable, in some degree, to the Reconstruction Finance Corporation. It is argued that such an organization could be given in its charter considerable flexibility, free from the normal governmental regulations relating to procurement, personnel, and auditing. In addition, it could be authorized to enter into contracts, settle claims, and in general resort to ordinary business practices in a program that is essentially of a business character.

It should be pointed out, however, that all of these advantages claimed for the corporate form can be obtained for the noncorporate form by making provision in the act for necessary exemptions with respect to procurement, personnel, and auditing. Moreover, in view of the importance of the program and its impact upon other agencies of the Government, the committee decided that there would be a real advantage in creating a new agency as an integral part of the executive branch on a plane with the 10 Cabinet departments.

As a result of these considerations the act provides for a new and separate agency with a noncorporate form. Considerable leeway has been given the agency with respect to the hiring and payment of personnel, accounting procedures and other related matters. And every effort has been made to insure smooth working relationships between the new agency and the existing departments and agencies of the Government.

10. THE ADMINISTRATOR

Closely related to the form of the new agency is the nature of the administrative direction or supervision provided for it. The choice facing the committee lay between direction by a single administrator or by a board or commission.

Fear has been expressed in some quarters that the appointment of a single administrator might result in the concentration of too much power in the hands of one individual. The committee felt strongly, however, that in a program of such magnitude, where speed of decision and centralization of responsibility are essential, a single administrator would prove far more satisfactory than a board or commission.

The committee likewise agreed that the head of such an agency, if he is to perform his duties in an effective manner, must have a status that will place him upon a plane of equality with the heads of other departments and agencies of the Government with whom he must cooperate in developing his program. From time to time there may be unreconciled differences between these agencies. In order that such differences may be satisfactorily resolved, it is particularly essential that the Administrator of the new agency be given a position that would entitle him to have the same direct access to the President as the heads of the 10 Cabinet departments.

The bill covers these general principles in some detail. It vests the responsibilities and powers assigned the Economic Cooperation Administration in a single Administrator who is to be appointed by the President, with the advice and consent of the Senate. The Administrator will be responsible to the President, will perform his functions under the control of the President, and will have a status in the executive branch comparable to that of the head of an executive department.

In general, the Administrator will provide the central administrative direction for the program. Among other things, he will review the requirements for participating countries, formulate programs of United States assistance, provide for the execution of such programs, and terminate assistance according to the terms of the bill. The Administrator's functions will be examined in detail in other sections of this report.

Because of the nature of the program, the committee, throughout its deliberations, emphasized the fact that the Administrator would have to be given considerable authority to enable him to perform his functions effectively. Accordingly, the selection of the Administrator will have to be made with the greatest of care. He must be an able administrator, a dynamic leader, and cooperative in his approach to other agencies.

11. RELATIONS OF THE ADMINISTRATOR TO THE SECRETARY OF STATE

As has been pointed out above, the main problem facing the committee with respect the administrative aspects of the recovery program was to devise a formula which would permit the Administrator to carry out his operating functions in an effective manner without impinging upon or impairing the authority of the Secretary of State in the conduct of foreign relations. Obviously the Secretary of State is vitally concerned with all operations under the program that may affect the foreign relations and policies of the United States. But experience during the war years, when interagency quarrels hampered the war effort, clearly demonstrated that it is impossible to draw a clean line between operations and foreign policy. The committee believes that the formula of cooperation outlined in the bill will result in the kind of concerted action between the Administrator and the Secretary of State that will strengthen rather than weaken the conduct of our foreign relations.

Under the terms of the bill the Secretary of State is authorized, in consultation with the Administrator, to conclude the basic agreements with the participating countries in furtherance of the purposes of this act. On his part, the Administrator is charged with responsibility for the central administrative direction of the program, including the formulation and execution of assistance programs, methods of financing, procurement, storage, and delivery of commodities, etc.

In order to avoid possible misunderstandings, the bill provides that the Administrator and the Secretary of State shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other. Whenever the Secretary of State believes that any action, proposed action, or failure to act on the part of the Administrator is inconsistent with our foreign policy, he shall consult with the Administrator. If the differences are not adjusted by such consultation the matter will be referred to the President for final decision.

This procedure is somewhat comparable to the formula adopted by the Congress in the Atomic Energy Act of 1946. In case of differences the Secretary of State has a temporary veto over the actions of the Administrator with the President acting as the referee. It is unlikely that few, if any, such differences will ever reach the President's desk.

With respect to personnel the position of the Administrator is clear. He will possess the authority to recruit and to appoint personnel for service both at home and abroad and such personnel will be responsible to him for the performance of their duties. If the Administrator so desires he may recommend the appointment of personnel serving abroad to any class in the Foreign Service Reserve or staff.

12. RELATIONS OF THE ECONOMIC COOPERATION ADMINISTRATION WITH OTHER AGENCIES

The committee agreed that the Administrator would not find it necessary to create a large agency in order to perform his functions under the act, but should utilize the existing facilities of departments and agencies of the Government already engaged in such activities. Thus, in developing the financial aspects of the program, the Administrator will act in consultation with the National Advisory Council. Similarly with respect to the appraisal of European requirements, the availability of commodities, procurement, and other related matters, the Administrator will lean heavily upon the Departments of Agriculture, Treasury, Commerce, Interior, Army, Labor, and other agencies.

To insure the necessary cooperation without unduly imposing upon existing agencies, the bill authorizes the Administrator to utilize the facilities and services of any department or agency of the Government as the President shall direct, or with the consent of the head of such agency. Since ultimate responsibility for the program centers in the President it is not anticipated that any difficulties will arise on this score.

In the extension of loans to the participating countries the Administrator will utilize the facilities of the Export-Import Bank. Funds will be allocated for such purposes and the bank will make and administer the credit as directed, and on terms specified, by the

Administrator in consultation with the National Advisory Council. The role of the bank is thus a purely ministerial one.

One possible source of disagreement between the Economic Cooperation Administration and other agencies lies in the allocation of scarce commodities. Differences may well arise when the Administrator, as one of the claimants for such commodities, presents the requirements for his program to the Secretary of Commerce and the Secretary of Agriculture. In view of the fact that the European recovery program represents but one part of the total domestic and world supply picture, however, the committee considered it essential, in order to protect our own domestic economy, to leave the power of allocation in neutral hands rather than bestow it upon the Administrator who, as a claimant for a particular area, might tend to give undue emphasis to the needs of his own program. In the event agreement cannot be reached with respect to scarce materials, the matter would, of course, have to be referred to the President for final settlement.

13. SPECIAL ECA MISSIONS ABROAD

The bill also provides for the establishment of satisfactory working relations between the officials of the Economic Cooperation Administration abroad and our regular diplomatic representatives in the participating countries.

In the highly complicated task of formulating, carrying out, and reviewing assistance programs, the Administrator will need special representatives with a high degree of technical competence in each of the CEEC countries. Of necessity these representatives will be in intimate contact with many departments of the participating governments and, from time to time, will have to confer with the highest officials. Under such circumstances close working relations with our regular embassies and legations are absolutely essential.

Accordingly the bill provides for the establishment in each participating country of a special mission for economic cooperation. The chief of the mission, who will be second in rank to the chief of the United States diplomatic mission, will be appointed by the Administrator and be responsible to him. So that there will be no misunderstanding about division of labor, it is made clear that the chief of the special mission is responsible, in the country where he is stationed, for assuring the performance of operations under the act.

This does not mean that he should be permitted to take action which runs counter to the foreign policy objectives of the United States. Such a possibility is safeguarded by the provision that the chief of the special mission and the chief of the diplomatic mission will keep each other currently informed of their activities. This will enable the chief of the diplomatic mission to consult with the chief of the special mission whenever the former believes that any action or failure to act on the part of the special mission is inconsistent with our foreign policy. Differences of view which cannot be reconciled in the field will be referred to the Administrator and the Secretary of State for decision.

Given men of good will, working in the general interests of the United States and world peace, the committee strongly believes that this formula, while perhaps not the best which could be devised from a theoretical point of view, will in fact prove the most satisfactory basis for operating relations.

14. UNITED STATES SPECIAL REPRESENTATIVE ABROAD

This report has already emphasized the fact that the success of the recovery program will depend in large measure upon the effective cooperation of the participating countries. Such cooperation will develop, to a very great extent, through the activity of the continuing organization which the CEEC states have agreed to set up. The committee agreed that it was imperative for the United States to be adequately represented at such an organization.

In fact this will be the chief responsibility of the United States special representative in Europe provided for in section 8 of the bill. In addition, he will probably serve as a roving ambassador, discharging such additional responsibilities with respect to the recovery program as may be assigned him with the approval of the President. The committee believed it would be unwise to define the duties of the special representative in any detail at the present time. In general, however, the committee agreed that he might perform extremely valuable services in coordinating the activities of the chiefs of the special missions in the participating countries, and handling matters which require joint negotiations with two or more states and cannot therefore be handled in the normal way.

While the exact relationship between the special representative and the Secretary of State, the Administrator, the chiefs of the special missions and the chiefs of the diplomatic missions can only be worked out in practice, the bill provides that he must keep all these individuals informed of his activities. Moreover, he is to consult with the chiefs of the special missions who must give him whatever cooperation he may require for the performance of his duties under the act.

Clearly the special representative, like the Administrator, will be a key figure in the European recovery program. On his knowledge, skill, perseverance, and diplomacy much of the success of this joint enterprise will depend. Every effort should be made to find an individual who possesses the many qualifications necessary for this difficult undertaking.

15. THE PUBLIC ADVISORY BOARD

Because of the broad range of problems involved in the recovery program, the committee believed it highly desirable to create a public advisory board to advise with the Administrator with respect to basic policy matters. Two direct benefits will flow from such an arrangement. In the first place, an advisory board made up of eminent citizens with varied experiences and representing various interests, will be able to contribute many valuable suggestions and criticisms for the use of the Administrator. He will undoubtedly wish to lean heavily upon their counsel. In the second place, if the Administrator works closely with an advisory body consisting of representatives of labor, business, agriculture, and other interested groups, public confidence in the enterprise will be greatly augmented.

As provided in the bill the Public Advisory Council will be bipartisan and will consist of not more than 12 members appointed by the President and confirmed by the Senate. As the name indicates it is to function in an advisory capacity only. The act provides that it shall meet at least once a month and at other times upon the call of the Administrator or the request of three or more of the Board members. The committee sincerely believes the Board will prove a valuable asset to the Administrator without constituting a burden upon his time.

The Administrator is also authorized to appoint such other advisory committees as he may consider necessary to carry out the purposes of the act. It is very probable, as the recovery program progresses, that the Administrator will find special advisory groups in industry, labor, agriculture, commerce, and other specialized fields of considerable assistance to him.

16. THE JOINT CONGRESSIONAL COMMITTEE

The European recovery program will be a gigantic enterprise. It will involve the cooperation and the resources of the United States. Its outcome will determine, to a very large extent, whether peace and prosperity will prevail in the western world. Its successful execution will be of continuing interest to the executive branch, the Congress, and the people of the United States for the next 4 years.

For these reasons the committee believed it would be highly desirable to establish a congressional committee to be known as the Joint Committee on Foreign Economic Cooperation. This joint committee will be bipartisan in character and will be made up of seven Members of the Senate and seven Members of the House. Its chairman and vice chairman will be appointed by the President of the Senate and the Speaker of the House acting jointly.

It will be the task of the joint committee to make a continuous study of United States foreign-aid programs and to review the progress achieved in the execution and administration of such programs. It will also, upon request, aid the standing committees of the Congress having legislative jurisdiction over the various aspects of foreign economic assistance. Finally, it will report to the Congress from time to time making such recommendations as it may deem desirable.

After careful consideration of the issues involved, the committee agreed that it would be most inadvisable to bestow legislative authority upon the joint committee. The recovery program will have many facets, both international and domestic. It will be related to foreign policy, shipping problems, export controls, farm production, stock piling, foreign trade, and financial policy—to mention only a few. To grant the joint committee legislative authority would compel it to invade the proper jurisdiction of many of the standing committees of the Congress.

The committee felt strongly, however, that the joint committee will serve as a useful mechanism to bridge the gap between the executive and legislative branches and thus help bring about that teamwork within our own Government which is essential if the program is to succeed. It is believed that the joint committee can play a very helpful role both in keeping the Congress informed and in advancing healthy criticisms and helpful suggestions for the use of the Administrator. The bill provides that the Administrator, at the request of the joint committee, shall consult with the committee from time to time with respect to his activities.

Part III. Requirements of the Program and Availabilities of Commodities

17. HOW THE REQUIREMENTS WERE SCREENED

Your committee considered with care the way in which the requirements of the participating countries were originally prepared by the Committee on European Economic Cooperation (CEEC) and the method by which they were screened by the executive branch.

Basic commodities and productive equipment which are essential to the reactivation of the European economy were subjected to careful study by committees composed of technical experts drawn from the participating countries. The CEEC established technical committees covering the fields of food and agriculture, fuel and power, iron and steel, transport, timber, and manpower. These technical committees collected exhaustive information from each of the participating countries and prepared technical reports based on an expert examination and evaluation of the materials bearing on their subject. Each of these technical reports outlines the nature of the commodity problem, establishes anticipated levels of production, estimates and justifies the amount of requirements needed to achieve the objectives of the program, and indicates the net amount of import requirements which the participating countries taken together will need from the rest of the world.

In addition to the technical committees mentioned above, the CEEC also formed a balance of payments committee to translate the net import requirements of the participating countries into financial terms and a committee of financial experts to examine ways and means of removing financial obstacles to intra-European trade.

The general report of the CEEC together with the detailed reports of the technical committees were transmitted to the United States Government on September 22, 1947.

The executive branch made a close analysis of the principal commodity requirements of the participating countries. The commodities and services selected for this detailed scrutiny were generally those which the CEEC regarded as the basic essentials for recovery and also those which involved difficult supply problems.

In these selected areas, the executive branch first examined the data presented in the CEEC reports to determine that, apart from supply considerations, the program was not based on unwarranted assumptions regarding levels of consumption or rates of new investment activity. Judgments based on expert knowledge and experience were required in each step of this process. The criteria adopted for this stage of the screening process, however, are easily explained. A requirement figure was regarded as unjustified until it could be demonstrated that the country concerned needed a commodity for its economic recovery or that it could not dispense with that commodity on any reasonable and practical standard of consumption consistent with the objective of European economic recovery. For example, on this basis the stated needs for certain types of heavy agricultural machinery were disregarded because it is believed that European farms are not large enough to permit them to be utilized effectively in promoting economic recovery.

Against these estimates of requirements as initially justified, the executive branch set its first approximation of availabilities. The primary figure in this estimate was domestic production in each of the participating countries. It was assumed that within practical limits, such as established trade relations, the surplus production of each participating country would be made available to others in the group. An examination was then made to determine the extent to which these net deficiencies between domestic production and requirements of the participating countries taken together could be obtained from the rest of the world.

If the net import deficits could not be met from world availabilities, a reexamination was made to ascertain whether or not requirements could be further scaled down or alleviated by substitute commodities without imperiling the objective of the program. The substitution of finished steel for crude and semifinished steel is an example of this procedure. In food, however, there was no choice but to cut requirements from the desirable level of food intake to the practical level dictated by supply scarcities.

In the process of making its estimates, the executive branch consulted for several weeks with technical representatives of the CEEC. In addition to the information obtained in the course of these discussions, the executive branch utilized information obtained from the participating countries' missions in the United States, our missions in the CEEC countries, the United Nations and its specialized agencies, the Krug, Nourse, and Harriman reports, from private citizens and business firms, and from the American press.

At the same time, Members and committees of the Congress were examining various aspects of the program in preparation for intensive hearings which would enable the Congress to enact sound legislation.

Admittedly, the committee had not the time, or resources, or technical competence necessary to make detailed investigations of each of the CEEC requirement figures. The committee was convinced, however, that the methods used by the executive branch in the screening process were sound, and had been applied by competent individuals in a scientific manner. The results of the screening are brought out in the following sections of the report.

18. REQUIREMENTS OF THE PARTICIPATING COUNTRIES

The committee has accepted generally the validity of the estimated requirements of the participating countries as screened and presented by the executive branch. The estimates and timetable (dating from April 1, 1948), far from being extravagant, seem to provide a tight fit in view of the far-reaching objective of economy recovery. The committee recognizes, furthermore, that in actual practice the Economic Cooperation Administration must keep its program of assistance flexible so that adjustments can be made from time to time in light of specific needs and supply considerations and subject to the general provisions of the bill.

The following table gives the exports from the Western Hemisphere of certain major commodities for the period April 1, 1948, to June 30, 1949. The financing of a substantial portion of these exports will require United States assistance under the program.

Estimated quantities of selected imports of the participating countries from the United States and other Western Hemisphere countries Apr. 1, 1948, to June 30, 1949

Commodity	Unit	From United States	From other Western Hemisphere	Total
Bread grains	Thousands of metric tons	8,195	9,165	17,360
Coarse grains	do	1,205	4,055	5,260
Fats and oils	do	182	388	570
Oilcake and meal	do	246	1,468	1,714
Sugar	do	180	2,408	2,588
Meat	do	30	1,401	1,431
Pulses	do	187	122	309
Dairy products	do	562	71	633
Eggs	do	60	95	155
Dried fruits	do	153	3	156
Fresh fruits	do	358	261	619
Coffee	do	----------	275	275
Cocoa	do	----------	65	65
Tobacco	do	256	42	298
Cotton	do	691	296	987
Nitrogen fertilizer	do	82	132	214
Agricultural machinery	Millions of dollars	136	22	158
Coal	Thousands of metric tons	43,250	----------	43,250
Coal-mining machinery	Millions of dollars	82	----------	82
Petroleum [1]	Thousands of metric tons	29,274	----------	29,274
Timber	Thousands of cubic feet board measure	2,310	6,599	8,909
Iron ore	Thousands of metric tons	----------	1,475	1,475
Crude and semifinished steel	do	935	431	1,366
Finished steel	do	2,069	----------	2,069
Trucks	Thousands of units	67	11	78
Freight cars	do	20	----------	20
Steel equipment	Millions of dollars	48	----------	48
Timber equipment	do	17	----------	17
Electrical equipment	do	95	----------	95

[1] Includes imports of oil and petroleum products by participating countries from the United States and from American companies operating in the Caribbean, Middle East, and other areas outside the United States. It is expected that the proportion of these imports coming from the United States will be 20 to 30 percent in volume during the period Apr. 1, 1948, through June 30, 1949.

The principal requirements of the participating countries and western Germany for the 4 years 1948–51 from the United States as indicated in the CEEC report fall into four major categories: Food and fertilizer, 26.5 percent; coal and petroleum, 14.2 percent; iron and steel, 5.9 percent; timber, 2 percent; and equipment, 16.2 percent. This amounts to 64.8 percent of the total. The balance of the import requirements consists of a wide variety of specialty products, many of which are produced in quantity only in the United States.

The committee appreciates the fact that the executive branch has had to make reductions and substitutions in the estimates of net import requirements given in the CEEC report by determining the urgency of need of particular commodities, the size of the import requirements remaining after supplies from indigenous production are increased to practical limits and are properly utilized, and by judging the extent to which the United States can prudently and wisely undertake to meet those import requirements.

The reductions and substitutions made by the executive branch in the CEEC estimates are illustrated by the following tables:

Comparison of selected food and agricultural import requirements for 1948–49 [1] *as estimated by CEEC and by the executive branch (dependent overseas territories are not included)*

Commodity	Unit	Estimated total import requirements		Executive branch estimate as percent of CEEC estimate
		CEEC	Executive branch	
Bread grains	Thousand metric tons	17,988	14,270	79
Coarse grains	do	9,349	5,700	61
Fats and oils	do	2,968	2,464	83
Oilcake and meal	do	4,417	2,750	62
Sugar	do	3,053	3,056	100
Meat (including horse meat)	do	2,603	1,933	74
Cheese	do	279	249	89
Processed milk	do	240	346	144
Eggs	do	346	209	60
Dried fruit and nuts	do	455	493	108
Rice	do	352	140	40
Coffee (green)	do	422	435	103
Pulses	do	----------	530	----------
Fresh fruits	do	2,811	2,818	100
Cocoa	do	338	276	82
Tobacco	do	247	328	133
Nitrogen fertilizer	do	297	180	61
Agricultural machinery	Million dollars	266	160	60

[1] CEEC estimated requirements for food and agricultural commodities were based on crop years, July 1 to June 30 of the following year. The first year of estimated requirements under the European recovery program was assumed by CEEC to relate to the crop year 1947–48. Requirements are larger in 1947–48 than in 1948–49 and following years. The CEEC assumed that full satisfaction of its 1947–48 requirements would result in much lower requirements in 1948–49 and later years. However, CEEC requirements for 1947–48 were in fact not met, and therefore the CEEC would probably want to revise its requirement estimates upward for 1948–49. In the table given above, the CEEC requirements relate to 1948–49 rather than to 1947–48. Since the 1948–49 CEEC requirements are lower than those for 1947–48, the extent to which the executive branch estimates of requirements differ from those of the CEEC is understated.

Comparison of certain selected import requirements from the United States for comparable 12-month periods as estimated by CEEC and by the executive branch (dependent oversea territories are not included)

Commodity	Unit	Import requirements from United States		Executive branch estimate as percent of CEEC estimate
		CEEC, calendar year 1948	Executive branch, fiscal year 1949	
Petroleum (from dollar sources) [1]	Thousand metric tons	23,766	19,542	82
Timber	Million board feet	789	789	100
Crude and semifinished steel	Thousand metric tons	2,040	748	37
Pig iron	do	182	35	19
Scrap (or pig-iron equivalent)	do	1,399	----------	0
Finished steel, other than sheets and tin plate. [2]	do	449	1,150	256
Timber equipment [3]	Million dollars	10.1	9.8	97
Electrical equipment	do	150	95	63
Freight cars	Thousand units	47	20	43
Steel plant and equipment	Million dollars	100	48	48

[1] Total imports from dollar sources, largely outside the continental United States.

[2] Executive branch estimates of finished-steel requirements of the participating countries from the United States take account of the anticipated deficits in pig iron, crude and semifinished steel, and scrap requirements of the participating countries. To the extent that availabilities in the United States permit, the executive branch has estimated that finished steel might offset in part the deficits in pig iron, scrap, and crude and semifinished steel. Taking these selected iron and steel products on a ton-for-ton basis, the executive branch estimated that 48 percent of CEEC requirements of 4,070,000,000 metric tons of iron and steel might be met.

[3] Total timber equipment requirements in 1948, as estimated by the CEEC, are 16.4 million dollars, of which 6.3 million dollars were for dependent areas of the United Kingdom and France. In order to raise productivity in the timber-producing colonial areas, the executive branch estimated that 7.1 million dollars of timber equipment might be made available from the United States to these dependent areas in the fiscal year 1948–49.

The program as recommended by the executive branch and accepted by the committee is based upon detailed commodity and country studies.

The committee recognizes that it is difficult to be precise either as to the cost and composition of the import requirements or as to the level of dollar earnings achieved by exports and other dollar funds which the participating countries may be able to obtain from sources other than new United States Treasury funds. The following estimates for the 15-month period April 1, 1948, to June 30, 1949, however, were presented by the executive branch, and it is the committee's judgment that these estimates have generally withstood critical examination.

European Recovery Program Committee—Recapitulation table: Illustrative composition of imports of commodities and services from Western Hemisphere and possible sources and distribution of financing, Apr. 1, 1948, to June 30, 1949 (at July 1, 1947, prices)

[In millions of dollars]

Import	Total imports	Possible sources and distribution of financing		
		Own resources	Sources other than United States funds	United States funds
Bread grains	1,600.3	138.8	336.7	1,124.8
Coarse grains	552.3	68.6	66.6	417.1
Fats and oils	378.4	29.2	76.2	273.0
Oilcake	190.7	17.4	33.3	140.0
Sugar	295.8	35.1	33.4	227.3
Meat	393.1	14.5	33.3	345.3
Dairy products	275.2	----------	----------	275.2
Eggs	85.3	6.7	----------	78.6
Dried fruit	34.3	2.8	----------	31.5
Rice	47.8	3.1	----------	44.7
Coffee	156.6	34.1	38.3	84.2
Other foods	168.0	23.5	----------	144.5
Subtotal	4,177.8	373.8	617.8	3,186.2
Tobacco	293.4	57.3	----------	236.1
Cotton	790.0	214.4	42.1	533.5
Nitrogen	42.8	5.2	----------	37.6
Phosphates	3.1	.5	----------	2.6
Potash	----------	----------	----------	----------
Agricultural machinery	158.7	12.6	12.9	133.2
Coal	389.3	13.5	----------	375.8
Mining machinery	81.9	1.0	2.9	78.0
Petroleum products	651.9	330.1	----------	321.8
Timber	333.4	185.7	16.0	131.7
Iron and steel:				
Finished	226.7	85.9	21.7	119.1
Crude and semifinished	86.2	57.4	----------	28.8
Pig iron	1.6	.2	----------	1.4
Scrap iron	2.0	----------	----------	2.0
Iron ore	8.8	----------	----------	8.8
Trucks	116.8	17.0	21.8	78.0
Freight cars	60.0	----------	----------	60.0
Steel equipment	48.1	----------	9.1	39.0
Timber equipment	17.0	.4	----------	16.6
Electrical equipment	95.0	5.0	6.0	84.0
Other imports	4,228.2	3,025.3	408.0	794.9
Total commodity imports	11,812.7	4,385.3	1,158.3	6,269.1
Net freight	827.0	235.5	----------	591.5
Other dollar payments	319.4	319.4	----------	----------
Total	12,959.1	4,940.2	1,158.3	6,860.6

The participating countries and western Germany, according to column 1 in the preceding table, will require imports from the Western Hemisphere amounting to $12,959,000,000. The executive branch estimates that these countries as a group will export about $4,940,000,000 of goods and services to the Western Hemisphere in the first period of 15 months. This estimate is indicated in column 2. The difference between column 1 and column 2, amounting to $8,019,000,000, indicates the approximate net deficit which the participating countries and western Germany will probably incur on current account with the the Western Hemisphere. It should be emphasized at this point that the indicated net deficit of the participating countries with the Western Hemisphere is based on the assumption that these countries will engage in a vigorous domestic productive effort and will cooperate fully in measures of self-help and of mutual assistance, and will thus reduce their requirements from the Western Hemisphere to a minimum consistent with a true recovery program.

In addition to dollar earnings obtained through exports, the participating countries will also be expected to obtain funds from such sources as the International Bank and credits advanced by Western Hemisphere countries other than the United States. The amount of these funds, expressed in terms of July 1, 1947, prices, are indicated in column 3. The difference between net imports (column 1) and export proceeds plus borrowings from sources other than net United States Treasury funds (column 2 plus column 3) appears in column 4. About $6,860,000,000, in terms of July 1, 1947, prices, will be needed to meet the uncovered import deficit of the participating countries and western Germany with the Western Hemisphere in the 15-month period.

This estimate of the uncovered deficit with the Western Hemisphere amounting to $6,860,000,000 is reconciled with the executive branch's request for an authorization of $6,800,000,000 in the following tabulation:

		Millions
Goods to be purchased in Western Hemisphere with new United States funds (at July 1, 1947, prices), column 4 of recapitulation		$6, 860
Adjustments:		
Add adjustment for price increases[1]	$482	
Deduct savings on shipping[2]	100	
		382
Adjusted cost of commodities and shipping services to be purchased in Western Hemisphere with new United States funds		7, 242
Authority to obligate funds for procurement of items to be delivered in subsequent years		200
Uncovered deficit of bizonal Germany with nonparticipating countries outside the Western Hemisphere		200
Total being requested for European recovery program and by Department of Army for Germany (GARIOA)		7, 642
Deduct appropriations being requested by Department of Army for prevention of disease and unrest in Germany (GARIOA)		822
Total requirement for first 15 months, European recovery program		6, 820
Authorization requested for European recovery program (preceding line in rounded amount)		6, 800

[1] This figure is equivalent to the adjustment for higher prices of $565,000,000.
[2] These are possible savings if additional temporary transfers of bulk-cargo carriers are made.

The preceding tables have indicated the magnitude of the import requirements and possible sources of finances upon which the participating countries as a group might be able to draw. Each of the participating countries, however, has its particular import requirements from the Western Hemisphere, its possible sources of funds to finance those import requirements, and, finally, many of the countries have the particular problem of a net import deficit which requires a solution. The following table high lights these problems on a country-by-country basis:

TABLE 1.—*Recapitulation of tables showing illustrative composition of imports of commodities and services from Western Hemisphere and possible sources and distribution of financing, Apr. 1, 1948, to June 30, 1949*

[At July 1, 1947, prices]

	Total imports [1]	Possible sources of financing		
		Dollar earnings [2]	Sources other than new United States funds	New United States funds [3]
	Mils. of dols.	*Mils. of dols.*		*Mils. of dols.*
Austria	233	39	12	182
Belgium-Luxemburg	853	334	196	323
Denmark	237	45	28	164
Finance	1, 931	369	128	1, 434
Greece	262	67	9	186
Iceland	23	10	----------	13
Ireland	192	40	----------	152
Italy	1, 160	183	108	869
Netherlands	1, 136	271	160	705
Norway	253	163	56	34
Portugal	144	144	----------	----------
Sweden	499	423	43	33
Switzerland	535	535	----------	----------
Turkey	69	69	----------	----------
United Kingdom	4, 311	2, 133	418	1, 760
Germany:				
Bizone	1, 014	100	----------	914
French zone	93	13	----------	80
Saar	14	3	----------	11
Total	12, 959	4, 941	1, 158	[3] 6, 860

[1] Including net dollar payments for freight and other invisibles.
[2] Including drawings of $72,000,000 by Portugal on its gold and foreign-exchange resources.
[3] This column includes funds being requested by the Department of the Army for prevention of disease and unrest in Germany. A reconciliation with the $6,800,000,000 being requested for the European recovery program is made elsewhere.

It must be emphasized, however, that the country-by-country distributions are very tentative and are not binding upon the Administrator. The amounts in column (4), which indicate the possible country distribution of new United States funds, do not necessarily represent the amount which each participating country would receive nor the terms on which such sums would be advanced by the Administrator.

It should be emphasized that the estimates given above are based on the assumption that certain of the participating countries, notably Portugal and Switzerland and possibly Turkey, will not require any financial assistance from the United States, either in the form of loans or of grants. Their participation in the program is based on their ability to assist in furthering the recovery objective and the advantages to them of general European economic recovery and not on the basis of anticipated financial assistance from the United States.

19. THE BALANCE-OF-PAYMENTS SITUATION

The standard of living and the rate of economic development in Europe depend in the final analysis upon European production and resources. In the first period the amount of proposed outside assistance represents less than 5 or 6 percent of the estimated national income of the participating countries.

The "shortage of dollars" is basically the shortage of world production and trade to get dollars. For example, the European countries cannot, without frustrating recovery, produce enough goods and services to satisfy indigenous requirements and to export at a level equivalent to their total Western Hemisphere requirements amounting in the next 15 months to $12,959,000,000.

The committee accepts the general reasoning of the program—that if the import requirements of the European countries are no less than the amount indicated above, and that if the assumed volume of exports is achieved, these countries will still be subjected to very severe strains even under the most favorable developments.

Without wishing to prejudge the figure of $822,000,000 being requested separately for Germany by the Department of the Army, the following summary, including at the time of the committee's action the adjustment for price increases, appears to be realistic:

Summary of balance of payments deficit of the participating countries with the Western Hemisphere for the period Apr. 1, 1948–June 30, 1949, and proposed sources of financing

[In millions of dollars]

	United States	Other Western Hemisphere	Total Western Hemisphere
	Mils. of dols.	*Mils. of dols.*	*Mils. of dols.*
1. Selected imports	4, 239	3, 346	7, 585
2. Other imports	2, 750	1, 478	4, 228
3. Total imports	6, 989	4, 824	11, 813
4. Selected exports	295	303	598
5. Other exports	1, 960	1, 455	3, 415
6. Total exports	2, 265	1, 758	4, 013
7. Merchandise balance	−4, 734	−3, 066	−7, 800
8. Freight (net)	−293	−145	−438
9. Other invisibles (net)	+263	+13	+276
10. Balance (July 1, 1947, prices), break-down available by countries	−4, 764	−3, 198	−7, 962
11. Adjustment for higher prices	−412	−153	−565
All above figures based on July 1, 1947, prices, as was CEEC. This adjustment allows for a 7½-percent rise in United States and 5 percent in other Western Hemisphere export prices, and a 5-percent rise in European export prices. The rise in prices may well be greater than this allowance covers.			
12. Adjusted balance	−5, 176	−3, 351	−8, 527
13. Total deficit, Western Hemisphere			8, 527
14. Uncovered deficit, bizonal Germany, with nonparticipating countries outside Western Hemisphere			200
15. Total to be financed			8, 727
16. To be met by sources other than new U. S. Treasury financing			−1, 285

Summary of balance of payments deficit of the participating countries with the Western Hemisphere for the period Apr. 1, 1948–June 30, 1949, and proposed sources of financing—Continued

[In millions of dollars]

	United States	Other Western Hemisphere	Total Western Hemisphere
	Mils. of dols.	*Mils. of dols.*	*Mils. of dols.*
17. Total new financing by U. S. Treasury			7, 442
18. Appropriations being requested by Army for prevention of disease and unrest in Germany			−822
19. Subtotal			6, 620
20. Add: Funds required for obligation prior to June 30, 1949, to cover contracts for shipments in subsequent period			200
21. Total requirement for first 15 months, ERP			6, 820
Rounded to			6, 800

The CEEC countries did not indicate that the assistance of the United States would be essential in meeting the deficits of the participating countries with nonparticipating countries outside the Western Hemisphere. But it is appropriate for the United States Government, as an occupying authority, to take responsibility for a part of the deficit which bizonal Germany will incur with nonparticipating countries outside the Western Hemisphere. As indicated in line 14 of the above table, about $200,000,000 will be required for this purpose in the period April 1, 1948, to June 30, 1949.

20. AVAILABILITY OF COMMODITIES

The committee observed that the proposed program is based upon a realistic assessment of availabilities in this country and the rest of the world. The reductions made in the CEEC estimates by the executive branch arise in part from lower estimates as to the availability and probable future supplies of such commodities as grain, fats and oils, steel scrap, petroleum, and freight cars.

Food.—The Secretary of Agriculture testified that the amount of food required under the program could be provided after fulfilling our own domestic requirements and without upsetting the existing domestic channels of trade. In general, the total food requirements of the participating countries for the first 15-month period are well above the probable total availabilities. Food shipments from the United States are expected to be appreciably smaller than for the past 2 years. Even so, it may be necessary to delay for a few years our start in adjusting to more desirable wheat acreages.

(*a*) Bread grains: Low availabilities of bread grains will most seriously affect food consumption in the participating countries. Western Europe was a prewar food deficit area and will continue to be so even under the most favorable conditions. Food consumption targets as planned by the CEEC countries will not be achieved by 1952 unless there is a series of very favorable crop conditions in many areas of the world. If conservation measures and crop prospects are favorable in the United States, the program contemplates shipment from the United States to participating countries and their dependent overseas territories of 89,000,000 bushels of bread grains between April 1 and June 30, 1948 and 218,000,000 bushels during the fiscal year 1948–49. During the 15-month period, exports of bread grains from nonparticipating countries other than the United States constitute 61 percent of the total imports of the participating countries. The volume of exports from the other Americas and eastern Europe will be of decisive importance.

(*b*) Coarse grains: Western European nations cannot restore their livestock as rapidly as would be desirable from their viewpoint because they will not be able to import enough feed grains. Exports from the United States of coarse grains in fiscal 1948–49 would be about 45,000,000 bushels. Most, if not all, of these grains should be used for food purposes. There should be no difficulty on the part of the United States in meeting this requirement.

(*c*) Fats and oils: United States exports of fats and oils to Europe under the proposed program would be more than offset by imports into the United States. This country normally exports edible fats and imports inedibles.

(*d*) Meat: No export of the types of meat consumed in the United States are planned during the first 15 months of this program. A small amount of horse meat will be shipped.

Fertilizer.—The need for fertilizers to increase indigenous supplies of food remains acute and the world demand is greater than at any time in history. Nitrogen consumption in the United States has more than doubled in the last decade. Nitrogen fertilizer allocation recommendations are under the International Emergency Food Council. It is unlikely that more than the current rate of 70,000 tons annually, including shipments by the United States Army, could be exported from the United States to the participating countries. The present rate of exports from the United States represents about 8 percent of our total yearly commercial supply of nitrogen and 4 percent of our phosphate rock. The supply available for United States farmers would be maintained at about the present levels.

Agricultural machinery.—Farm machinery is badly needed in western Europe to increase production. The CEEC request would have taken about one-third of the estimated 1946 production of the United States. Noımally, Europe has taken about 5 percent of our production. The proposed $136,000,000 program for the 15-month period would double that percentage but increased production in this country should provide for this program and also maintain the supply at a slightly higher rate than currently to the American farmer and take care of our other regular customers abroad. Every effort must be made to see that the exact amounts and kinds of machinery furnished will be fitted to the needs of these countries and used to the best advantage.

Coal.—The United States resources are adequate to provide the quantity of western European coal import requirements, although this program will call for full and efficient use of our transportation system. The coal mining equipment requirements essential to the expansion of coal mining productivity have been carefully reviewed in consultation with American manufacturers. It is considered that these requirements can be met if production can be scheduled promptly.

Electrical equipment.—Large generating equipment, of the types in which supply problems now exist in this country, is not expected to be supplied in the initial period. Our contribution in electrical equipment is relatively small in dollar amount, but involves many items of specialized character available only from the United States.

Timber.—The volume of timber requested from this country appears to be moderate and within the limits of what we can supply, especially by exporting types not in major demand in this country.

Freight cars.—The CEEC estimated requirements for 1948 are 47,000 cars. This request did not appear to be fully justified, and in view of the large internal needs in the United States, provision was made for exports from the United States of only 20,000 cars in 1948–49. This estimate of requirements conforms with the judgment of the Harriman committee on this subject.

Tobacco.—The western European countries have traditionally been our largest tobacco export market. The shortage of dollar exchange, however, has prevented the participating countries from importing the full amount of their requirements for American tobacco. As a result of the sudden curtailment of exports, a reserve of tobacco has accumulated in the United States. Tobacco imports to the participating countries provide an outlet for excess consumer purchasing power and thereby contribute to the alleviation of inflationary pressures in the domestic economy. Furthermore, in many western European countries sales of tobacco provide an important source of revenue to the Government. Tobacco ranks as a readily available incentive, good for purposes of encouraging labor to work increased hours and on stepped-up production schedules.

Petroleum, iron and steel.—Owing to the special problems regarding the requirements and availability of petroleum and iron and steel, these commodities are considered at some length in separate sections of this report.

21. AVAILABILITY OF PETROLEUM

In order to protect the petroleum reserves of the United States, the committee provided in the bill that the procurement of petroleum and petroleum products shall to the maximum extent practicable be made from petroleum sources outside the United States. The original CEEC requests for 26,493,000 metric tons from dollar sources in the first 12 months has been reduced 18 percent by the executive branch because of the critical shortages of oil, transportation, and refining facilities. This reduction should not appreciably retard recovery in Europe, although substantial adjustments will be required in programs of emergency utilization.

Very little, if any, fuel oil will be exported from the United States. A sizable proportion of United States exports will consist of specialty products, such as lubricants, which can be obtained in volume only from the United States. In percent of United States production, shipments to participating countries will account for 1.8 percent of United States crude oil output in 1948 or about 11 percent of their import requirements. Our exports of petroleum will be more than offset by imports. Total European requirements of petroleum are to be met largely from the other Western Hemisphere areas (supplying 50 percent of the requirements in 1948) and from the Middle East (supplying 38.6 percent in 1948 and an increasingly large proportion thereafter). It is estimated that the United States exports to CEEC countries will decline from the 1938 level of 77,000,000 barrels to 35,000,000 barrels in 1948.

Your committee gave considerable attention to the possible impact of current political uncertainties in the Middle East on the security and reliability of that area as a source of supply for Europe. This and other factors led the committee to underline the danger that western Europe, which has little petroleum wealth of its own, may be overexpanding, from the viewpoint of its own welfare, the petroleum-consuming equipment where the use of alternate fuels or other sources of power are practicable. For example, the CEEC report contemplated some substitution of petroleum-burning equipment for coal-burning equipment and an over-all petroleum consumption level in 1951 double that in 1938. The estimates of the executive branch assumed that these substitutions contemplated by the CEEC would not be possible. Coal remains the basic source of energy in western Europe and in 1951 will account for about 80 percent of total energy production.

22. AVAILABILITY OF IRON AND STEEL

The estimates of the executive branch on iron and steel import requirements of the participating countries recognize that an adequate supply of steel is a prime necessity for a thriving European economy. Steel requirements for European recovery exceed prewar consumption levels, since a substantial backlog of war damage and deferred maintenance of plant and machinery must be made up as rapidly as practical. Furthermore, increased output and export of metal products are essential to the achievement of equilibrium in the European balance of payments. Taking selected iron and steel products on a ton-for-ton basis, the executive branch estimates that 48 percent of the CEEC requirements of iron and steel might be met.

Current steel output of the participating countries together with western Germany is about 70 percent of the 1938 level. The CEEC finished steel production target is set at 30,000,000 tons in 1948, or about 9,000,000 tons above the current rate. United States studies of European steel production possibilities indicate that shortages of steel-making materials, particularly imported scrap, might prevent CEEC targets from being reached in 1948. The finished steel and metal fabricating industries of the United Kingdom and Italy will be principally affected by the unavailability of imported scrap, pig iron and crude and semifinished steel.

In order to alleviate and partially offset the unfavorable effects of prospective deficits in steel-making materials, including semifinished steel, the executive branch estimated that finished steel might be exported in quantities larger than those indicated for finished steel by the CEEC report. This course of possible action was recommended after a thorough exploration of suggested alternatives.

One suggestion was that the participating countries might further reduce their programed exports of finished steel. Some reduction in programed exports of finished steel by the participating countries will undoubtedly occur, according to the executive branch estimates. Further reductions would gravely endanger the long-run position of the participating countries, which together were the major prewar exporters of steel to the rest of the world, to regain export markets and to earn vitally needed foreign exchange. Furthermore, in the world's presently disorganized markets, ability to export steel and related products to certain countries also confers on the participating countries an ability to obtain foodstuffs and raw materials on more favorable terms.

A second suggestion relates to the possibilities of expanding steel production and exports of bizone Germany. Examination of the situation, however, indicates that bottleneck factors ranging from transport to replacement-parts shortages will effectively limit output below the amount of steel-making capacity scheduled for retention in that area. The occupation authorities also have indicated that additional steel production, except for amounts already earmarked for export, will be needed to reactivate the economy of bizone Germany. However, the committee assumes that careful attention will be given to the possibility of increasing bizonal steel-ingot production.

Accordingly, the executive branch estimated that 1,150,000 metric tons of finished steel in addition to sheet and tinplate requirements might be made available from the United States to the participating countries in fiscal 1949. This country in 1947 exported about 4,000,000 tons of finished steel and about 1.2 million tons of such exports were destined to the participating countries. Although production of finished steel in the United States for the first 9 months of 1947, according to the Harriman Committee report, was equivalent to an annual rate of 62,300,000 net tons of finished steel products, exports of steel at the 1947 rate will continue to pinch the domestic economy. In view of all the circumstances, however, exports of finished steel to the participating countries in the amount estimated by the executive branch are essential to European recovery and will not significantly impair the strength and productivity of the American economy.

23. THE IMPACT OF THE RECOVERY PROGRAM UPON THE DOMESTIC ECONOMY

After extensive inquiry, the committee has come to the conclusion that, given efficient administration of the program, the American economy is able to withstand the general impact of a new foreign aid program of the size contemplated. Continued high levels of economic activity in the United States and efficient resource utilization are assumed. It is also assumed that the American people regard a European recovery program as worthy of some short-run sacrifices, chiefly in terms of some retardation in our rising standards of living. A small fraction of the strength of the American economy, properly applied and aided by the industry and straight thinking of the European people, can furnish the impetus to move the European economy off dead-center.

While it has been necessary to examine this conclusion on a commodity-by-commodity basis, and with due regard to the depletion of our resources, the great strength and inherent flexibility of our private enterprise economy must be kept in perspective.

Our gross national product in 1947 was over $230,000,000,000 of which only 8 percent was exported. The committee was impressed by the fact that the 1948 level of exports, including those contemplated in this program, will be less than in 1947.

The excess of exports over imports is the final test of the over-all inflationary impact of this program upon the United States. Assuming the full authorization of 5.3 billion dollars, this excess is expected to be at least $1,000,000,000 less than in 1947. Furthermore, the Krug report concludes:

From the standpoint of preserving both the national security and our standard of living, our economy in general is physically capable of providing the resource requirements of a considerable program of foreign aid.

The Executive Branch concludes that inflation is largely the result of factors other than exports and that depletion of our natural resources is a long-run problem which we must solve with or without a European recovery program. The foreign-aid program, not in itself the principal factor, nevertheless compels us to face certain domestic problems squarely.

Almost all the testimony points to the serious fact that the problems raised by specific commodities in relatively short supply, if not dealt with effectively, could destroy this optimistic picture. The United States is no limitless cornucopia. There is no slack in the American economy, and every shipment of scarce goods—especially food, steel, industrial and agricultural machinery, and fertilizer which Europe must have—adds to the economic danger of inflation which means a shortage of goods in relation to demand. Such critical commodities can tip the scale between stability and inflation and start a chain reaction in our economy even though the percentage of our export to western Europe to total production is relatively small. It is clear that the impact of a new foreign-aid program will depend upon the domestic measures we adopt and the skill applied in the administration of the recovery program. In its proposals regarding these critical commodities, the executive branch has proceeded with caution.

Under this bill the obligations upon the Administrator are clear. Procurement must be provided for in such a way as to (1) minimize the drain upon the resources of the United States and the impact of such procurement upon the domestic economy, and (2) avoid impairing the fulfillment of vital needs of the people of the United States. The bill provides that the Administrator, in procuring agricultural commodities within the United States will, subject to the stated conditions, provide for the procurement of an amount of each class or type of any such commodities in approximate proportion to the total exportable supply of such class or type of such commodity. In addition, the bill provides for a businesslike, highly responsible Administrâtor, within the executive branch, which should be able to cushion these impacts upon our domestic economy.

Part IV. Special Problems in Connection With the Program

24. METHOD OF PROCUREMENT

In considering the procedures to be followed in the procurement of commodities for transfer to participating countries, the committee adopted two basic principles: the first is that private procurement and normal channels of commerce, trade, and transportation are to be used to the maximum extent practicable; the second principle is that flexibility in the procurement procedures, subject to such controls as may be necessary to assure proper expenditure, is essential to an adequate functioning of a program of such magnitude and complexity.

It is intended that procurement through United States Government channels will be utilized normally where necessary to assure that purchases for this program will not unduly affect the price level in this country or other aspects of the domestic economy. An example of this is the procurement of wheat through the Commodity Credit Corporation. Where procurement is through private channels, the bill establishes adequate safeguards to make certain that this Government's funds have been properly expended in execution of approved programs of supply.

25. PROCUREMENT OF COMMODITIES OUTSIDE THE UNITED STATES

The bill authorizes the Administrator to provide for procurement from sources outside of the United States. This authority is required primarily to protect against inflationary tendencies which would result from concentrated buying in this country of commodities in inadequate supply in the United States. Commodities available from other Western Hemisphere countries are among those in shortest supply in the United States. The scope of the recovery program and the wide range of the supplies involved make it impractical to limit the Administrator's authority to procure outside the United States although such limitations were included in earlier foreign-aid legislation.

The program assumes that other Western Hemisphere countries will, in addition to the credits they have previously provided to the CEEC countries, help to meet the CEEC countries' deficits at least to the extent of $700,000,000 from their own resources during the first 15 months. The offshore purchases in dollars permitted under this bill will also have the effect of assisting Western Hemisphere countries to meet their urgent dollar requirements with some of their export surplus. The Administrator is in a position to make certain that procurement outside the United States is on reasonable commercial terms.

Instances may arise in which the Administrator will find it desirable to finance the procurement for one participating country of commodities which are available in another such country. This will make possible increased trade among the participating countries and will make available dollar exchange to the exporting country thereby diminishing its requirements for direct assistance from the United States.

The planned offshore purchases are largely from the Western Hemisphere. Food products comprise about 60 percent of the total. The illustrative work sheets prepared by the executive branch indicate tentatively that about $2,615,000,000 or 38 percent of the requested $6,800,000,000 (15-month period) are needed for offshore procurement, or approximately $2,000,000,000 for the 12-month period.

Further, the bill states that the procurement of petroleum and petroleum products shall to the maximum extent practicable be made from petroleum sources outside the United States. Most of the purchases in dollars, however, will be from American companies operating in the Caribbean and Middle East areas.

The committee contemplates that offshore procurement of commodities will be effected to a very large extent through the normal channels of trade.

The following table is inserted here for illustrative purposes:

Illustrative distribution by commodities of United States funds for offshore procurement

[In millions of dollars at July 1, 1947, prices]

	Value
Bread grains	389. 2
Coarse grains	301. 5
Fats and oils	172. 8
Oilcake and meal	121. 0
Sugar	179. 7
Meat	334. 5
Dairy products	40. 0
Eggs	47. 1
Dried fruit	. 6
Rice	39. 4
Coffee	82. 0
Other foods	67. 3
Subtotal	1, 775. 1
Nitrogen	21. 2
Agricultural machinery	17. 9
Petroleum	(1)
Timber	37. 3
Iron ore	8. 8
Trucks	9. 4
Timber equipment	. 1
Other imports [2]	620. 2
Total	2, 490. 0
Adjustment for price increases after July 1, 1947	125. 0
United States funds for offshore procurement	2, 615. 0

[1] Petroleum is not included in the above table inasmuch as all purchases in dollars of petroleum will be from United States companies. The petroleum to be shipped to the participating countries by United States companies will be largely from sources outside the continental United States.

[2] This item is made up of various important raw materials, such as nonferrous metals and ores, hides and skins, chemicals, wood pulp and newsprint, and of various manufactures and semimanufactures, and machinery and parts.

26. STRATEGIC MATERIALS AND STOCK PILING

Lend lease and the Second World War cut deeply into the available stocks of natural resources of the United States. This would indicate the necessity of increased imports of such strategic materials as chromite, manganese, bauxite, lead, and zinc. In principle, this country is committed to a program for stock piling strategic materials on a large scale which can be done only by expanding total world production. The dependent territories of western European countries can contribute much to the production of strategic metals and minerals.

The committee deems this matter to be of the utmost importance and believes that the proposed method of obtaining strategic materials contained in the bill is more likely to result in our obtaining a larger quantity of such materials than alternative plans which have been suggested.

Section 15, paragraph 5, provides that the bilateral agreements should facilitate—

> the transfer to the United States by sale, exchange, barter, or otherwise for stock-piling purposes, for such period of time as may be agreed to and upon reasonable terms and in reasonable quantities, of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources, and which may be available in such participating country after due regard for reasonable requirements for domestic use and commercial export of such country.

Agreements with participating countries for the transfer of such materials may extend beyond the period of the bill and will specify the terms and quantities governing the transfer of such material.

In addition, part of the funds appropriated may be used by the Administrator of ECA to finance development of increased sources of supply. Technical information and assistance may be provided for increasing production. Local currency proceeds may be used to foster exploration development.

The Administrator under certain circumstances may require the repayment of loans under the program in the form of delivery of strategic materials. Section 11, subsection c, paragraph 1, makes explicit reference to this subject even though the Administrator would possess authority to take such action under the general language of this subsection. Ordinarily, it is contemplated that such materials will be purchased by us with dollars separately appropriated. If we require the delivery of strategic materials as a consideration for a grant, the capacity of the country to repay any loans would correspondingly be diminished. In calculating the capacity of a country to repay, its receipts from future exports of all types, including strategic materials which might be sold to us, should be taken into consideration.

27. SHIPPING AND THE RECOVERY PROGRAM

The committee carefully examined the problem of providing shipping to the participating countries. The proposal which the committee had submitted to it was for authority in the legislation to sell and charter merchant vessels to participating countries. It was proposed that 200 vessels would be sold and 300 chartered. In making its examination, the committee considered the possible adverse effect of such action on our merchant marine and merchant seamen and on our national defense. The committee also took into account the joint resolution entitled "A joint resolution to continue until March 1, 1949, the authority of the Maritime Commission to sell, charter, and operate vessels, and for other purposes" amending the Merchant Ship Sales Act of 1946 by prohibiting the sale or charter of United States war-built merchant vessels to foreign nations.

The committee decided that, in the circumstances, it would be unwise to authorize the transfer of title to American merchant ships. On the other hand, the committee felt that to prohibit the temporary transfer for a limited period of time would be uneconomic and contrary to the best interests of the American people. The legislation therefore authorizes the charter of 300 dry-cargo merchant vessels.

In making this authorization, the committee was guided by the following considerations which were not present in the Senate's consideration of the Joint Resolution referred to above. The charter of these 300 vessels, for a period not to extend beyond June 30, 1952, would permit a savings to the American taxpayer, over the 4½-year period, of approximately $240,000,000, based on July 1, 1947 freight rates. Moreover, the Maritime Commission has estimated that the size of the long-range active United States merchant fleet will be 11,400,000 deadweight tons, which estimate was concurred in by the armed services. Since the present active fleet is approximately 24,000,000 deadweight tons, it is clear that a reduction in the size of the American merchant fleet is inevitable. To require the operation of these 300 vessels by the United States would therefore have the effect of maintaining our American merchant fleet at an abnormally high level for a temporary period, and postponing, at considerable cost to the United States Government, the inevitable readjustment that must be made.

The committee inquired of the Secretary of National Defense as to whether the national security interest of the United States would be prejudiced by the sale or transfer of ships. In his reply, Secretary Forrestal stated that, in his opinion, by the charter or transfer of title ot 500 vessels, or any lesser number, we stand to "gain more by such charter or transfer, from an over-all national security standpoint, than we stand to lose."

28. USE OF LOCAL CURRENCY DEPOSITS

Each participating country is required to deposit in a special account the local currency equivalent of commodities provided to them on a grant basis. This procedure is similar to that provided by the Foreign Aid Act of 1947.

These deposits may be used only for purposes agreed to between the participating country and the Administrator, the latter acting in consultation with the National Advisory Council. The committee strongly believes that this procedure will assure the use of these deposits in a manner consistent with, and in support of, the recovery effort. While it would be unwise at this time to prescribe the specific uses which could be made of such deposits, the following might be appropriate:

(*a*) Immobilization of the local currency, in whole or in part, to assist in measures of financial reform and currency stabilization;

(*b*) Use for retiring the national debt so as to promote the most rapid achievement of financial stability;

(*c*) Use for costs incidental to the development of additional production of raw materials which will be in short supply in the United States;

(*d*) Use to defray the costs in the currency of the participating country, pursuant to arrangements approved by the International Bank, of projects mutually agreed by the United States and the participating country as contributing to European recovery;

(*e*) Use for local currency administrative expenses of the United States incident to the operation of the program.

The committee considered the advisability of providing even greater control over the use of the local currency deposits through actual ownership by the United States. It determined, however, that this would seriously weaken the program and embarrass the United States. The size of the deposits in certain countries would be so large that United States ownership of the local currency involved would give our Government responsibility for the financial policies of these countries. This would not only be contradictory to the essential nature of the program—European recovery through self-help and mutual cooperation—but it would put the United States in the untenable position of assuming a responsibility which it could not possibly discharge. The committee is certain that the requirement that the deposits be utilized in agreement with the United States avoids the serious pitfalls which would result from any greater nominal or actual control.

As in the Foreign Aid Act of 1947, any agreement covering the disposition of unencumbered balances remaining on June 30, 1952, will have to be approved by the Congress of the United States.

29. THE ROLE OF WESTERN GERMANY IN THE PROGRAM

Throughout the hearings and during its deliberations in executive session the members of the committee attached great importance to the role of western Germany in a European recovery program. For many years prior to World War II Germany was the hub of the European industrial system. Its industrial production and its technical know-how have been instrumental in making western Europe a great manufacturing and trading center. Because of the devastation brought on themselves by the war and the resultant dislocation of the German economy, Germany has lagged far behind other States in its recovery program. At the present time their production is still less than 50 percent of its prewar figure. It is apparent that Europe cannot be vigorous and healthy again so long as Germany remains sick.

This does not mean that requirements for western Germany should be given priority in the European recovery program nor does it mean that steps would be taken which would result in the resurgence of Germany as a military power in Europe. Clearly United States assistance should be applied in a way as to obtain effective results. In line with this principle the committee believed that, where the recovery of Europe as a whole could be advanced more rapidly by supplying additional essential goods and services to Germany rather than to other participating countries, then such a course would seem justifiable. At the same time every precaution must be taken to prevent the rebuilding of German economy in such a way that Germany will ever again become a threat to the peace.

Inasmuch as the United States is one of the occupying powers our responsibility with respect to German participation in the European recovery program is great. Our representatives must cooperate fully with the other participating countries in matters of mutual concern. To this end it is expected that the zones of western Germany will be represented on the continuing organization to be established by the participating countries.

During the hearings Secretary Marshall announced that the State Department plans to take over from the Department of the Army on approximately July 1, 1948, the responsibility for the administration of United States occupation policies in Germany. Meanwhile, for the first year of the recovery program the appropriations for those minimum essentials necessary to forestall disease and unrest will be sought by the Army. The additional funds necessary for rehabilitation and recovery are included as a part of the present authorization. These funds will be allocated by the Administrator in such a way as to insure the proper integration of the German economy into the total European recovery program.

In view of the special responsibilities of the United States as one of the occupying powers, it is recognized that the relationship between the Administrator and the officials of our Government responsible for our occupation policy in Germany will be unique.

The only government in the zones of occupation of Germany is a military government. In the case of the bizonal area of Germany, the military governments are arms of the United States and British Governments. The agreements establishing the fusion of the United States and United Kingdom zones give the United States administration in Germany ample power to assure the performance in the bizonal area of operations under this act.

The problem which the committee faced was to make certain that the Administrator would be in a position to discharge his responsibilities while at the same time assuring that the highly complex and vital administration of the occupied areas is clearly fixed in a military governor, whether he be a commanding general or a civil commissioner. The key importance of Germany to the success of the recovery program involves concentrated and energetic effort with respect to every aspect of the economic life of the area. Hence, United States administration in Germany is a single problem. The responsibilities of the military governor include, but are not limited to, operations under the bill. The Administrator will, of course, have full authority to perform, with respect to the occupied areas, all functions vested in him by section 11 (a) of the bill. However, in the light of the special problems discussed above, the committee concluded that administrative arrangements within the occupied areas for the conduct of operations under the bill should be left to the President. It is the intention of the committee that the administrative arrangements to be made by the President will assure full coordination between the Administrator and the occupation authorities in order that the Administrator may carry out his responsibilities, without impairment of the responsibility of the military government for the successful accomplishment of the occupation objectives. Similar considerations apply with respect to the zones of the Free Territory of Trieste, if either of these zones becomes a "participating country."

30. DISMANTLING OF PLANTS IN GERMANY

During the debate in the Senate on the Foreign Aid Act of 1947, the chairman of the committee promised to investigate the policies and practices being applied in Germany to the dismantling of plants under the reparations program. Accordingly, this question was examined thoroughly during the hearings on this bill.

The committee is satisfied that the policies of this Government with respect to dismantling of German plants are consistent with the European recovery program and that they do not jeopardize the vital role that western Germany is required to play under the program.

A part of the capacity scheduled for dismantling are war plants whose destruction or removal as producing units is required under the agreed program for the elimination of Germany's facilities for manufacturing war materials. The industrial capacity represented by the nonwar plants cannot be used in Germany within the period of the recovery program because of the shortages of raw materials, transport, manpower, and the other factors which hamper the expansion of German production. On the other hand, certain industrial capacity scheduled for removal from Germany is required by some of the participating countries in order to reach their production targets.

Except for the remnants of three plants which have already been allocated to the Soviet Union and dismantled, no deliveries of plants and equipment are being made from the United States zone to the Soviet Union.

Shipments are continuing to the member nations of the Inter-Allied Reparation Agency (in accordance with the terms of the Paris reparation agreement signed in January 1946 by all those nations, including the United States) entitled to reparation from Germany, except the Soviet Union and Poland. Most of this equipment is destined for countries expected to participate in the European recovery program, and that which has been received is already making a contribution to the industrial production of those countries. Continuation of deliveries will serve to meet some of the urgent requirements for capital equipment in connection with their programs for expanding industrial production. Much of this equipment could not be obtained elsewhere except by dollar payments and in some instances could not be obtained at all within the critical period. In addition the committee finds that to discontinue dismantling would violate our international commitments under the Paris reparation agreement.

31. EUROPEAN ATTITUDE TOWARD THE EUROPEAN RECOVERY PROGRAM

The attitude of western Europeans toward the program ranges from cautious approval to unreserved enthusiasm. With the exception of the various national Communist Parties, which have followed faithfully the Moscow party line, and other extreme left-wing elements, political parties in western Europe have supported their governments' efforts toward closer economic cooperation on the European Continent. There has been sporadic criticism in individual countries about certain details, but the program is acknowledged to be vital to European recovery.

The fears of western Europe that the Congress of the United States would act too late and grant too little assistance for real recovery have been receding in recent weeks. The fear that Congress might attach to the program unacceptable political conditions still persists and has provided ammunition for Communist propaganda. However, the committee has been gratified to note a growing realization and appreciation of the sacrifice and effort which the United States will be required to make on behalf of European recovery.

The initial response to Secretary Marshall's Harvard speech in eastern Europe was favorable. But, after Russia clarified her position, the attitude of the Communist-dominated countries changed correspondingly. However, some statements which filter through censorship express regret about nonparticipation and hope for closer east-west economic relations.

32. THE ROLE OF EASTERN EUROPE AND EAST-WEST TRADING

The Soviet Union and Communist Parties elsewhere in Europe are in a position either to make substantial contributions to European recovery or to imperil its success. Recent developments indicate that the latter course might be taken. Through the Cominform, established in October 1947, the Communist Party has waged a "cold war" on the United States and has continuously distorted American motives behind the program initiated by the European countries themselves. Communist-inspired strikes and disturbances have already taken place in a number of ERP countries and might occur again, thereby greatly impeding the production effort of western Europe.

The Soviet Union, furthermore, is in an effective position to hinder the restoration of trade between eastern and western Europe. At present the over-all volume of trade between eastern and western Europe is about 30 percent of the prewar volume. The CEEC report, however, assumes that the westward flow of cereals from eastern Europe will reach prewar levels and timber will reach 75 percent of the prewar level in 1951. The restoration of this trade, which traditionally has consisted of food supplies, timber, and coal from the east and manufactured goods from the west, is one of the basic assumptions on which the participating countries predicated their import requirements from the Western Hemisphere.

The number of bilateral trading agreements concluded or being negotiated between eastern and western Europe is encouraging. On the other hand, Russia and her satellite states likewise have entered into a number of agreements which may have the effect of retarding the normal flow of trade. This web of trade agreements, together with the Russian grain and barter arrangements, constitute the Molotov plan which has the effect of tightening Russian control over the exports of the satellite countries and diverting their products from the west, where they normally flowed, to the east.

In the light of the Molotov plan and the attitude of the Cominform toward the European recovery program, there can be no certainty that the assumed restoration of trade will actually occur. Healthy trade relations within the European Continent will greatly aid the objective of ERP and the door is left open to the participation of eastern European countries in the program. If restoration of trade between the east and west of Europe does not occur, it is the opinion of the State Department that "recovery in the west of Europe will be much slower and more difficult, but not impossible of achievement."

The committee accepts and approves the assumption concerning the desirability of restoring east-west trading. This is another clear indication which should destroy the misconception, ceaselessly propagated, that the economic cooperation bill is designed to split Europe into two economic camps.

33. ATTITUDE OF THE SOVIET UNION TOWARD THE PROGRAM

After the Soviet Union's refusal to take part in any plan of concerted action for European recovery on the grounds that such a plan "would lead to interference in the internal affairs of European countries," England and France invited other European countries to meet in Paris for the developing of a recovery program. None of the eastern European states took part in the Paris Conference, although Czechoslovakia and Poland had signified their interest before the withdrawal of the Soviet Union.

As plans for the program progressed, Russian opposition crystallized through the formulation of the Molotov plan—a tight network of trade agreements among the eastern European states—and the creation of the Cominform, a new version of the Comintern, made up of parties in eastern Europe and France and Italy. Since its formation, the Moscow-dominated Cominform has been the mouthpiece of Russian opposition to the program. This is reflected by the adoption at the first meeting of the Cominform of a declaration which states in part:

> The Truman-Marshall plan is only a constituent part, the European subsection, of a general plan for the policy of global expansion pursued by the United States in all parts of the world.

The keynote of Communist propaganda against the recovery program was sounded at that same meeting by A. A. Zdhanov, a leading member of the Politburo, when he branded the Marshall plan as aimed at "the economic enslavement of the European countries." This cry of "American imperialism" has remained the theme of Communist propaganda against the program. Equally false is the theme, disseminated in western Europe, that the United States is attempting to resurrect the military might of western Germany.

34. THE ROLE OF THE UNITED NATIONS

In giving its unanimous approval to the European recovery program the committee reiterated once more its firm adherence to the Charter of the United Nations. Since the San Francisco Conference the goals of the United States foreign policy have been identical with the principles and purposes of the Charter. The committee believed that the successful completion of the European recovery program will constitute an important step toward the attainment of the objectives of world peace and security to which the United Nations is dedicated.

While the United States alone cannot determine the extent to which existing international machinery will be utilized, it is the established policy of the United States to make the fullest possible use of the machinery of the United Nations and its affiliated agencies in any such cooperative enterprise. It should be remembered, however, that 5 of the 16 CEEC countries are not yet members of the United Nations. Nevertheless, the CEEC report underlines the principle that "wherever suitable international machinery exists, it is the desire of the participating countries that these tasks should be effectively followed up within the framework of the United Nations."

As the program evolves and stability returns to Europe it is anticipated that the International Bank for Reconstruction and Development will be of considerable assistance in extending loans to the participating countries. The International Monetary Fund should contribute toward the general goal of stabilizing currencies in the world. The Food and Agriculture Organization will aid in restoring agricultural equilibrium to Europe and in solving problems relating to food supply. The Economic Commission for Europe may be an important instrumentality in resolving some of Europe's economic problems which have resulted from the war. Already much valuable assistance has been rendered by these and other international agencies.

The bill drafted by the committee is unmistakably clear on this point. Sections 11 and 20 authorize the President to cooperate with the United Nations and its specialized agencies and to make payments for such purposes out of the appropriations authorized. Copies of reports to Congress on the operations of the program will be transmitted to the Secretary General of the United Nations and agreements concluded under the program will be registered with the United Nations whenever such registration is required by the Charter.

Part V. Undertakings of the Participating Countries

35. OBLIGATIONS OF PARTICIPATING COUNTRIES—MULTILATERAL PLEDGES

Throughout the hearings members of the committee repeatedly stated that the European recovery program must be a joint venture based upon the principles of self-help and mutual cooperation, with each participating country fully collaborating if satisfactory results are to be achieved. Accordingly, the committee looked with considerable satisfaction upon the far-reaching pledges, including the creation of a joint organization, which the CEEC countries voluntarily assumed at their Paris meeting. It is expected that these and other undertakings will be incorporated in multilateral pledges exchanged among the participating countries. While some of these pledges are dealt with in detail in other sections of this report, because of their importance it may be well to quote here the following paragraphs of the CEEC report:

> In order to insure that the recovery programme is carried out, the sixteen participating countries pledge themselves to join together, and invite other European countries to join with them, in working to this end. This pledge is undertaken by each country with respect to its own national programme, but it also takes into account similar pledges made by the other participating countries. In particular, each country undertakes to use all its efforts:
>
> (i) to develop its production to reach the targets, especially for food and coal;
> (ii) to make the fullest and most effective use of its existing productive capacity and all available manpower;
> (iii) to modernise its equipment and transport, so that labour becomes more productive, conditions of work are improved, and standards of living of all peoples of Europe are raised;
> (iv) to apply all necessary measures leading to the rapid achievement of internal financial monetary and economic stability while maintaining in each country a high level of employment;
> (v) to cooperate with one another and with like-minded countries in all possible steps to reduce the tariffs and other barriers to the expansion of trade both between themselves and with the rest of the world, in accordance with the principles of the draft Charter for an International Trade Organisation;
> (vi) to remove progressively the obstacles to the free movement of persons within Europe;
> (vii) to organise together the means by which common resources can be developed in partnership.

The present bill (sec. 15) makes clear that the extension of aid by the United States results from the pledges accepted at Paris and is contingent upon the continued effort of the participating countries to accomplish a joint recovery program through multilateral undertakings and the establishment of a continuing organization. The committee believes that these pledges, if they are faithfully observed, will do much to bring about in Europe the economic conditions essenial for peace and prosperity.

In stressing the importance of these obligations, the committee was sensitive to the fact that the countries of western Europe are highly developed sovereign nations and would be properly resentful of any interference from the outside in their internal affairs. There can be no possible criticism on this score in as much as the undertakings were voluntarily assumed by the CEEC countries upon their own initiative and in no sense represent an attempt on the part of the United States to impose restrictions on the sovereign rights of the participating countries.

36. OBLIGATIONS OF PARTICIPATING COUNTRIES—BILATERAL AGREEMENTS

The committee has made every effort to guarantee the success of this venture in the light of its past experience with foreign aid programs. Therefore, in addition to the multilateral undertakings, special bilateral agreements will be concluded between the United States and each of the participating countries. These agreements will respect the dignity of both countries and give assurance that the assistance granted will be used to the best possible advantage. They will vary in content depending upon the nature of the assistance furnished and the conditions applicable in each particular instance. In general, however, the recipient country, in addition to adhering to the purposes of the act and exchanging the multilateral pledges referred to above, will undertake such commitments as the following in the bilateral agreements:

1. To promote industrial and agricultural production in order to become independent of extraordinary outside economic assistance;
2. To take steps to stabilize its currency, establish a valid rate of exchange, and to balance its governmental budget as soon as practicable;
3. To cooperate in stimulating an increasing interchange of goods and services with other countries and to reduce trade barriers;
4. To make efficient and practical use of its own resources and of the assistance furnished by the United States;
5. To facilitate the sale or transfer to the United States on reasonable terms and in reasonable quantities of certain materials required as a result of deficiencies in our own resources;
6. To deposit in a special account the local currency equivalent of assistance in the form of grants furnished under the agreement to be used in a manner agreed to by the two governments;
7. To publish and transmit to the United States not less frequently than every calendar quarter full statements of operations under the agreement;
8. To furnish promptly, upon request of the United States, any information relating to the operation of the program and the use of assistance furnished under this act.

It will be noted that a number of the conditions contained in the Foreign Aid Act of 1947, including the provisions relating to labeling and the limitations upon the reexportation of commodities, are omitted from the present bill. After reviewing these conditions, the committee believed that it would be unwise to include them because of the fundamental differences in the nature of the two programs.

37. TERMINATION OF ASSISTANCE

Apart from the bilateral and multilateral undertakings described above, the interests of the United States are further protected by the provision that assistance to any of the participating countries may be terminated for a variety of reasons. Whenever the Administrator determines that a recipient country is not adhering to the terms of its agreement with the United States, or is diverting assistance to purposes other than those provided in the act, he shall terminate such assistance unless, under the circumstances, remedial action other than termination will more effectively promote the purposes of the act. Moreover, the Administrator is directed to terminate assistance with any participating country whenever, because of changed conditions, such assistance is no longer consistent with the national interests of the United States.

38. TOWARD A UNION OF THE EUROPEAN STATES

While the bill provides for the economic rehabilitation of Europe, it has broader implications. Revival of the economic health of Europe combined with a development of ever-closer political and economic ties among the participating countries are the twin elements of peace and prosperity. It is therefore implicit in the program that at its end lies, not only economic cooperation in the form of customs unions and the elimination of trade and economic barriers set forth in the CEEC report, but also closer political and cultural bonds. This need has already been stressed by British, French, and other leaders.

Divided and engaged in nationalistic rivalries the participating countries will find it difficult to sustain their free institutions and independence and to increase their standard of living. The maintenance of their peace and genuine independence rests largely upon their mutual cooperation and sustained common effort.

Several of the witnesses appearing before the committee urged a unification of the European states. In rewriting the bill the committee was mindful of these many admonitions and, drawing upon the language of the CEEC report, wrote into section 2 (a) the following:

> Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to the countries of Europe, it is the hope of the people of the United States that these countries through a joint organization will exert sustained common efforts which will speedily achieve that economic cooperation in Europe which is essential for lasting peace and prosperity.

PART VI. FINANCIAL ASPECT OF THE PROGRAM

39. TOTAL FOREIGN AID CONTEMPLATED

The committee believes there is no question of the ability of the United States to finance its share of the European recovery program. This determination was made after full consideration of other requests which will probably be made for appropriations for foreign aid in other parts of the world. United States assistance in this program can be accomplished without unduly affecting the American economy or neglecting other critical areas where assistance is needed. During an early stage of the hearings the committee requested the Secretary of State to submit an over-all estimate of the total amount which would be required for foreign financial assistance to cover the remainder of fiscal year 1948 and fiscal 1949. On February 6, 1948, the following estimate was submitted:

	Millions
Included in President's Budget of Appropriations:	
1. European recovery program	$6, 800
2. Government and relief in occupied areas	1, 400
3. Philippine war damage, rehabilitation and veterans' benefits	[1] 133
4. Other foreign aid (including China)	750
Total	9, 083
Additions to President's Budget of Appropriations: Other foreign aid (including China) (around)	250
Total	9, 333

[1] Appropriation request for fiscal year 1949 authorized by Public Law 370 (79th Cong.).

It is the understanding of the committee that these figures include all contemplated requests for appropriations for foreign aid with the exception of the contributions of the United States to the United Nations and other international organizations. Item No. 4, entitled "Other foreign aid," includes the China-aid program, Greek-Turkish military aid, the Army request for Japanese-Korean reconstruction, inter-American military cooperation, and Trieste aid. The request for assistance to China is $570,000,000. The amounts which will be requested for the four other programs are not known since they have not been fully cleared and screened in the executive branch. The total for the four would be slightly under $500,000,000.

40. THE PURPOSE IS RECOVERY, NOT RELIEF

This bill provides for United States assistance in a recovery program geared to the individual and collective needs of the participating countries. It is therefore a recovery bill and differs from the interim aid and earlier relief measures in that its primary concern is the re-creation of a strong, productive, self-supporting western European economy. Obviously, some relief-type goods must be provided within the framework of the program, but all assistance, no matter what its form may be, will be devoted solely to European recovery.

If the measure were purely relief, certain of the participating countries would not immediately be eligible, since they have resources upon which to draw. They would, however, require assistance as their resources were exhausted. Ambassador Douglas explained the problem as follows:

> Those countries that would receive no relief would exhaust what resources they have until they reach the point of zero and thereafter would be in the paupers' line, unable to pay for imports and unable to export. In other countries imports would be diminished. The energy of the individuals to work would be diminished, their exports would decline, and the conditions would continuously deteriorate. And in order to make up the deficiency, if we were prepared to do so, we would have to appropriate even a larger sum of money and provide even more commodities than is contemplated under this program.

The State Department estimates, covering the first 15-month period based on an appropriation of 6.8 billion dollars, assigned roughly two-thirds, or 4.5 billion dollars, to relief-type goods, and one-third, or 2.3 billion dollars to recovery-type goods. In practice, the Administrator would adjust the program to conform to new developments, and there would be a steady decrease in the percentage of relief-type goods, and a steady increase in recovery-type goods. Under the heading of recovery-type items are incentive goods (such as tobacco and coffee), farm supplies and equipment, industrial raw materials, coal-mining machinery, capital equipment and parts, and components for machinery and equipment. Relief-type items are food, fuel, fertilizers, and cotton and wool fibers.

The tables below illustrate the distribution of relief-type and recovery-type items as follows:

TABLE 1.—*Illustrative distribution between relief-type and recovery-type commodities and services financed with new U. S. Treasury funds and imported by the participating countries from the Western Hemisphere, Apr. 1, 1948, to June 30, 1949*

[In millions of dollars, at July 1, 1947, prices]

	Relief-type commodities and services	Recovery-type commodities and services	Total
Totals brought forward from table 2	4,899	1,961	6,860
Plus adjustment for price increases	342	140	482
	5,241	2,101	7,342
Less:			
Savings on shipping	71	29	100
Department of Army, GARIOA	822	----------	822
Subtotal	893	29	922
	4,348	2,072	6,420
Plus:			
Authority to obligate funds for procurement of items, chiefly capital equipment, to be delivered in subsequent years	----------	200	200
Uncovered deficit of bizone Germany with nonparticipating countries outside the Western Hemisphere	134	66	200
Subtotal	134	266	400
Authorization requested for ECA	4,482	2,338	6,820
Above in rounded amount	----------	----------	6,800
Relief-type goods and services as percent of total authorization requested	66	----------	----------
Recovery-type goods and services as percent of total authorization requested	----------	34	----------

TABLE 2.—*Recapitulation of illustrative distribution between relief-type and recovery-type commodities and services financed with new U. S. Treasury funds and imported by the participating countries from the Western Hemisphere, Apr. 1, 1948, to June 30, 1949*

[In millions of dollars, at July 1, 1947, prices]

	Total relief-type commodities and services	Total recovery-type commodities and services	Total
Austria	118.6	63.4	182.0
Belgium-Luxemburg and dependencies	255.2	67.9	323.1
Denmark	77.8	86.3	164.1
France and dependencies	968.9	465.3	1,434.2
Greece	137.3	48.6	185.9
Iceland	7.8	4.9	12.7
Ireland	102.6	49.2	151.8
Italy	719.4	149.4	868.8
Netherlands and dependencies	311.3	393.7	705.0
Norway	----------	34.1	34.1
Portugal and dependencies	----------	----------	----------
Sweden	----------	32.9	32.9
Switzerland	----------	----------	----------
United Kingdom and dependencies	1,490.9	269.3	1,760.2
Western Germany:			
Bizone	630.7	283.8	914.5
French zone	71.6	8.8	80.4
Saar	7.0	3.9	10.9
Total	4,899.1	1,961.5	6,860.6

41. NATURE OF ASSISTANCE: GRANTS OR LOANS

The duration of the European recovery program and the changes which cannot now be foreseen, make it impracticable to establish now the extent of aid to be provided any participating country or to determine whether such aid is to be in the form of grants or loans. Similarly, it cannot now be determined whether certain commodities or classes of commodities should throughout the life of the program be furnished on a grant or loan basis.

The committee has, however, established the criteria for determining whether assistance should be in the form of grants or loans. This determination is to depend primarily on two factors: (1) the character and purpose of the assistance and (2) the capacity of the country concerned to make repayments without jeopardizing the accomplishment of the purposes of the bill. It is clear that grants should not be made to countries which have the capacity to pay cash or repay loans. It is equally clear that it would be unrealistic to require a participating country to contract dollar debts now if it does not have the capacity to pay without jeopardizing the purposes of the program. However, to the fullest extent practicable within the above test, payment should be made or loans used in order to finance imports of capital equipment and raw materials for use in connection with capital development, and grants should be used to finance imports of supplies of food, fuel, and fertilizer and raw materials not used for capital development.

While recognizing that a definitive answer cannot now be given to the question as to what percentage of assistance will be financed by loans and what percentage by grants, the committee believe it desirable to obtain an estimate. In response to its inquiry the National Advisory Council has estimated that roughly 20 to 40 percent of assistance will be in the form of loans, while 60 to 80 percent will be grants. Without attempting to make a determination, it is probable that in the early stages of the program the countries will be divided into four classes: (1) Countries, such as Switzerland and Portugal, which will pay cash for commodities received; (2) countries to which assistance will be furnished by loans; (3) countries, like Austria and Greece, where assistance will be entirely by grants; and (4) countries, like France and Great Britain, where assistance will be partly by loans and partly by grants.

In determining whether assistance should be furnished by grant or loan and in fixing the terms of repayment of any such loan, the committee has deemed it important to provide that the Administrator should act in consultation with the National Advisory Council. It should also be noted that the committee has made explicit that, in determining the terms of a loan, the Administrator may provide payment by the transfer to the United States of materials required as a result of deficiencies in its own resources under such terms as may be agreed to between the Administrator and the participating country.

42. COMPARISON OF ESTIMATES OF REQUIREMENTS

The committee considered the requirements of the participating countries during the first year of the recovery program as estimated by the executive branch, the Harriman committee, the International

Bank for Reconstruction and Development, and the CEEC. All of these estimates are based upon balance of payments calculations. The executive branch estimated a deficit of 6.75 billion dollars, the Harriman committee estimated 6.88 to 7.69 billion dollars, and the International Bank 7.6 billion dollars as compared with the CEEC estimate of 8.03 billion dollars.

Only the executive branch and the Harriman committee estimated the amount of new United States Treasury funds which would be required after allowing for assistance from other sources. These estimates were not on a completely comparable basis. When the necessary adjustments are made, however, both the executive branch and the Harriman committee estimates are virtually identical with the 5.3 billion dollars for the first year of the program unanimously approved by the committee.

43. REDUCTION OF AUTHORIZATION TO 5.3 BILLION DOLLARS

The great majority of witnesses appearing before the committee expressed the conviction that the 6.8 billions dollars requested by the Department of State for the first 15 months of the program should not be reduced. Due to the many imponderables involved there are sound reasons why that sum should be looked upon as a minimum rather than a maximum figure. Possible crop failures, changing price levels, political disturbances, uncertainties about production schedules and world trade—these are only a few of the intangibles which make it impossible to predict the future requirements of the program with any high degree of certainty. Given the tremendously important stakes involved, it would seem far better to have a little too much available than not enough.

The committee considered it wise, however, to reduce the amount authorized from 6.8 to 5.3 billion dollars, at the same time reducing the period covered from 15 to 12 months. Such a reduction would, in no way, impair the effectiveness of the program, since the 5.3 billion-dollar figure is, in fact, the amount necessary to carry through the 6.8 billion-dollar program for a 12-month period. At the same time, there are a number of strong arguments in favor of such a change.

In the first place, it would seem desirable that the program be reviewed by the Congress at the earliest reasonable date in 1949. By that time the people of the United States will have determined the composition of the Congress and the administration which, in the long run, will be responsible for the execution of the program. By that time, too, many of the imponderables which now exist will have been resolved. We will know far better then than now the exact impact of crops, prices, political disturbances, and production results upon the program.

In the second place, by January 1949 we will have the benefit of the recommendations of the Administrator and his staff. Such recommendations, framed in the light of 6 or 8 months' experience by those in charge of the program, will be invaluable. Moreover, by that time, the studies of the joint congressional committee proposed in the present bill will be available.

Finally, if it is generally recognized that the recovery program is coming under critical review early in 1949, it will encourage the participating countries to exert every effort to show substantial progress by way of self-help between now and then. This additional impetus, coming during the early stages of the program, may prove exceedingly helpful.

44. APPLICATION OF PORTION OF 1948 SURPLUS TO 1949 EXPENDITURES

The Joint Committee on Internal Revenue Taxation has estimated a Treasury surplus of approximately $8,000,000,000 in fiscal year 1948. The Treasury has estimated the surplus at about $7,500,000,000.

The committee felt that it would be appropriate to reserve $3,000,000,000 of this 1948 surplus for disbursements under the program in 1949 which would otherwise have been accounted for as expenditures in that fiscal year. This action will not affect the program in any way. It will merely assure that a portion of the surplus in fiscal 1948 is not used for debt retirement during that year and will increase, to that extent, the anticipated budgetary surplus for 1949.

Senator Millikin, chairman of the Senate Committee on Finance, explained to the committee that this procedure would tend to prevent this important project from cannibalizing other legitimate projects and would tend to prevent other legitimate projects from cannibalizing the recovery program during a year when there might be many demands upon the United States Treasury.

45. ADVANCE OF $1,000,000,000 BY RECONSTRUCTION FINANCE CORPORATION

In the Relief Assistance Act and the Foreign Aid Act the committee inserted a provision calling for advances by the Reconstruction Finance Corporation pending the appropriation of necessary funds by the Congress. This was considered desirable because of the urgent needs of the recipient countries.

Under the Foreign Aid Act authority to grant additional assistance to France, Austria, and Italy will expire on April 1, 1948. In view of this situation, in view of the compelling needs of other participating countries, and in order to prevent delay in carrying out the objectives of this act, the committee agreed that the same procedure should be followed. Accordingly the bill authorizes the Reconstruction Finance Corporation to make advances not to exceed $1,000,000,000 in the aggregate in such manner as the President shall determine in carrying out the program.

46. THE EUROPEAN RECOVERY PROGRAM AND THE UNITED STATES MILITARY ESTABLISHMENT

In considering the cost of the European recovery program some people ask whether the United States can afford to participate in such a program. It is just as pertinent to ask whether the United States can afford not to participate.

There are, in effect, two possible courses which the United States might follow in the pursuit of national security. On the one hand, we might cooperate fully with the other nations in an earnest attempt to establish and maintain those economic conditions in the world which are essential to international peace and prosperity. This is the purpose of our participation in the European recovery program.

If, on the other hand, the road of international cooperation is abandoned, then the United States would have no alternative but to greatly expand and strengthen its military establishments so as to be ready for any eventuality in a divided and uncertain world.

This point was emphasized by Secretary Royall and Secretary Forrestal in their testimony before the committee. Secretary Royall pointed out that if an adequate recovery program were not inaugurated the Department of the Army, in the interests of national security, would be compelled to seek an additional appropriation of at least 2¼ billion dollars for the Army and the Air Forces alone for the next fiscal year. He said that the Army would have to modernize existing equipment, purchase new types of equipment developed since the war, and resort to the draft unless some other methods of increasing voluntary enlistment could be devised. Secretary Forrestal also testified that an over-all increase of from 25 to 50 percent in defense appropriations would be necessary if there were no recovery program.

Viewed in this light the cost of the European recovery program may be compared to the premium on an insurance policy. Certainly it would be far less expensive than if the United States were to stand alone in isolation in a chaotic world. Moreover, it should be remembered that increased defense expenditures constitute, not a 4-year, but a perpetual commitment, with the amount tending to increase each year in proportion to the development of disorder and chaos in the world. The committee is convinced that the European recovery program is a calculated risk which the United States cannot afford to reject.

47. FINANCING FROM SOURCES OTHER THAN UNITED STATES GOVERNMENT FUNDS

The committee agreed that wherever feasible the balance of payments deficits of the participating countries should be financed from sources other than the United States Treasury.

The estimate of the executive branch anticipated that $1,285,000,000 of financing will be available in the first 15-month period from the following sources: $500,000,000 from the International Bank, private investments, and the remaining portion of outstanding Export-Import Bank credits; $700,000,000 from credits advanced by other countries in the Western Hemisphere; and $85,000,000 from certain of the participating countries.

The committee understands that the Harriman committee estimated the sources of other financing would amount to $1,250,000,000 in 1948; $750,000,000 from the International Bank; $450,000,000 from other countries in the Western Hemisphere; and $50,000,000 from private investment.

Mr. John J. McCloy, President of the International Bank for Reconstruction and Development, informed the committee that the executive branch's estimates of financing from other sources are high rather than low, largely because he does not believe that credits will be available from other Western Hemisphere countries in the assumed amount.

The committee believes that the United States should encourage other Western Hemisphere countries, in their interest as well as ours, to finance from their resources as much as possible of the import deficit of the participating countries. The committee took this factor into account in formulating its decision on the authorization of purchases from sources outside the United States. A reasonable expectation, therefore, is that the other Western Hemisphere countries might be able to finance about $700,000,000 of the deficit of the participating countries in the first 15 months of the program. To rely on any larger amount would be unrealistic in view of the present dollar exchange difficulties of Canada and certain other American countries.

48. THE ROLE OF THE INTERNATIONAL BANK

Many people have inquired about the legitimate role of the International Bank for Reconstruction and Development in the European recovery program. Since this agency was created for the express purpose of assisting in reconstruction and development projects in the postwar world, why should it not assume a major share of the burden of the program?

Mr. John J. McCloy, president of the bank, appeared before the committee during the hearings and answered that question very categorically. Up to the present time the Bank has made four loans: $250,000,000 to France, $195,000,000 to the Netherlands, $40,000,000 to Denmark, and $12,000,000 to Luxemburg. But there are many additional applications for loans and it must be kept in mind that the bank must serve 46 States and not just 16. Moreover, as Mr. McCloy pointed out, the bank has less than $500,000,000 to lend at the present time. Finally, because of the express limitations of its charter, the bank can lend only to those countries with long range reconstruction and development programs and whose credit standing indicates that repayment prospects are good.

It follows that the bank cannot be counted on as one of the major resources available during the initial period of the program. The committee believed, however, that it could best be tied into later stages when more stable economic conditions exist in Europe and when long range development projects can be more properly financed on the basis of hard loans. Following is an outline of the bank's capital stock and the dollars available for lending:

International Bank for Reconstruction and Development—Outline of capital stock and dollars available for lending

Capital stock:		
Authorized (100,000 shares)		$10, 000, 000, 000
Subscribed (82,631 shares)		8, 263, 100, 000
Paid in—		
2 percent in gold or United States dollars		165, 262, 000
18 percent in currencies of the 46 members		1, 487, 358, 000
Total paid in		1, 652, 620, 000
80 percent subject to call on the United States to meet obligations of the bank	$2, 540, 000, 000	
80 percent subject to call on other member countries to meet obligations of the bank	4, 070, 480, 000	
		6, 610, 480, 000
Total		8, 263, 100, 000

International Bank for Reconstruction and Development—Outline of capital stock and dollars available for lending—Continued

Dollars available for lending:	
2 percent in gold or United States dollars	$165, 262, 000
18 percent of United States subscription	571, 500, 000
Available dollar capital	736, 762, 000
Proceeds of sale of bonds (July 15, 1947)	250, 000, 000
Total dollars available for lending	986, 762, 000
Loans agreed to	497, 000, 000
Balance of dollars available for loans	489, 762, 000

49. ROLE OF PRIVATE ENTERPRISE

As a result of the economic conditions brought on by the war, private enterprise has not been in a position to provide substantial assistance to the devastated countries of Europe. One incontrovertible fact is that the magnitude of the problem is such as to make it unrealistic to expect that recovery can be effected at this time through assistance rendered primarily by private enterprise. There is no doubt, however, that as the recovery program progresses, private enterprise will be able to play an increasingly important role. In fact, the committee is convinced that an essential element of this program will be the encouragement by the Administrator of private enterprise to contribute through its initiative and capital in the reconstruction and development of Europe.

Even today, however, American business interests are prepared to assume business risks abroad, provided they have assurance that they will be able to transfer foreign currency proceeds into dollars. Accordingly, authorization is given the Administrator to make guaranties for the transfer into dollars of local currency proceeds realized from newly made investments, including loans, approved by both the participating country and the Administrator. This authorization, which is limited to 5 percent of the funds appropriated, does not provide for the underwriting of normal business risks; it deals only with guaranties of transferability from local currencies to dollars. These guaranties are to be made only with respect to projects which further the recovery program.

The committee also agreed that American business enterprise and technical know-how should prove of great value to the Administrator in a consultative capacity. To this end, a provision has been inserted in the bill authorizing the Administrator to employ not only consultants but organizations of consultants to assist him in this program.

50. PRIVATE VOLUNTARY AMERICAN RELIEF TO FOREIGN COUNTRIES

The committee noted with satisfaction that between July 1, 1945, and June 1947, private gifts and grants-in-aid amounted to $1,451,000,000.

It is desirable that private aid continue and that all voluntary agencies engaged in foreign aid should register with the Advisory Committee on Voluntary Aid.

This program, however, is essentially a recovery program. The private relief has an elasticity that governmental programs do not have. Frequently it covers needs not otherwise met such as special diets for invalids and the rehabilitation of displaced persons. The committee has been impressed by the repeated testimony which demonstrated that individual American participation in European aid elicits many responses of good will.

51. THE USE OF FOREIGN-OWNED UNITED STATES ASSETS

The committee deemed it desirable that the participating countries, to the extent practicable, should take measures to locate and control the assets held by their citizens in this country and the earnings from these assets so that the dollar incomes would be available to foreign governments to further the purposes of this act. This does not mean that the foreign governments must seize or liquidate private assets held by their citizens. It is not considered desirable to require the liquidation of such assets and thus deprive European countries of reserves which they may need either to achieve economic stability or to meet inevitable emergency requirements for which the program does not fully provide.

In view of the cost of this program to the American taxpayer, it is the intent of the committee that all idle, hoarded, or unproductive assets should be put to use. The precise form of use will necessarily vary according to the circumstances of the particular country and the nature of the assets.

As of the middle of 1947, the CEEC countries held $7,094,000,000 in United States assets. The total long-term assets amounted to $4,930,000,000; about $2,200,000,000 of this represents stocks and bonds, the bulk of which are probably of a readily marketable character. Short-term assets amount to $2,164,000,000. In the present crisis, many foreign countries have already drawn their reserves below what ordinarily would be regarded as a prudent level. Depletion of these reserves delays and jeopardizes the restoration of international convertibility of currencies and expanded international trade and investments.

It is important to distinguish between blocked assets and free assets. During the course of the hearings, the Secretary of the Treasury started to free $1,100,000,000 of blocked assets to help the recipient countries to obtain control of them. These assets have been concealed contrary to the laws and national interests of the countries concerned. The recipient countries can perhaps count on obtaining in the next 12 months a part of the 400 million dollars estimated to be held directly in the United States for resident nationals of these countries. The largest portion of the 400 million dollars of directly held assets, namely, 100 to 150 million dollars, is owned by French citizens, and the French Government is making every effort to mobilize these resources.

Two other related matters may be mentioned here: The pledging of foreign-owned assets and gold reserves. (*a*) The pledging of foreign-owned assets in the United States as collateral for loans is not without precedent. However, this would normally involve the nationalization or seizure of such assets by governments—a step which is contrary to the philosophy of the bill. (*b*) The CEEC countries held about $6,568,000,000 in gold reserves as of June 30, 1947. There have been serious drains on these reserves since that date. Most of the participating countries have already drawn their gold reserves below levels necessary to provide adequate working capital for their international trade or adequate backing to maintain sound currencies. It may be noted during 1947 the net increase in United States gold holdings was close to $1,900,000,000, a factor which has aggravated the exchange position of other countries.

52. THE EXTENT OF PRIVATE GOLD HOARDING

The committee properly took account of the fact that concealed private gold hoardings do not work for the recovery of the European countries. Popular discussions have mentioned such hoardings to the extent of $3,000,000,000 for France alone. The Secretary of the Treasury testified that the actual amount of private gold hoarding is unknown, but that it may be inferred from existing evidence that the actual figure is of much smaller dimensions than $3,000,000,000. In fact, statistics on gold production and gold reserves would indicate that there has not been an increase in gold hoarding since the outbreak of the war, and that the private holdings in all of western Europe at that time was considerably less than $1,000,000,000. The recovery program, by working toward the stabilization of European currencies, will provide the conditions which will bring gold out of hoarding and into the hands of the monetary authorities.

53. DURATION OF THE PROGRAM

The committee felt strongly that authorization for this program should extend through June 30, 1952, approximately 4 years, so that the maximum results could be achieved from the pledges and undertakings of the participating countries. This assurance of the United States should enable the participating countries to demonstrate their intent to take courageous and wise measures of self-help and mutual cooperation. Many of the recovery benefits of this program will only just begin to appear in the first 12 months' period.

After June 30, 1952, or after the date of the passage of a concurrent resolution by the two Houses of Congress before that date, the Administrator is allowed a period of 12 months to wind up operations. The committee rejected an earlier proposal which would have allowed 3 years for liquidating operations.

It should be pointed out that the termination provisions will not invalidate agreements for the transfer of materials to the United States under the program, or the guarantees to private investors made by the Administrator in connection with approved projects. Such agreements and guaranties are explained in other sections of this report.

Part VII. Recommendations of the Committee

54. CONCLUSION

On February the 13 the committee concluded its deliberations and unanimously voted to report the bill to the Senate for favorable action.

The committee believes that the program proposed is a sound one, that it will impose no dangerous strain upon the economy of the

United States, and that it will be adequate to provide the margin for success in an effort which must be essentially and primarily European.

This kind of assistance, in peacetime, is without precedent in the history of mankind. This assistance is not, and cannot be, a permanent feature of American foreign policy. For Americans, the approval of this act represents a major decision. If Europeans fully understand this decision, they will realize that the United States is making adjustments almost as severe as they are likely to call upon each other to make. Above the details of the legislation, the debates, the statistics, and the work sheets, it is the expression of a great ideal of common welfare and peace. This ideal must become the common currency among the peoples of the world.

APPENDIXES

Appendix I

Section by Section Analysis of the Economic Cooperation Act of 1948

Section 1: Section 1 contains the short title of the bill.

Section 2 (a): After setting forth the congressional findings, this subsection states the policy of the bill.

Section 2 (b): The stated purpose of the bill is to effectuate the policy set forth in section 2 (a).

Section 3: This section defines the term "participating country." The term "dependent areas under its administration," as used in this section, is intended to refer to all colonies and dependencies of a participating country and to trust territories administered by a participating country under the international trusteeship system of the United Nations. Action under the bill in respect of all such areas would have to be consistent with the principles set forth in article 73 of the Charter of the United Nations and, as regards trust territories, consistent also with the terms of the relevant trusteeship agreement.

Section 4 (a): This subsection establishes the Economic Cooperation Administration and the office of the Administrator.

Section 4 (b): This subsection establishes the office of the Deputy Administrator for Economic Cooperation.

Section 4 (c): This subsection assures the possibility of commencement of operations as soon as possible after the bill's passage, even though it may not have been possible for the first Administrator or Deputy Administrator to take office. The President is authorized, in such event and for a period of not more than 30 days after the date of enactment of the bill, to provide for the performance of the functions of the Administrator through such agencies of the Government as he may determine. However, if the President nominates an Administrator or Deputy Administrator during such 30-day period, the authority of the President to provide for the performance of the Administrator's functions through other agencies of the Government will continue until the Administrator or Deputy Administrator takes office.

Section 4 (d): This subsection authorizes the Administration, or any other department, agency, or establishment of the Government performing functions under the bill, to employ personnel for duty within the continental limits of the United States. Employment of personnel for service in the District of Columbia and elsewhere in the United States under this authority is not subject to the personnel ceilings imposed by section 14 (a) of the Federal Employees Pay Act of 1946. The Administrator is given authority to compensate not more than

60 of the persons performing duties within the United States without regard to the provisions of the Classification Act of 1923, and to compensate not more than 10 of these persons at rates up to $15,000 per year. In addition, this subsection authorizes the employment by the Administration of experts and consultants, or organizations of experts or consultants, such as engineering and accounting firms, and individuals so employed may be compensated at rates up to $50 per day. The number of experts and consultants who may be compensated up to the amount specified in this subsection is not limited. Payments to organizations employed by the Administration under this subsection may be made at such rates and in such manner as the Administrator may authorize in contracts with such organizations.

Section 4 (e): This section, which authorizes the Administrator or the head of any other department, agency, or establishment of the Government performing functions under the bill, to promulgate necessary rules and regulations and to delegate authority to his subordinates to perform his functions under the bill, is consistent with standard administrative procedures. The subsection is not intended to permit the delegation of rule-making power to subordinates.

Section 5 (a): This subsection enumerates certain functions to be performed by the Administrator. The authority of the Administrator to formulate programs of United States assistance under the bill includes authority to approve specific projects which may be proposed to him by a participating country, to be undertaken by such country in substantial part with assistance furnished under the bill. This authority is designed to implement the undertaking provided for in section 15 (b) (1) of the bill.

The authority reposed in the Administrator to provide for the efficient execution of programs refers to the effective performance on the part of agencies of the United States Government with respect to services rendered by such agencies, under approved programs, in procurement, storage, transportation, or other handling necessary to insure the transfer of commodities in conformity with the programs.

Section 5 (b): This subsection prescribes arrangements under which the Administrator and the Secretary of State will concert their respective activities so as to strengthen and make more effective the conduct of the foreign relations of the United States. To this end effective working relations should be established between the Administration and the Department of State.

Section 6: Under this section the Administrator is made a member of the National Advisory Council on International Monetary and Financial Problems during the existence of the Administration.

Section 7 (a): This subsection creates a Public Advisory Board, to advise and consult with the Administrator with respect to general or basic policy matters arising in connection with the Administrator's discharge of his responsibilities.

Section 7 (b): This subsection authorizes the Administrator to establish other advisory committees. Members of such committees may receive compensation in accordance with the provisions of section 4 (d) relating to experts and consultants employed by the Administration.

Section 8: This section provides for a United States special representative in Europe.

Section 9 (a): This subsection provides for the establishment of special ECA missions abroad. The chief of a special mission is to be second in rank to the Ambassador, Minister, or chargé d'affaires ad interim, as the case may be, in charge of the United States diplomatic mission.

Section 9 (b): This subsection assures proper coordination between the chief of the special mission and the chief of the United States diplomatic mission.

Section 9 (c): In order to assure that the United States special representative in Europe and his staff, as well as the ECA mission in each participating country, will receive office space, facilities, and other administrative services, the Secretary of State and the Administrator are authorized to make appropriate agreements to this end.

Section 9 (d): In view of the special circumstances existing in the zones of occupation of Germany, this subsection provides that in place of the establishment of special ECA missions, the President shall make appropriate administrative arrangements with respect to the zones of occupation of Germany in order to enable the Administrator to carry out his responsibility to assure the accomplishment of the purposes of this act. Similar arrangements may be provided for the zones of the Free Territory of Trieste if either of the zones of the Free Territory of Trieste becomes a participating country as defined in section 3.

Section 10 (a): Under this subsection two alternative procedures are made available to the Administrator for the employment of personnel for the purpose of performing functions under this bill outside the continental limits of the United States. Under the first of the procedures, such personnel will be outside the Foreign Service system but will receive compensation, allowances, and benefits comparable to those provided for Foreign Service reserve and Foreign Service staff officers and employees.

Under the second procedure, the Administrator may recommend to the Secretary of State persons to be appointed or assigned as Foreign Service reserve officers or as Foreign Service staff officers and employees for the purpose of performing operations under the bill outside the continental limits of the United States. Foreign Service staff officers and employees appointed from other Government agencies pursuant to this procedure may be given the same reemployment rights as are provided for Foreign Service reserve officers by section 528 of the Foreign Service Act of 1946. The assignment to a post abroad or the transfer from one post abroad to another and the promotion of persons appointed to the Foreign Service reserve or staff under this section are to be made by the Secretary upon the recommendation of the Administrator.

Thus, the pay scale of all persons appointed pursuant to this subsection will range from $720 to $13,500, exclusive of allowances for quarters, cost of living, and representation.

It is contemplated that the two procedures outlined above are to be mutually exclusive. It is left to the judgment of the Administrator with respect to each appointment, whether such appointment should be within or outside the Foreign Service system. Under existing legislation there is nothing to prevent the Secretary of State, at the request of the Administrator, from assigning officers in the Foreign Service system to perform functions under this bill. In such event such officers could be paid out of funds made available in accordance with section 14 (d) of this bill.

Section 10 (b): This subsection provides for the appointment of alien clerks and employees for duty outside the continental limits of the United States.

Section 10 (c): This subsection deals with the investigation of citizens or residents of the United States who are appointed pursuant to section 10 for the performance of functions under the bill.

Section 11: This section prescribes the forms and procedures by which the Administrator may provide assistance to a participating country, and the methods of furnishing such assistance. Under the authority of this section, and with the funds authorized under section 14, the Administrator will be able to launch immediately into operations which will relieve the drain on the dollar assets of the participating countries. These assets are now being drained at a rate which will, shortly after April 1, leave several participating countries without any dollar assets available, as a practical matter, for purchasing essential commodities in dollar areas. These countries, however, will then have under contract or on hand in the United States a substantial quantity of commodities for delivery in the ensuing months. These undelivered commodities comprise the "pipe line" of supply to the countries concerned. Those commodities in the "pipe line" which are eligible for provision under this bill, may be financed by the Administrator out of funds made available under the bill, as part of the assistance to be provided thereunder. As in the case of the Foreign Aid Act of 1947, under which the same type of operation was authorized the "pipe line" at any moment will embrace commodities not theretofore landed in the territory of a participating country. The language of the present bill will permit the Administrator to arrange for this important aspect of assistance.

Section 11 (a): This subsection authorizes the Administrator to furnish assistance to any participating country, in the forms prescribed. He may provide for procurement of any commodity which he determines to be required for the furtherance of the purposes of the bill. The authority to procure "from any source" provided in paragraph 1 includes the authority to procure "offshore," that is, from outside the territory of the United States.

The term "commodity" is broadly defined, except that the reference to merchant vessels is limited to vessels chartered under the authority set forth in paragraph 4 of this subsection. The Administrator is authorized to furnish technical information or technical personnel for instruction purposes to a participating country, as well as other forms of technical information and assistance.

Merchant vessels chartered under authority of this subsection under such terms and conditions as the Administration may determine while being operated by a participating country, will not be subject to laws designed to control the operation of United States vessels.

The provision authorizing transfer of any commodity or service is intended to authorize the actual delivery of a commodity into the custody of a participating country, or the rendering of a service for such country. These acts represent the actual rendering of the assistance authorized under the program. By defining transfer as the act of delivery or of rendering a service, a standard is established for measuring the amount of assistance actually provided for a participating country. This measure is important in connection with fiscal operations and in the preparation of reports on operations under the bill. The paragraph authorizes transfer not only to a participating country itself, but to any agency or organization representing such country. Under this authority, commodities, for example, could be delivered directly to business firms designated by the participating country as its agent to receive such commodities or to an organization representing a group of such countries.

Section 11 (b): This subsection prescribes the method under which the Administrator may provide the types of assistance authorized under section 11 (a).

Paragraph (1) of section 11 (b) authorizes the Administrator, for the purpose of facilitating procurement, to establish accounts on the books of the Administration, or of any other department, agency, or establishment of the Government, or, on terms and conditions approved by the Secretary of the Treasury, in United States banking institutions (including their overseas branches). In addition to authorizing Government procurement through procedures specified herein, the paragraph will enable the Administrator to permit utilization of normal trade channels, with adequate safeguards to assure proper expenditure for approved purposes.

Under subparagraph (i) a letter of commitment could be issued by the Administrator to participating countries, in order to facilitate their contracting with suppliers, or could be issued to suppliers. The letter of commitment would embody a commitment on the part of the Administrator to make payment for the furnishing of specified commodities, upon presentation of the letter of commitment, together with contracts, invoices, bills of lading, or other supporting documents enumerated therein sufficient to demonstrate that the funds are being properly spent for approved purposes. The utilization of this procedure, in effect, would enable a participating country to institute essential approved procurement without the necessity for borrowing, or immobilizing its scarce dollar reserves by furnishing an irrevocable letter of credit to a supplier. Such borrowing, or the furnishing of an irrevocable letter of credit, has frequently been required of foreign countries making contracts in the United States in order to relieve the supplier of credit risk. A letter of commitment, which would create an obligation against appropriations made under authority of the bill, would normally be used by a supplier in the place of an irrevocable letter of credit and on the same basis as a United States Government contract to purchase, and the supplier could use the letter of commitment for his own credit arrangements in the same way as he could use a United States Government contract.

Subparagraph (ii) of this subsection authorizes the Administrator to permit withdrawals, against an established account, by a participating country. The Administrator would specify the documents which must be submitted to effect withdrawals, in order to assure full compliance with the terms and conditions of the supply program.

The foregoing procedures will permit the Administrator, acting within prudent limits, to authorize advances for the making of payments by or on behalf of participating countries, and to authorize reimbursement to such countries for payments already made by them for approved commodities. Such payment or reimbursement can be effected without requiring the submission of all documents which are ordinarily prerequisite to the expenditure of United States Government funds. This will make possible procurement in a businesslike manner, through normal channels of trade, subject to adequate safeguards established by the Administrator to demonstrate that all expenditures are within the approved program and in accordance with the terms and conditions established by the Administrator for such expenditures. The safeguards will enable him to make certain that amounts authorized to be withdrawn will not exceed the needs of participating countries to make current dollar payments for approved supply items. In addition, the Administrator will be in a position to assure that the timing and method of procurement is consistent with the best interests of the domestic economy of the United States. However, this subsection requires, with respect to procurement within the United States, the eventual submission of all standard documents necessary for auditing purposes. Experience has shown that, with respect to procurement outside the United States, particularly through normal trade channels, it is frequently impossible to obtain all the standard documentation required for auditing of accounts. Hence, the Administrator is authorized to prescribe the documents required in support of expenditures for offshore procurement.

Paragraph (2) of subsection (b) permits the utilization by the administrator of any department, agency or establishment of the Government in connection with provisions of assistance under the bill. This authority includes procurement through regular Government procurement agencies. Funds allocated to any such agency out of funds appropriated under authority of the bill will be established in separate appropriation accounts in the Treasury. The paragraph also authorizes the provision of assistance through action and cooperation with the United Nations, with other international organizations or with agencies of the participating countries.

Paragraph (3) authorizes the Administrator to make guaranties for the transfer into dollars of local currency proceeds from projects abroad, under conditions and subject to the limitations contained in the paragraph. The approval of the Administrator will be expressed through the guaranty contract with the American investor. The approval power will not stop with the writing of the guaranty contract itself. Regulations will be promulgated by the Administrator to assure a follow-up to determine that the agreed amount of dollars have actually been invested, that the resulting investment is reasonably related to the recovery purposes for which the guaranty was extended, and that the local currency proceeds tendered for transfer into dollars are justifiably attributable to the guaranty investment. The term "investment" includes loan, as well as so-called equity, investments.

It is expected that upon the termination of the administration in 1953, a statute would be enacted providing for the liquidation of the transfer guaranty in the period following 1953, and would designate or provide for the funds to be used for this purpose.

(c) This subsection specifies the financial terms pursuant to which the Administrator may provide assistance to a participating country.

The provision for consultation between the Administrator and the National Advisory Council in this subsection (as well as in subsec. (2) of this section and par. (6) of sec. 15 (b)) contemplates that if, after such consultation, differences of view remain, the matter in disagreement will be referred to the President for final decision. When it is determined that it is appropriate to provide assistance to a participating country on a loan basis, the Administrator will allocate funds for this purpose to the Export-Import Bank of Washington which will make and administer the credit as directed and on terms specified by the Administrator in consultation with the National Advisory Council.

Section 12 (a): This provision is designed to assure the protection of the domestic economy.

Section 12 (b): This subsection provides an added measure to assure the protection of the domestic economy by avoiding unnecessary drains upon petroleum and petroleum products of the United States.

Section 12 (c): Under this subsection the Administrator in the procurement of agricultural commodities within the United States for transfer by grant to any participating country will procure an amount of each class or type of each such commodity approximately proportionate to the total exportable surplus of such class or type of such commodity. The application of this subsection is qualified by the following conditions: (1) The agricultural commodities must not be in short supply in the United States; (2) the class or type must be within the requirements of the participating country for which the procurement is being provided; (3) the procurement of a proportionate amount of each class or type must be administratively practicable; and (4) such procurement should not hinder, but should be in furtherance of the purposes of the act.

Section 13 (a): From time to time assistance for the participating countries will take the form of commodities that are normally procured by United States Government departments, agencies, and establishments for their own purposes. Similarly, assistance will sometimes be provided in the form of services that can readily be rendered by such departments, agencies, or establishments. Under this subsection whenever such commodities or services, or facilities, are made available to participating countries, the departments, agencies, or establishments from which such commodities, services, or facilities are obtained will be reimbursed out of funds appropriated under this bill. This subsection also prescribes the procedures under which such reimbursement will be effected.

Section 13 (b): Cases will arise in the course of operations under this bill when commodities procured under a program of assistance to the participating countries (1) can fill some more urgent need of the United States Government; (2) are determined no longer to be appropriate for transfer under the original program; or (3) are in danger of spoilage or wastage, or must be disposed of in order to conserve their usefulness. In such cases, under this subsection, the Administrator may dispose of such commodities in the best interests of the Government of the United States, in accordance with the procedures set forth in this subsection.

Section 14 (a): This subsection authorizes an advance from the Reconstruction Finance Corporation of $1,000,000,000 in order to permit operations pending enactment of an appropriation act. In authorizing this advance this subsection provides a procedure, standard in laws of this character, to permit immediate start of operations once the authorizing legislation is enacted. In view of the urgent need of making assistance available to the participating countries and to keep the pipe lines flowing, the committee has considered the sum of $1,000,000,000 essential for that purpose pending consideration and enactment of an appropriation act.

Section 14 (b): This subsection is a precautionary measure, the purpose of which is to assure that any unused balances of funds under the Foreign Aid Act of 1947 shall be available for carrying out the purposes of this bill.

Section 14 (c): This subsection contains the standard authorization for appropriations. The introductory language, referring to those participating countries which adhere to the purposes of the bill and remain eligible to receive assistance thereunder, merely restates and reflects the conditions precedent to the receipt of assistance which are set forth in other provisions of the bill. The language is not intended to impose a new condition, and the tests for eligibility are provided elsewhere in the bill, as well as the methods of determining eligibility. While this subsection authorizes appropriations without any specific limitation as to amount, for the period believed essential for the execution the recovery program, it limits the amount which may be appropriated for the period of 1 year following the date of enactment of this bill to $5,300,000,000. This will permit a congressional review of operations under the bill early in the next session of Congress, without jeopardizing the accomplishment of the purposes of the bill.

Section 14 (d): This subsection gives general authority to use the funds made available under this bill for all the various incidental expenses that will be found essential to effective operations. It specifically authorizes the use of such funds for administrative expenses and compensation of various classes of personnel and permits the disregard of certain laws that would unduly hamper the type of operations that will be necessary in an unusual program of this type.

Section 14 (e): This subsection authorizes the merger of local-currency deposits made under the Relief Assistance Act and the Foreign Aid Act of 1947 with similar local-currency deposits to be made under this bill. Such local-currency deposits if so merged, would then be held for use in accordance with the terms and conditions specified in paragraph (6) of subsection 15 (b) of this bill. This section, when enacted into law, will provide the congressional approval required by the Relief Assistance Act and the Foreign Aid Act of 1947 for the deposit of the unexpended balances remaining in the local-currency accounts established under such act. Thus uniformity in the ultimate disposition of all these balances will be assured in accordance with the policies established in this bill.

Section 14 (f): This subsection establishes a foreign economic trust fund consisting of $3,000,000,000 of the funds appropriated for the first 12 months of operations under the bill, and requires that expenditures made for carrying out this bill during such period will first be met out of such trust fund. When the $3,000,000,000 placed in the trust fund has been exhausted by these expenditures, future expenditures will be made out of appropriation accounts in the customary manner. From the point of view of the Administrator's operations under the act, the trust fund will be utilized in exactly the same manner as ordinary appropriation accounts. The only difference which will result from the creation of a trust fund is the recording of the expenditure of the $3,000,000,000 as part of the budgetary expenditures of the fiscal year ending June 30, 1948.

Section 15 (a): This subsection authorizes the Secretary of State, after consultation with the Administrator, to conclude such agreements as may be necessary in furtherance of the purposes of this bill.

Section 15 (b): This subsection provides that in addition to the multilateral reciprocal pledges to be given among themselves, each participating country to be eligible to receive assistance under this bill, will be required to conclude an executive agreement with the United States. Inasmuch as the purpose of the bill, as stated in section 2 (b), is to effectuate the policy set forth in section 2 (a) of the bill, this portion of the bilateral agreement will, in effect, constitute an undertaking by each participating country to adhere to the policies of the bill governing the objectives in Europe of the program. In addition, subsection (b) enumerates certain provisions which will, where applicable, be embodied in the bilateral agreement between each participating country and the United States.

The first of these provisions embodies an undertaking by the country concerned to promote industrial and agricultural production in order to enable such country to become independent of extraordinary outside economic assistance. It also makes clear that the Administrator has authority to approve specific projects which may be proposed by a participating country to be undertaken in substantial part with assistance provided under the bill and is designed to further the purposes of the bill.

Paragraph (5) of section 15 (b) is designed to make available to the United States in accordance with the terms of the paragraph, materials required by the United States as a result of deficiencies or potential deficiencies in its own resources. Agreements with participating countries for the transfer of such materials may extend beyond the period of the bill and will specify the terms and quantities governing the transfer of such materials.

In addition to providing for reports to the United States by each participating country on operations under the agreement, paragraph (7) also assures that adequate publicity will be given within each participating country by the government of such country to United States assistance furnished under the bill.

Section 15 (c): Detailed and comprehensive agreements such as are contemplated under subsection (b) may well require some time to conclude, particularly since the constitutional systems of some participating countries require that agreements of this character be submitted to their legislatures for ratification. Accordingly, subsection (c) authorizes the Administrator, for a period of 3 months after the date of enactment of this bill, to provide assistance to any participating country in accordance with the terms of the bill whenever such country has signified its adherence to the purpose of the bill and its intention to conclude an agreement in accordance with subsection (b) of this section and provided that the Administrator finds that such country is complying with those provisions of subsection (b) as he may determine to be applicable. In order to assure that conditions of hunger and cold will be alleviated and economic retrogression will be avoided, the Administrator is further authorized through June 30, 1948, to provide for the transfer of stated essential subsistence items even though it has not been possible within that period to complete the interim arrangements contemplated by this subsection.

Section 15 (d): The follow-up system contemplated in this subsection will supplement that provided for the Administrator by the special missions established under section 9 of the bill.

Section 16: This section is designed to make possible the use of funds appropriated under authority of this bill to increase the production in participating countries of materials required by the United States as a result of deficiencies or potential deficiencies in its own resources.

Section 17: This section authorizes the Administrator in certain circumstances to terminate assistance to any participating country. In certain cases, viewed in the light of the nature or circumstance of a violation, certain corrective or preventive action by the Administrator, or by other agencies of the Government may be more appropriate than termination of assistance. Accordingly, under this section, the Administrator may provide for, or recommend to the President or to the appropriate agency of the Government, the taking of such action.

Section 18: This provision is necessary in order to provide flexibility in connection with the procurement and shipment of commodities and other similar operations under the bill. Among the laws concerning which it can be expected that this authority will be exercised by the President are:

1. R. S. 3648—Advances of Public Money; Prohibition Against. This law generally prohibits advance payments out of public funds for articles or services prior to receipt of such articles or services.

2. R. S. 3709—Advertising for Purchases and Contracts. This law requires generally advertising for all Government purchases.

3. R. S. 3710—Opening of Bids. This law provides that all persons bidding on Government contracts must be given an opportunity to be present at the opening of bids.

4. 47 Stat. 1520—American Materials Required for Public Use. This law, known as the Buy American Act, requires the purchase of raw and finished material produced in the United States if they are intended for United States public use.

The general authority for exemption from laws such as those referred to above will also permit waiver in cases where a law specifically requires a finding to be made by the heads of various departments before operations may be carried on with regard thereto. Such requirements could delay operations to an extent which would be harmful in an urgent program of this type. In order to assure that the power of waiver will be employed only where essential, the bill provides that the President must specify which laws are to be waived.

Section 19: The purpose of this section is to make it possible for persons to serve on the Public Advisory Board or on any [other] advisory committee established under the authority of section 7 (b), or as a consultant to assist the Administrator in carrying out this bill, despite the participation of such a person in activities, as part of his regular business operations, which would bring him within the prohibition of certain existing Federal laws. Under existing legislation it is unlawful, for example, for a person to act as attorney or agent in the prosecution of a claim against the Government while such person is serving as an official or employee of the Government. This type of legislation is necessary and proper in connection with ordinary operations of the Government. However, it is extremely desirable in connection with the European recovery program to permit the employment of experienced lawyers and businessmen. Legislation of the type waived by section 19 would unduly restrict the participation of such persons in the program. This was demonstrated during the war when similar exemptions were permitted in order to enable greater participation of businessmen in connection with wartime programs.

Section 20: This section deals with the utilization of the services and facilities of the United Nations, its specialized agencies, and other international organizations and provides for the procedures to be followed in order to keep the United Nations informed of operations under this bill.

Section 21 (a): This subsection provides that operations under the bill are to be terminated on June 30, 1952, or prior thereto if the two Houses of Congress shall pass a resolution declaring that such operations should be terminated. The operations to which this provision applies are those set forth in section 11 (a), namely, the various methods by which assistance may be rendered to the participating countries. An exception to the terms of the provision will permit the completion of commitments made by the Administrator prior to June 30, 1952. Hence, if the Administrator has authorized the procurement of a commodity prior to June 30, 1952, but shipment or delivery to the participating country has not been effected prior to that date, these functions may be performed after that date to the extent necessary to carry out such commitment. This subsection also permits contracts to be made after June 30, 1952, to the extent necessary to carry out these commitments. For example, the Administrator may use funds appropriated under this bill for payment of freight on commodities shipped during the 12-month period following June 30, 1952, if such commodities are procured under a commitment entered into by the Administrator prior to that date. It is believed that, by limiting the period during which these operations may be continued to 12 months, this bill provides assurance that operations will be completely terminated at the earliest date consistent with the effective carrying out of the purposes of the bill.

Section 21 (b): Under this subsection, the liquidating activities under this program, at such time after June 30, 1952, as the President may find appropriate, may be transferred to such departments, agencies, or establishments of the Government as the President finds appropriate.

Section 22: Section 22, by providing that the President must at least once every calendar quarter until June 1952, and once every year thereafter until all operations under this bill have been completed, transmit to Congress a report of operations under this bill, assures that the Congress will be kept currently informed of such operations.

Section 23: This section provides for the establishment of a joint congressional committee. It is to be noted that the authorization in section 23 (d) to appropriate funds for use by the joint commission is separate from, and in addition to, the authorization to appropriate funds in section 14.

Section 24: This section contains the usual separability provision.

Appendix II

Witnesses appearing before the committee

Date of appearance	Name	Affiliation
January. 8	George C. Marshall	Secretary of State.
Jan. 9, 10, 12	Lewis W. Douglas	Ambassador to Great Britain.
Jan. 12	W. Averell Harriman	Secretary of Commerce.
Jan. 13	Clinton P. Anderson	Secretary of Agriculture.
	Julius A. Krug	Secretary of the Interior.
Jan. 14	John W. Snyder	Secretary of the Treasury.
	William McChesney Martin, Jr.	Chairman of the Board of Directors of the Export-Import Bank.
	Kenneth C. Royall	Secretary of the Army.
Jan. 15	James V. Forrestal	Secretary of Defense.
Jan. 16	John J. McCloy	President, International Bank for Reconstruction and Development.
Jan. 19	Bernard Baruch	
Jan. 20	John Foster Dulles	Attorney.
	Eugene Meyer	Chairman of the board, Washington Post.
	Charles R. Hook	President, American Rolling Mills Co.
	George F. Zook	President, American Council on Education.
	Guy I. Burch	Director, Population Reference Bureau.
	Kathryn H. Stone (Mrs.)	First vice president, League of Women Voters.
Jan. 21	James F. O'Neil	National commander, The American Legion.
	Ray H. Branaman	Commander in chief, Veterans of Foreign Wars.
	Oren Root, Jr.	National planning committee, American Veterans' Committee.
	Ray Sawyer	National legislative director, American Veterans of World War II.
	Henry Hazlitt	Financial editor, Newsweek.
Jan. 22	William J. Donovan	Donovan, Leisure, Newton & Irvine.
	Harvey W. Brown	President, International Association of Machinists.
	Margaret F. Stone (Mrs.)	Chairman of legislation, National Women's Trade Union League of America.
	Luther Gulick	Member, National Planning Association; president, Institute of Public Administration.
	Ralph McGill	Editor, The Atlanta Constitution.
	Robert P. Patterson	Chairman, Committee for the Marshall plan.
	Henry J. Taylor	Commentator and author.
Jan. 23	Curtis Calder	Chairman, international relations committee, National Association of Manufacturers.
	William Green	President, American Federation of Labor.
	Calvin B. Hoover	Professor, Duke University.
	Paul Hoffman	Chairman, Committee for Economic Development.
Jan. 24	Merwin K. Hart	President, National Economic Council.
	Paul A. Porter	Member of the national board, Americans for Democratic Action.
	Herbert Lehman	The American Jewish Committee.
	J. L. Blair Buck (Mrs.)	President, General Federation of Women's Clubs.
	Donald R. Burgess (Mrs.)	President, Maryland State Division, American Association of University Women.
	Mildred B. Northrop	Women's Action Committee for Lasting Peace.
Jan. 26	H. J. Heinz	H. J. Heinz Co.
	R. W. Gifford	Chairman of the board, Borg-Warner International Corp.
	James G. Patton	President, National Farmers' Union.
	Arthur Schutzer	Executive secretary, American Labor Party.
	Clark W. Eichelberger	American Association for the United Nations.
Jan. 27	George C. Tenney	Acting editor, the Electrical World.
	Robert Moses (Statement presented by Frederick A. Collins)	Department of parks, New York City.
	Norman Thomas	Chairman, Postwar World Council.
	Walter White	Secretary, National Association for the Advancement of Colored People.
	Carlton Koepge	Engineer.
	Bernard Weitzer	National legislative representative, Jewish War Veterans of the United States of America.
	Joseph Willen (Mrs.)	National Council of Jewish Women.
Jan. 28	Robert M. La Follette, Jr.	President's Committee on Foreign Aid.
Jan. 29	Arnold J. Wilson	President, Illinois Manufacturers' Association; president, General Time Instruments Corp.
	John Ben Shepperd	President, United States Junior Chamber of Commerce.

Witnesses appearing before the committee—Continued

Date of appearance	Name	Affiliation
Jan. 29	William Brooks	North American Grain Export Association, National Grain Trade Council.
	Robert F. Loree	Chairman, National Foreign Trade Council.
	Marvin J. Coles	Foreign Freight Forwarders Association.
	James H. Sheldon	Member of the advisory council, Society for the Prevention of World War III.
	Jean I. Pajus	Economic adviser, Society for the Prevention of World War III.
	Frazier Bailey	President, National Federation of American Shipping.
	Norman Littell	Attorney.
	Kathryn Lee Marshall (Mrs.)	National legislative secretary, Women's International League for Peace and Freedom.
	Willford King	Chairman, Committee for Constitutional Government.
	A. O. Tittman	
Jan. 30	Allan B. Kline	President, American Farm Bureau Federation.
	J. T. Sanders	Legislative counsel, the National Grange.
	J. D. Zellerbach	President, Crown Zellerbach Corp.
	Carlton Barrett	President, Tate-Jones & Co., Inc.
	James M. Reed	Secretary, foreign-service division, American Friends Committee on National Legislation.
	Joseph G. Dubuque	Professor, University of Maryland.
Jan. 31	Charles P. Taft	President, Federal Council of Churches of Christ in America.
	Robert M. La Follette, Jr	Member of the President's Committee on Foreign Aid.
	Lewis H. Brown	President, Johns-Manville Co.
	William Batt, Sr	Chairman, Philadelphia branch of the Stimson committee; director of the United Nations Council.
	J. R Gormley	Port agent, Pacific Coast Marine, Firemen, Oilers, Water Tenders, and Wipers Association.
	Robert Rosamond	
Feb. 2	Joseph Scott	Attorney.
	Martin L. Sweeney	
	Russell B. Brown	General counsel, Independent Petroleum Association of America.
	L. H. Pasqualicchio	National deputy, Order Sons of Italy in America.
	John B. Trevor	American Coalition of Patriotic Societies.
	Ely Culbertson	Citizens Committee for United Nations Reform.
	Harry Lundeberg	President, Seafarers International Union of North America; secretary-treasurer, Sailors Union of the Pacific (AFL).
Feb. 3	James B. Carey	Secretary treasurer, Congress of Industrial Organizations.
	Joseph Curran	President, National Maritime Union.
	Ronald Bridges	Council for Social Action of the Congregational Christian Churches of the United States.
	Paul M. Mulliken	Secretary, National Retail Farm Equipment Association.
	Agnes Waters (Mrs.)	
Feb. 4	Earl O. Shreve	President, United States Chamber of Commerce.
	David A. Bunn	Legislative representative, Committee for Effective Citizenship, National Inter-Collegiate Christian Council.
	True D. Morse	President, Doane Agricultural Service, Inc.
	George P. Murdock	Professor, Yale University.
	Carl A. Schmidt	
Feb. 5	Walter P. Reuther	International president, United Automobile, Aircraft and Agricultural Implement Workers (CIO).
	Hamilton Fish	
	Benjamin A. Javits	Attorney.

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AN ACT

To amend the Economic Cooperation Act of 1948.

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