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SENATE

{ REPORT  
{ No. 771

## EUROPEAN INTERIM AID ACT OF 1947

NOVEMBER 21, 1947.—Ordered to be printed

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

### REPORT

[To accompany S. 1774]

The Committee on Foreign Relations, to whom was referred the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, unanimously report the bill favorably to the Senate, without amendment, and recommend that it do pass.

#### MAIN PURPOSE OF THE BILL

The main purpose of the bill is to authorize the appropriation of a sum of money not to exceed \$597,000,000 so that the United States may extend emergency assistance to Austria, France, and Italy. The assistance contemplated will be extended by the United States directly to the three countries. The commodities made available to the recipient countries are essentially relief commodities in the way of fuel, food, and fertilizer; the bill does not envisage anything in the nature of a recovery or rehabilitation program. No new administrative machinery is provided for. The bill contains ample safeguards and limitations in order to assure that the money appropriated will be properly administered and wisely spent. No funds may be obligated for the procurement of commodities under the act after March 31, 1948.

#### SUMMARY OF THE COMMITTEE'S FINDINGS

Following is a summary of the committee's findings: (1) United States assistance to Austria, France, and Italy is essential if these countries are to be able to purchase the fuel, food, and other commodities necessary for the survival of their peoples and their economies during the coming winter; (2) the requirements for the program have been carefully screened both at home and abroad and the amount requested in the bill does not seem excessive; (3) since the assistance

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contemplated would call for a comparatively small increase in exports, the impact of the program upon the domestic economy of the United States would be relatively slight; (4) assistance should be extended the three countries, but because of the critical world shortage of certain supplies no guarantees should be made by the United States with respect to the availability of any specific commodities; and (5) inasmuch as the administration of interim aid can be handled satisfactorily by the organization currently charged with the administration of the United States foreign relief program, no new administrative machinery is necessary at this time.

#### PRESIDENT TRUMAN'S MESSAGE TO THE CONGRESS

On November 17, 1947, President Truman addressed a joint session of the Congress on the problem of interim aid to Europe and on certain aspects of our domestic economy. For the information of the Senate those portions of the President's address dealing with the interim aid program are reproduced below:

MR. PRESIDENT, MR. SPEAKER, MEMBERS OF THE EIGHTIETH CONGRESS:

The Congress has been convened to consider two problems of major concern to the citizens of the United States and to the peoples of the world. The future of the free nations of Europe hangs in the balance. The future of our own economy is in jeopardy. The action which you take will be written large in the history of this Nation and of the world.

The Secretary of State and other representatives of the executive branch have appeared before committees of the Congress during the past week to present the facts regarding the necessity for immediate assistance by the United States to certain European countries. Austria, France, and Italy have nearly exhausted their financial resources. They must be helped if their peoples are to survive the coming winter, and if their political and economic systems are not to disintegrate. Exceedingly bad weather has brought on crop failures and fuel shortages, and has caused intense suffering. The food and fuel stocks of these countries are now near the vanishing point. Their peoples are in a dangerously weakened condition, due to years of short rations. Additional medical supplies and facilities are urgently necessary.

Austria needs \$42,000,000, Italy needs \$227,000,000, and France needs \$328,000,000 to buy food, fuel, and other essential goods during the next 4½ months. Detailed information has been presented to your committees concerning these needs and the purposes for which funds to be appropriated by the Congress would be spent.

Additional funds will also be required to maintain our position in occupied areas.

Emergency assistance by itself will not solve European problems. Emergency aid is no substitute for a long-range recovery program, but it is a vital prerequisite to such a program. If the western European nations should collapse this winter, as a result of our failure to bridge the gap between their resources and their needs, there would be no chance for them—or for us—to look forward to their economic recovery. The providing of interim aid will give us time to plan our part in an economic recovery program and it will give the peoples of Europe the strength to hold out until such a program begins.

I shall shortly submit to the Congress my recommendations concerning the long-range European recovery program. This program is the result of the combined efforts of thoughtful men of two continents whose concern has been the most effective manner in which 16 European nations, western Germany, and the United States can work together for European recovery, world prosperity, and lasting peace.

It is a tribute to the strength of our democracy that we are able to make so great a contribution to the freedom and welfare of other nations and other peoples. This Nation is strong both in material resources and in the spirit of its people. Our economic strength, born of our system of free institutions, has contributed to raising the standard of living the world over. Our moral strength, resulting from our faith in human rights, is the inspiration of free men everywhere.



I refer to the strength of this Nation with humility, for it is an awe-inspiring truth that the manner in which we exert our strength now, and in the future, will have a decisive effect on the course of civilization.

This is a truth whose significance grows with the experience of each passing day. The American people are becoming more and more deeply aware of their world position. They are learning that great responsibility goes with great power.

Our people know that our influence in the world gives us an opportunity—unmatched in history—to conduct ourselves in such a manner that men and women of all the world can move out of the shadows of fear and war into the light of freedom and peace.

We must make the most of that opportunity.

For we have learned, by the costly lesson of two World Wars, that what happens beyond our shores determines how we live our own lives. We have learned that, if we want to live in freedom and security, we must work with all the world for freedom and security.

Human misery and chaos lead to strife and conquest.

Hunger and poverty tempt the strong to prey upon the weak.

Twice within this generation we have had to take up arms against nations whose leaders, misled by the hope of easy conquest, sought to dominate the world.

We are convinced that the best way to prevent future wars is to work for the independence and well-being of all nations. This conviction guides our present efforts, and will guide our future decisions. We have participated fully and gladly in the growth of the United Nations and we seek now to strengthen and improve it. We are assisting free nations who have sought our aid in maintaining their independence. We have contributed large sums to help rebuild countries devastated by the war. We have taken the lead in breaking down barriers to world trade.

In our efforts, however, to achieve the conditions of peace, we have encountered unforeseen and unwelcome obstacles.

We have found that not all nations seem to share our aims or approve our methods. We regret the differences which have arisen and the criticisms so loudly expressed. And yet we cannot afford, and we do not intend, to let current differences with some nations deter our efforts to cooperate in friendly fashion and to assist other nations who, like us, cherish freedom and seek to promote the peace and stability of the world.

The actions of this Government must be of a stature to match the dignity and influence of the United States in world affairs. The prompt provision by the Congress for interim aid will be convincing proof to all nations of our sincere determination to support the freedom-loving countries of western Europe in their endeavors to remain free and to become fully self-supporting once again.

If that action is followed by the enactment of the long-range European recovery program, this Congress will have written a noble page in world annals.

I have spoken of the economic and moral strength of the United States and of the way in which we must use that strength if we are to build a world community of free, strong, and independent nations.

The strength of the United States is not due to chance. It is due to the wise decisions and bold actions taken by free and courageous men throughout the history of our democracy.

The time is at hand for new decisions and new actions of equal wisdom.

#### COMMITTEE HEARINGS

The committee began its hearings on November 10 when George C. Marshall, Secretary of State, appeared before a joint session of the Senate Foreign Relations Committee and the House Committee on Foreign Affairs to present in general terms the long-range economic recovery program and to urge the speedy passage of an interim-aid bill, a draft of which he submitted for legislative consideration. On the following day Secretary Marshall again appeared, accompanied by Robert A. Lovett, Under Secretary of State, Lewis W. Douglas, Ambassador to Great Britain, and other members of the State Department staff, to answer detailed questions about the long-range and the short-range programs. On November 12 William Averell Harri-



man, Secretary of Commerce, presented the findings of the President's Committee on Foreign Aid and related those findings to the European recovery program and to the interim-aid bill. On November 13 William E. Warne, Assistant Secretary of the Interior, discussed the report of the Krug committee on "National Resources and Foreign Aid." On November 14 John Foster Dulles examined the recovery program and its relationship to some of the broader aspects of American policy. Public hearings were concluded that same day when Congressman Christian A. Herter, vice chairman of the House Select Committee on Foreign Aid, outlined the findings of his committee.

In closed session the following week the committee continued its consideration of the interim aid problem, taking as a basis for discussion the draft proposal submitted by the Department of State. Clinton Anderson, Secretary of Agriculture, appeared to testify on the availability of grain in the United States and Under Secretary Lovett discussed some of the problems which had arisen during the hearings. On November 19 the committee concluded its deliberations on the amendments to the bill and voted unanimously to report it to the Senate.

[It should be noted that the original draft bill (S. 1757) presented by the State Department was amended by the committee and later introduced as a new bill (S. 1774). The latter is being reported without amendment.]

The committee was impressed with the extensive documentation which was available during its examination of the interim aid bill and the recovery program. Rarely has any legislative proposal been accompanied by such thoroughly prepared documentary materials. These include the reports of the Paris conference of 16 nations, the Nourse, Krug, and Harriman reports, the documentation presented by the State Department on the interim aid program, and the handbook on the European Recovery Program prepared by the staffs of the Senate Foreign Relations Committee and the House Foreign Affairs Committee.

The committee was likewise impressed by the fact that no opposition appeared to testify against the interim aid bill. All witnesses were heard who asked to be heard. Below is a complete list of the witnesses who testified before the committee:

George C. Marshall, Secretary of State.  
Robert A. Lovett, Under Secretary of State.  
Lewis W. Douglas, Ambassador to Great Britain.  
Charles Bohlen, counselor, State Department.  
Ivan B. White, second secretary, American Embassy, Paris, France.  
William Averell Harriman, Secretary of Commerce.  
Charles J. Hearst, Maplehearst Farms, Cedar Falls, Iowa.  
William E. Warne, Assistant Secretary, Department of the Interior.  
Edward B. Swanson, Oil and Gas Division, Department of the Interior.  
William T. Phillips, Special Assistant on Commodity Policy, Department of State.  
James Boyd, Director, Bureau of Mines, Department of the Interior.  
John Foster Dulles, New York City.  
George Romney, managing director of the Automobile Manufacturers Association, Detroit, Mich.  
Christian A. Herter, Congressman from Massachusetts.  
Joseph O. Parker, staff director, Committee on Agriculture of the House of Representatives and consultant to the Special House Committee on Foreign Aid.  
Franklin A. Lindsay, consultant to the Special House Committee on Foreign Aid.  
Clinton P. Anderson, Secretary of Agriculture.



EVENTS LEADING UP TO PRESENT SITUATION

During the summer of 1947, UNRRA expired without having restored Europe to 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. As a consequence the financial reserves of France, Italy, and Austria have practically disappeared and the twin specters of hunger and cold attended by political chaos threaten western Europe. As a result President Truman called Congress into special session on November 17, 1947, to deal with the "rise in prices \* \* \* (and) \* \* \* the crisis in western Europe." He requested \$597,000,000 for emergency aid for France, Italy, and Austria. Although closely related to the so-called European recovery plan, interim aid thus emerged as a distinct and separate problem by itself.

Already on May 8, 1947, Under Secretary of State Dean Acheson, and later on June 5, 1947, Secretary of State George C. Marshall, had indicated that the United States stood ready to consider the extent to which she might be able to help herself to recovery. Sixteen nations of western Europe accepted the offer, prepared a report, and stated their needs. United States agencies, Congress (in the form of committees and as traveling observers), and special committees appointed by the President, studied the impact of the contemplated assistance upon our resources and our economy. But before Congress could begin its deliberations on the broader recovery program, the present relief needs of the three countries in question arose and demanded immediate attention.

THE NEEDS OF AUSTRIA, FRANCE, AND ITALY

Careful cross-examination during the hearings indicated that the estimated needs put forward by the State Department for the interim aid program are substantially accurate. The committee also took note of the exhaustive reports of the House Select Committee on Foreign Aid dealing with the requirements of France and Italy and with the availability of grain, fertilizer, petroleum, steel, and coal. Congressman Herter, vice chairman of the select committee, together with the other witness who appeared before the Senate committee, agreed that the amount set forth in the bill was entirely reasonable. This fact testifies to the adequacy of the careful screening process through which the requirements submitted by the recipient countries had to go, both abroad and in Washington, before they were approved by American officials.

After making allowance for all their available resources, it is estimated that these countries need a total of \$597,000,000 for the period ending March 31, 1948, as follows:

Austria-----	\$42, 000, 000
France-----	328, 000, 000
Italy-----	227, 000, 000
Total-----	597, 000, 000



In the first quarter of 1948, total essential Austrian dollar imports will amount to \$73,000,000. The tentative program for the use of the interim-aid funds for Austria is shown in the following table, the difference, \$31,000,000, being covered by other dollar resources:

*Commodities to be supplied to Austria under interim-aid program during first quarter of 1948*

Food.....	\$20, 000, 000
Coal.....	13, 000, 000
Seeds, fertilizers, and pesticides.....	7, 000, 000
Medical supplies.....	2, 000, 000
Total.....	42, 000, 000

France's essential outlays during the period December 1, 1947, to March 31, 1948, will amount to \$556,000,000. She has \$228,000,000 available. The proposed \$328,000,000 is to be spent as follows:

*Commodities to be supplied to France under interim-aid program during period Dec. 1, 1947, to Mar. 31, 1948*

1. Wheat.....	\$111, 000, 000
2. Milk products.....	3, 000, 000
3. Fats and oils.....	20, 000, 000
4. Coal from United States.....	116, 000, 000
5. Coal from Germany.....	9, 000, 000
6. Petroleum products.....	22, 000, 000
7. Cotton.....	38, 000, 000
8. Fertilizer.....	9, 000, 000
Total.....	328, 000, 000

Italy's total essential dollar requirements amount to \$386,000,000 for the period December 1, 1947, to March 31, 1948; \$227,000,000 of this is proposed to come from interim aid and is to be programed along the following lines:

*Commodities to be supplied to Italy under interim aid program during the period, Dec. 1, 1947, to Mar. 31, 1948*

1. Cereals.....	\$128, 000, 000
2. Fats and oils.....	12, 000, 000
3. Pulses.....	5, 000, 000
4. Milk products.....	2, 000, 000
5. Coal:	
From United States.....	36, 000, 000
From Germany.....	10, 000, 000
6. Petroleum supplies.....	13, 000, 000
7. Fertilizer and other agricultural supplies.....	19, 000, 000
8. Medical supplies.....	2, 000, 000
Total.....	227, 000, 000

The following summary table indicates the values and quantities of the commodities proposed for the aid program:



*Interim European aid, by commodities (in values and quantities)*

Commodity	Total		Austria		France		Italy	
	Thousand tons	Millions	Quantity	Value	Quantity	Value	Quantity	Value
	I	II	III	IV	V	VI	VII	VIII
Cereals.....	1,755	\$250	73	\$11	770	\$111	912	\$128
Other foodstuffs.....	104	51	16	9	38	23	50	19
Coal.....	9,184	184	690	13	6,124	125	2,370	46
Petroleum.....	1,080	35	-----	-----	700	22	380	13
Fertilizer and other agricultural supplies.....	672	35	38	7	134	9	500	19
Medical supplies.....	(1)	4	(1)	2	-----	-----	(1)	2
Cotton.....	53	38	-----	-----	53	38	-----	-----
Total.....	13,348	597	817	42	7,819	328	4,212	227

<sup>1</sup> Negligible.

## METHODS USED TO SCREEN REQUIREMENTS OF RECIPIENT COUNTRIES

The committee was impressed by the fact that the requests from Austria, France, and Italy, were carefully screened both at home and abroad.

Secretary Lovett pointed out during the hearings that, upon receipt of the indication of need from the three countries, a preliminary check was made by American officials and technicians in our missions abroad. A series of committees was then established made up of specialists from various United States agencies in Washington. These committees screened the needs in terms of commodities and the financial condition of the requesting country with respect to its dollar balances and resources. A second similar check was then made by economic and technical personnel in our foreign missions. This included inquiries to see whether needs could be met elsewhere than in the United States.

The balance sheets then began to indicate necessary expenditures and known resources. Efforts were made to see whether the most urgent needs in deficit could be met in other ways and by other funds. This search was fruitless, except for small sums in the case of France.

These screenings reduced the original Italian requests for raw materials from \$250,000,000 to \$150,000,000. This checking further eliminated \$150,000,000 for pipe-line deficiencies, \$50,000,000 for working balances of funds, and \$30,000,000 in payments to other countries on clearing balances, as not essential for this "hold the line" program. The original Italian request of \$575,000,000 was cut to \$227,000,000.

The original French request of \$459,000,000 was cut \$131,000,000 to \$328,000,000 for cogent reasons.

The original request from Austria for January 1 to March 31, 1948, was \$85,000,000. This was reduced to \$58,000,000, of which \$16,000,000 is relief previously provided through the United States foreign relief program.

## AVAILABILITY OF COMMODITIES

As has been indicated above, the witnesses who appeared before the committee agreed that the statement of needs expressed in the interim-aid program was reasonable. The committee was likewise



impressed by the fact that only one major difference appeared concerning the availability of the commodities required; namely, the estimate of 912,000 tons of wheat for Italy for the 4-month period ending March 31, 1948. The Select Committee on Foreign Aid has carefully scrutinized the estimates of availability and, in his testimony before the Foreign Relations Committee, Congressman Herter pointed out that the United States would probably not be able to supply more than 882,000 tons. Secretary Anderson likewise agreed that the State Department figures were not in line with the Department of Agriculture allocations for the coming 4 months. The difference between the estimated needs and the estimated availability of wheat thus appears to be 30,000 tons.

The committee, however, agreed with the point of view expressed by Mr. Herter and Secretary Anderson that, if wheat is not available in sufficient quantities, every effort should be made to find suitable substitutes such as soy flour, rice, canned fish, soups, horse meat, and sugar. The present caloric intake of the average nonfarm Italian is presently estimated at 1,916, one of the lowest in Europe. It would seem desirable, therefore, to make every effort to find substitute foods rather than to cut the dollar appropriation for Italy.

It is recognized that petroleum needs are reasonable but that the supply is tight. Nitrogen fertilizer is in short supply, but the amounts for France and Italy are within the amounts allocated for this year by the International Emergency Food Council. Phosphate rock, soluble phosphate and potash for Austria and Italy are available.

Since crop and supply conditions in the world are uncertain, however, the committee wished to make it perfectly clear that the United States could not guarantee any specific amount of any particular commodity merely because such estimates have figured in the program sheets before the Congress. That is the substance of the amendment to section 4 of the bill adopted by the committee and explained in another part of this report.

#### RELATIONSHIP BETWEEN INTERIM AID AND UNITED STATES FOREIGN RELIEF PROGRAM

The interim aid program may be considered in a sense as an extension of the United States foreign relief program approved by Congress on May 31, 1947. According to the terms of the joint resolution adopted at that time (Public Law 84) relief assistance was to be extended to Austria, Greece, Hungary, Italy, China, Poland, and Trieste. In July, Congress appropriated \$332,000,000 for use in these countries. The program which has been in operation since last summer is scheduled to run until June 30, 1948.

According to allocations made under this program, however, there would be available to Austria only \$16,000,000 for the first quarter of 1948 and no funds at all would be available for Italy after the first of the year. Clearly, additional funds are needed to enable Austria and Italy to meet the present emergency. The interim aid bill, therefore, would supplement the foreign relief program (Public Law 84) by extending further assistance to Austria and Italy and by adding France as a recipient country. The administrative machinery both in the United States and abroad would be the same. For the most part, the limitations and controls approved by Congress for the conduct of the foreign relief program would be retained in the interim aid bill.



## NATURE OF ASSISTANCE: GRANTS RATHER THAN LOANS

It is the intention of the administration to extend this aid in the form of grants rather than loans. Nearly all the commodities will be of a type currently consumed, helping to maintain, but not adding greatly, to the three countries' productive capacity. Moreover, the tasks of Austria, France, and Italy in the field of rehabilitation and reconstruction are so compelling that all of their available resources and foreign exchange will be sorely needed for some time to come for the purchase of essential imports and for the servicing of reconstruction and rehabilitation loans. In view of the precarious financial position of the countries involved, and the emergency character of this act, the committee agreed that it would be unwise and unsound economically to burden them with additional debts in the form of loans at this time.

## INTERIM AID ESSENTIALLY A RELIEF PROGRAM

It should be kept in mind that the interim-aid program is essentially a relief program. It is not as some people have intimated "a little Marshall plan." The main purpose of the program is to meet the immediate needs of the three countries in order to enable them to counter the impending threat of cold and hunger during the coming winter. To this end the bill specifically provides for the procurement of food, seed, fertilizer, coal, petroleum and petroleum products, other fuel, fibers, pesticides, and medical supplies. While it is true that section 2 of the act provides that additional commodities might be purchased if the President finds they are necessary for the accomplishment of the purposes of the bill, the detailed break-down of requirements submitted by the State Department indicates that nearly all the money appropriated in the bill would be spent for the three most effective means of combating cold and hunger: Food, fuel, and fertilizer. There is no provision for machinery and tools or equipment for rehabilitation purposes.

Secretary Marshall emphasized this basic character of the interim aid bill when he testified before the joint session of the Senate Foreign Relations Committee and the House Foreign Affairs Committee on November 10. The bill, he said, would authorize—

the appropriation of sufficient funds to provide the supplies necessary to permit the people of these three countries to continue to eat, to work, and to survive the winter. This is not a recovery program. It is designed to help provide the essentials of existence to the people of these three countries.

## UNITED STATES ASSISTANCE TO THE RECIPIENT COUNTRIES SINCE THE WAR

The United States has assisted Europe since the war with (1) repayable loans and credits, (2) grants and relief funds, and (3) private remittances. The second is of special significance for the interim aid bill. The following tables summarize United States aid to Austria, France, and Italy since the cessation of hostilities. Because assistance granted to various countries started at different times, and because of other factors, the dates given for the three states differ somewhat. The tables are based on information furnished by the Department of State.



*Austria—United States financial aid to Austria since July 1, 1945*

[In millions of dollars]

	Amount authorized	Amount utilized <sup>1</sup>
1. Export-Import Bank and other loans.....	1	0
2. Property credits.....	10	1
3. UNRRA and post-UNRRA.....	104	59
4. Occupation program.....	79	79
Total.....	194	139

<sup>1</sup> To June 30, 1947.*France—United States financial aid to France since VJ-day*

[In millions of dollars]

	Amount authorized	Amount utilized <sup>1</sup>
1. Export-Import Bank loans.....	1, 200	1, 020
2. Maritime Commission ship sales credit.....	56	56
3. Foreign Liquidation Commission surplus-property credit.....	300	300
4. Settlement of lend-lease and war-claims accounts.....	420	420
Total.....	1, 976	1, 796

<sup>1</sup> To Sept. 30, 1947.*Italy—United States financial aid to Italy since September 1943*

[In millions of dollars]

	Amount au- thorized	Amount utilized <sup>1</sup>
1. U. S. Army military relief program (United States share).....	376	376
2. Foreign Economic Administration, transitional program (United States share).....	134	134
3. UNRRA program (United States share).....	375	375
4. Treasury, suspense account.....	319	310
5. OFLC, surplus property credits.....	178	178
6. Maritime Commission.....	62	62
7. Export-Import Bank credits.....	127	30
8. United States foreign relief program.....	124	90
Total.....	1, 695	1, 555

<sup>1</sup> To Oct. 31, 1947.

## CONDITIONS UNDER WHICH ASSISTANCE WOULD BE GRANTED

The bill as amended by the Foreign Relations Committee contains most of the conditions and limitations which were imposed upon the granting of relief under the relief bill (Public Law 84) passed by Congress last spring. There were two reasons for this. First, the committee considered the present bill to be essentially a relief measure which should include the same safeguards as the earlier relief bill. Secondly, the bill will also be the basis for executive agreements between the United States and the recipient countries, not subject to ratification by the Senate, and therefore beyond the control of the Congress. For this reason the committee felt that the basic controls, which were to be included in the special agreements, should be spelled out in the bill itself.

Under the terms of section 6 the recipient countries will undertake to do the following: To make efficient use of the commodities made available; to give full publicity within their borders about the commodities, their nature, source, and amount; to set reasonable prices



on such relief commodities as they may sell to their people; to seek to secure and maintain maximum production of locally produced supplies and not to permit their diversion outside of the country; to prohibit the removal or exportation of commodities made available as long as the need therefor continues within the recipient country; to permit representatives of the Government of the United States to observe and report on the distribution of the commodities within the recipient country.

The committee was of the opinion that full information about the program should be disseminated with the assistance of the recipient government. Such assistance should include time over government-controlled radios, the allocation of adequate space in the newspapers, and such other facilities as will give to the people of the recipient countries a true description of American assistance with a view to avoiding misrepresentation of the motives and acts of the people of the United States in furnishing the assistance in question.

The bill as approved by the committee also includes a number of additional restrictions and limitations with respect to the administration of the program. These include the following:

1. Expenditures for relief supplies outside the United States are limited to 25 percent;
2. Assistance to any country may be terminated for various reasons by the President;
3. Local proceeds for the sale of relief goods are to be put in a special revolving fund, the use of which must be approved by the United States; and
4. Relief supplies are to be clearly stamped and labeled so as to indicate that they have been furnished by the United States.

These additional limitations are discussed in detail in other sections of this report.

#### [USE OF LOCAL CURRENCY PROCEEDS

The unsatisfactory experiences of UNRRA with the use by recipient countries of proceeds from sale of relief goods led the committee to scan with care the provisions for the sale of commodities when it considered the relief bill (Public Law 84) last spring. Because the matter had been so thoroughly explored at that time, the committee deemed it sound to incorporate the provisions of the relief bill in the present interim-aid bill.

Although it is contemplated that some of the supplies under the present bill will be furnished as relief and require no payment, most of them will be sold by the recipient country within its own borders to its own people for which it will receive payment in local currency. The receipts from such sale will be placed in a special revolving fund to be used for such relief work and relief purposes, until the end of the fiscal year of 1948, as are agreed upon between the recipient country and the United States. Any unencumbered balance remaining in the account on June 30, 1948, will be disposed of in the recipient country in such way as may be agreed to between the governments of the two countries subject to approval by act or joint resolution of the Congress of the United States. So far as the United States is concerned this latter provision simply means that no agreement could be arrived at between the two governments relating to the unencumbered balance in the special fund without congressional approval.



## NO NEW ADMINISTRATIVE MACHINERY NEEDED FOR INTERIM PROGRAM

Your committee strongly believes that in view of the urgency of the present situation it would be unwise to provide for any new governmental organization to administer the proposed interim-aid program. Considerable time would be required to set up a new agency, to hire personnel, and to establish the procedures necessary to insure a smoothly functioning organization. Moreover, it must be kept in mind that assistance is already being extended to Austria and Italy through the mechanism of the United States foreign relief program. The machinery used for this purpose is functioning satisfactorily and it would be a relatively simple matter to add France to the list of recipient states.

The committee took cognizance of the fact that the proposed interim-aid program would be launched immediately and would continue only until March 31, 1948. Furthermore, the administration of any long-range European recovery program would require considerable study. In view of all these factors, it would seem simplest and best to utilize the procedures and machinery currently being used to administer the existing foreign-relief program.

## IMPACT OF THE INTERIM PROGRAM ON THE UNITED STATES ECONOMY

The impact of the interim-aid program on the economy of the United States should be distinguished from that of the long-range European recovery program. While there may be extended debate over the latter, there has been very little over the former. The collective opinion of the witnesses who appeared before the committee was in general that the increase in our exports as a result of the program would be relatively small and the United States could give the assistance required with comparatively little effect upon our own economy. It is, of course, recognized that no extensive shipments abroad of commodities in short supply can be made without producing a tendency toward price increases at home. The general view seemed to be, however, that the impact would be very slight. Secretary of Commerce Harriman, commenting upon the impact of the interim-aid program on the economy of the United States, stated that:

Interim aid will not change the present domestic situation or, substantially, the exports which it has been calculated would probably go out of the country.

The committee, of course, recognizes that there will be certain items in tight supply such as wheat, nitrates, and petroleum which may be concerned in the program. In such cases, it is believed that adequate safeguards to protect the American economy have been provided in the bill.

## TERMINATION OF BILATERAL AGREEMENTS

The committee attaches great importance to the proposed bilateral agreements which are to be concluded with the recipient countries, and which are similar to those already concluded with Italy, Austria, and Greece under the relief bill (Public Law 84). These agreements respect the dignity of both parties and give assurance that the commodities furnished by the United States will be used to best advantage. This is assured by section 7 of this act which states that the President shall promptly terminate the provision of assistance under the act for any country whenever he determines (a) that such country is not



adhering to the terms of its agreement entered into in accordance with section 6; or (b) whenever he finds, by reason of changed conditions, that the provision of assistance authorized by the bill is no longer necessary or desirable. It should be noted particularly that the President is required to discontinue assistance whenever any recipient country fails to live up to the obligations it has assumed in its agreement with the United States.

#### RELATIONSHIP BETWEEN INTERIM AID AND LONG-RANGE RECOVERY PROGRAM

For purposes of the estimates, the period covered by this act is December 1, 1947, to March 31, 1948, for France and Italy and the first quarter of 1948 for Austria. This period represents an option on the time necessary for a specific long-range recovery plan to be presented and considered by the Congress. Reports dealing with the long-range program—from the Krug, Harriman, and Nourse committees and the 16 countries of the Committee of European Economic Cooperation—were examined by the committee, but every effort was made to confine discussion during the hearings to the interim aid proposal except where it was necessary for members of the committee to consider the pending bill in the perspective of the European recovery program. This act does not provide for a recovery program. It is intended to prevent further economic disintegration so that realistic consideration can be given to a recovery program. It is assumed that a specific long-range proposal will be presented for the consideration of the Congress in the near future. If such a proposal is acceptable to Congress, it is presumed it would start on March 31, 1948, when procurement under the present act must cease, or shortly thereafter.

The scrutiny of, and recommendations for, this interim-aid bill will no doubt facilitate the examination of any long-range program the Senate may be called upon to consider. The committee underlines the point, however, that its decision in the present instance has been based on the merits of the specific proposal before it. Moreover, the record is replete with emphasis upon the fact that support of the interim measure by committee members involves no obligation whatsoever with respect to any subsequent long-range program.

#### STOCK PILING OF STRATEGIC MATERIALS

During the hearings various members of the committee called attention to the desirability of securing some benefits for the United States in return for the assistance rendered to various countries. Some of the countries, for example, have access to various strategic materials which are in short supply in the United States. The committee felt strongly that this entire question should be subject to intensive study whenever a long-range recovery program is under consideration by the Congress. The emergency nature of the present bill, however, makes it impractical to consider the matter in connection with interim aid.

#### AMENDMENTS APPROVED BY FOREIGN RELATIONS COMMITTEE

On November 17, 18, and 19, on the basis of evidence submitted during the hearings, the committee examined carefully the draft



bill which had been presented by the Department of State on November 10. As a result of this consideration, a number of the controls which had been incorporated originally in the relief bill (Public Law 84) last spring were inserted in the text and several additional amendments of importance were added. These changes met with the approval of the Department of State. The most important amendments approved by the committee are summarized in the sections below.

FIRST AMENDMENT: NO GUARANTY OF AVAILABILITY OF SPECIFIC COMMODITIES

In view of the critical world shortage of certain commodities, the committee believed it inadvisable for the United States to make any commitment which might be construed by the recipient country as a guaranty to deliver any specific amount of any particular commodities. A clarification of this point seemed particularly desirable inasmuch as crop conditions in the world are uncertain and inasmuch as there appeared to be some slight difference of opinion with respect to the availability of wheat in the United States. With these considerations in mind the committee added the following language to section 4:

This Act, however, shall not imply any obligation to give assistance to any of the countries mentioned nor shall it imply or guarantee the availability of any specific commodities.

SECOND AMENDMENT: PURCHASE OF COMMODITIES OUTSIDE THE UNITED STATES

At the time of the passage of the relief resolution last June the members of the committee were in complete agreement that nearly all the funds appropriated should be used for purchase within the United States. As a result, the resolution limited the amount of offshore purchases to 6 percent, which was considered ample to take care of certain quantities of coal, fertilizer, and seed that might be advantageously purchased abroad.

At the present time the situation with regard to commodities in short supply has changed considerably. Given a shortage of grain, petroleum, and fertilizer in the United States, it would seem desirable to encourage the purchase of more commodities in other countries. To this end, the committee amended section 6 of the bill to provide that not more than 25 percent of the total amount authorized should be used to procure supplies outside the United States and its Territories. According to figures submitted by the State Department this amount will give the Administration ample leeway to purchase needed commodities in short supply outside the United States.

The shortage of petroleum, especially fuel oil, threatens to be particularly acute in certain parts of the United States during the coming winter. The committee agreed that it would be unwise to ship petroleum from the continental United States if such action were to unduly aggravate our own domestic shortage. To take care of this special problem, section 5 was amended to provide that the procurement of petroleum and petroleum products, to the maximum extent practicable, should be made from petroleum sources outside the United States.



## THIRD AMENDMENT: ADDITIONAL CONTROLS INSERTED BY COMMITTEE

The extensive controls which the committee incorporated in the bill, for the most part patterned after those included in the relief resolution (Public Law 84), have already been outlined in a previous part of this report. These relate to full publicity within the recipient countries, to the export of commodities received under the act, etc. Two new amendments need special comment at this point. In the first place, the committee agreed that the recipient governments should not permit commodities received under the act to be sold to their peoples at greatly inflated prices. No doubt some of the commodities which have been supplied under the relief bill eventually find their way into the black market and thus command exorbitant prices. Some such activity and the adverse publicity which accompanies it must be expected. According to section 6 as approved by the committee, however, each recipient country will undertake to make available to its people "at reasonable prices," consistent with economic conditions in the country, such commodities as it may sell under the terms of the act.

In the second place, the committee repeatedly stressed the general principle that United States assistance to Europe of whatever kind must be accompanied by honest and sincere efforts on the part of the recipient countries to utilize effectively their own resources. For example, those countries which sorely need grain should take steps, not only to use their land in the most effective way possible, but also to make sure that the grain produced by local farmers is made available for distribution within the country. Similarly, every effort should be exerted to conserve manpower and to use the productive capacity of the Nation wisely and well. To this end, the committee amended section 6 so that the recipient countries would undertake "to make all possible efforts to secure the maximum production and distribution of locally produced supplies, and not to permit any measures to be taken involving sale or distribution of any articles of the character covered in this act which would reduce the locally produced supply of such articles or the utilization of foreign sources of supply other than the United States."

## FOURTH AMENDMENT: POSSIBLE ASSISTANCE FROM OTHER COUNTRIES

During the course of the hearings representatives from the State Department were asked on several occasions whether other countries besides the United States were in a position to extend assistance to Austria, France, and Italy. Under Secretary Lovett pointed out that, while a few small grants and credits had been extended by other countries, very little assistance could be expected from such quarters because most nations are themselves still suffering from the destructions and dislocations resulting from the war or because they have encountered international financial difficulties which make extensive aid impossible. The committee nevertheless felt that the President should take appropriate steps to encourage other governments to make available whatever assistance they might be able to furnish. For that reason, section 9 was included in the bill.

## FIFTH AMENDMENT: ADMINISTRATION OF PROGRAM

As has already been pointed out above, the committee agreed that it would be unnecessary to provide for any new governmental organiza-



tion to administer the interim aid program. To make perfectly clear its conviction that the machinery and procedures now being used to administer the foreign relief program should also be utilized for the administration of the new program, the committee added the following language to section 10:

In accordance with the direction of the President, the responsibility for administering in Europe 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 Act of May 31, 1947, providing for relief assistance to the devastated areas.

#### SIXTH AMENDMENT: SPECIAL PROVISION RELATING TO AUSTRIA

In the distribution of supplies in each of the recipient countries the United States officials normally conclude an agreement with the central authorities setting forth the conditions under which assistance is to be granted. The situation in Austria is different, however, inasmuch as the country remains divided into four zones occupied by French, British, Russian, and American forces. Since Austria is a case apart, it seemed desirable to the committee to permit a certain degree of flexibility in the administration of the program so that special arrangements might be made for the distribution of supplies in the different zones. To achieve this end, the committee approved an amendment to the bill, submitted by the Department of State, providing that the sections of the act relating to United States supervision and control of the distribution of supplies should not apply to supplies distributed in Austria. The amendment contains the additional proviso, however, that the United States High Commissioner for Austria shall conclude agreements with other occupation authorities or with the Austrian Government, which will establish control systems and make certain that supplies furnished Austria will be distributed in accordance with the objectives of occupation and the provisions of the act.

#### RECOMMENDATION OF THE FOREIGN RELATIONS COMMITTEE

On November 19 the committee decided by a unanimous vote (13-0) to report the bill to the Senate. At the same time the members of the committee expressed the hope that, in view of the urgency of the present situation, the Senate would be able to conclude its consideration of the measure at the earliest practicable time.

#### NEED FOR SPEEDY ACTION

Events of the past week have made abundantly clear the need for speedy action by the Senate on this measure. They also show how costly to any long-range program a delay may be. Riots in France and Italy and Cabinet changes in France demonstrate once again that there are forces actively at work which are using hunger and cold as a means of creating political disturbances and confusion. If the governments of these countries can assure their people that they can supply food and shelter, such assurance will go a long way toward stabilizing and preserving the economic and political systems of western European states. But by all odds the most important and overwhelming single reason for speedy action is that need exists and must be met now if the three countries are to escape starvation, suffering, and serious economic retrogression.



## EXTENSION OF THE EUROPEAN RECOVERY PROGRAM

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MARCH 30, 1949.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. Eaton, from the Committee on Foreign Affairs, submitted the following

### MINORITY VIEWS

[To accompany H. R. 3748]

The members of the Republican minority on the Committee on Foreign Affairs were unanimous in voting to bring this bill to the floor. It is our firm conviction that this vast and far-reaching effort, initiated in the Eightieth Congress, and perfected by that body to such a state that few major changes were deemed necessary at this time, must be continued. The principle involved is sound and simple; we help those who help themselves, and help each other and help us. Adherence to it, between continents, involving many governments, millions of people, and billions in commodities is complex and difficult. Communist opposition, ranging from incessant public distortions of the plan to secret sabotage, cunningly contrived and daringly executed, has added enormously to the difficulties. We are proud of the year of achievement of this plan for joint effort, in the face of such great obstacles. The spread of communism in western Europe has been arrested, and its influence materially reduced; Europe has taken great strides toward recovery; our own economy, far from being seriously impaired by this effort, has gone forward.

The Republican minority members of the committee do not approve of all that has been done here or abroad, nor of every provision in this extension legislation. Our committee established only over-all limitations on appropriations. A careful and detailed review of the amounts needed in the light of conditions then existing must be made by the Appropriations Committee, which is the appropriate committee for that purpose. The bill and the report make no change in the basic law which provided in section 114 (b) that—

Nothing in this title is intended nor shall it be construed as an express or implied commitment to provide any specific assistance whether of funds, commodities or services, to any country or countries.



There must be no repetition of last year's attempt to distort limitations into commitments, legislative maximums into appropriation minimums.

We deeply appreciate the fine spirit that prevailed in our committee throughout our hearings, the courtesy and consideration given the minority by our new chairman, Judge Kee, and by the majority members, in public and executive sessions. At the same time, and without recrimination, we feel it our duty to report with complete candor upon certain matters of which the House should be informed and aware.

#### THE FOREIGN ASSISTANCE PACKAGE

A year ago the Committee on Foreign Affairs unanimously brought to the floor of the House the Foreign Assistance Act of 1948, a global undertaking without precedent in our national history in time of peace. In that measure, which has been praised by those charged with its subsequent administration and direction, we combined the several items of foreign assistance which required the immediate and positive action of the Congress. The bill, as then reported, contained four separate and distinct titles. Title I and title III had been received from the administration in an atmosphere of urgent haste, accompanied by a "deadline" date, a disregard of which, we were told, would invoke disastrous results.

The four titles of the Foreign Assistance Act of 1948 covered such related subjects as the European recovery program, the International Children's Fund, Greek-Turkish assistance, and aid to China. When it was announced by the committee that all of the programs were to be included in a "one package" bill, the committee majority was promptly assailed for proposing the "package bill" approach. The procedure was condemned by many as one which would confuse the American people, and result in delay of necessary action by the Congress. Contrary to these dire predictions, the measure, with its four titles, passed the House on March 31, and became law on April 3, 1948, far ahead of the date even the most optimistic outside the Eightieth Congress had believed action could be completed on these problems.

In January 1948 our committee voted that our hearings should cover "United States foreign policy for a postwar recovery program," instead of being confined solely to the economic situation in one area, Europe. We insisted on taking a world-wide view of the situation—economic, political, and military—with the hope of establishing world-wide, long-range policies to replace piecemeal, stopgap measures. We were convinced then, as we are today, that to adopt such an inadequate approach to the great and vital problems posed by two philosophies of government in violent and continuing conflict over the entire surface of the earth, is to fail utterly to appreciate either the magnitude of the task confronting us, or the tragic consequences of our failure to coordinate and implement our efforts by a frank and far-reaching appraisal of the world situation at this time.

Our plan required full cooperation from the administration in order to succeed, because the necessary information had to come from the executive departments. We offered to incorporate in our "package bill" provisions for a recovery program in Japan and the Far East, and provisions for furnishing necessary military equipment and advice to



other countries when our security was involved. Departmental indifference and opposition forced us to drop these provisions from the "package."

The total bill for international affairs and finance to be presented to the American taxpayers this year will exceed \$7,500,000,000 for economic, military, and political measures. We do not believe that all of this could or should be presented to Congress in a single measure. We do believe in putting together related proposals—the "package" approach. Preparation and presentation of such "package bills" would result in greater consistency in policy and better understanding of our foreign affairs by both the people and the Congress; would present each major problem to be considered by Congress in the light of our whole foreign policy, our total tax burden, and would avoid the delay and confusion which bringing many foreign policy bills to the floor one by one necessarily involves. Nevertheless, the administration is once more presenting its program in piecemeal, stopgap fashion. We do not know whether the resulting confusion, which helps to conceal inconsistencies, is deliberately planned or is the result of confusion within the administration itself. Even the items we presented in the Foreign Assistance Act of 1948 are to be separated.

The bill now being presented is solely for economic aid to Europe. While we believe that economic recovery in Europe is an essential part of our over-all foreign policy and have therefore assisted in its prompt consideration in our committee, we are convinced that it is only a part of our over-all policy; that military and political policies are inextricably intertwined; that it would be far wiser to consider our over-all recovery-program problems in Europe and elsewhere together as we did last year, rather than piecemeal. We raised this issue in committee. When we were overruled, we proceeded with as much speed and intelligence as possible under the circumstances to perfect the fraction of the program presented in this bill. The limited nature of this measure makes it impossible to amend it on the floor so as to cover the broader problems, as points of order would apply to such amendments. We do not ask to have this bill delayed on this account. We wish to go on record, however, with the Congress and the country, as believing that time and events will demonstrate the soundness of our views.

#### THE CHILDREN'S FUND

Title II of the Foreign Assistance Act of 1948 provided for the United Nations International Emergency Children's Fund. A separate bill, extending the duration of this program, requiring no additional authorization or appropriation of funds, has been introduced. We attempted, without success, to incorporate it as a section of the pending bill. There is no valid reason why this should not be done except the desire of the administration, revealed in the budget months ago, to tear apart the "package" adopted by the Eightieth Congress and to return to the piecemeal approach.

#### GREEK-TURKISH ASSISTANCE

This was title III of the Foreign Assistance Act of 1948. The economic phases of this program are contained in title I of the pending bill, H. R. 3748. We understand that the military needs of Greece



and Turkey will be presented in a military aid bill to follow action on the North Atlantic treaty. The House has not been consulted on the formulation of this vast program nor, so far as we know, have any of its Members or committees. We hope our over-all military foreign aid policy and program will be presented in one bill.

#### CHINA AID

Title IV of the Foreign Assistance Act of 1948 provided economic and military aid to China. This title is omitted in the pending extension bill. We Republicans on the Foreign Affairs Committee believe that our historic policy of maintaining the open door in a genuinely independent China is as important to American security and world peace now as it ever was. Recovery in Europe is in no small degree dependent upon keeping Asia free so that its vast resources, both human and material, may be available on a mutually beneficial basis to the forces of freedom and denied to Communist forces directed from the Kremlin. As General MacArthur put it in a message to our committee a year ago during our hearings on foreign assistance:

If we embark upon a general policy to bulwark the frontiers of freedom against the assaults of political despotism, one major frontier is no less important than another, and a decisive breach of any will inevitably threaten to engulf all.

Therefore, despite administration reluctance and indecision, we have been insisting since VJ-day upon a policy of effective military and economic assistance to China to enable her to recover from her long war of resistance, put down a determined Communist rebellion, and regain her crucial place as "the fundamental keystone to the Pacific arch." (General MacArthur in same message.) We therefore provided legislation to implement this strategic concept, expressed to us not only by General MacArthur, but by Generals Wedemeyer and Chennault and many other witnesses, that our own security was involved in the future of China. In view of the administration's lack of policy, we incorporated in the provisions for military and economic aid for China a strong and definite reaffirmation of our historic policy, which was approved by the President himself when he signed the Foreign Assistance Act. We recognized then what events have since demonstrated, that the longer vigorous action in support of such a policy is postponed, the greater the difficulties of successful execution are certain to be.

Nevertheless, this policy was not followed in carrying out the military aspects of the program. Only one-four-hundredth of the amount we authorized was spent in the critical first 3 months after the act became law. Still another month elapsed before the directive was issued, setting in motion the military-aid program. No arms or ammunition from the program reached the Chinese forces until December 1948, 8 months after the law was passed. Still more serious, the administration has never permitted our American advisory group in China to give active military advice and training to Chinese forces at all levels, as it has in Greece under precisely similar circumstances. No aid to China, any more than to Greece, could be expected to be effective without this type of military assistance. Most serious of all has been our Government's failure to give forthright moral support to China as it has given to other nations striving to resist subjugation by



armed Communist minorities. Instead of sympathetic assistance in meeting overwhelming problems, the administration has issued various official public denunciations of China's legitimate government, our wartime ally. No country, gravely weakened by war, invasion, and rebellion, could undergo such treatment without a break in morale.

ECA Administrator Paul Hoffman and the mission he sent to China to handle economic aid have done a commendable job, demonstrating that a cooperative assistance program can be successfully administered in China. Unfortunately, in the absence of sufficiently vigorous military aid to gain security for development projects, economic assistance has had to consist largely of relief measures instead of recovery. The administration forces have refused to include in the pending bill even a simple provision to extend the period during which the unexpended appropriations may be used. Without such extension the whole China program expires on April 3. It is most unlikely that a separate bill can go through the legislative process before that date; furthermore the separate bill for China, which the administration has caused to be introduced, authorizes changes in our fundamental policies in China which are certain to provoke opposition and involve costly and dangerous delay.

We are told that the Government of China has collapsed; we are certain that American policy in China has collapsed. We believe there is still time to take steps to protect our own security in Asia, but experience of the past year has shown that Congress cannot do this merely by passing a law and providing funds. The Executive must faithfully and effectively execute the laws that Congress has passed. Instead of excuses for failure there must be the will to succeed.

#### THE BIPARTISAN FOREIGN POLICY

We Republicans believe that our country should have a bipartisan foreign policy. It is more important, however, for our country's policy to be right than bipartisan. Unity solely for the sake of unity may be disastrous. History is strewn with the wreckage of countries that were united, but in the wrong course. Whenever the loyal opposition is silenced, either by force or by its own failure to speak up, freedom is in danger. We Republicans are striving for a wise and worthy foreign policy for our country; we hope it can be bipartisan.

We Republicans have borne our full part in formulating and implementing the creation and support of the United Nations, the European recovery plan, and our national policy in the Western Hemisphere. These constitute bipartisan foreign policies. During and since the war we have cooperated in presenting a united front to our enemies; we have taken care to make no disclosures that would embarrass our Government. The secret negotiations at Tehran, Yalta, and Potsdam, and the disastrous results, are not part of the bipartisan foreign policy. Our party was not consulted; the responsibility is solely on the administration. We will join, however, in the task of solving the resulting problems which our country faces, even though we had no part in creating them. The utter bankruptcy, economic, military, and moral, of our Government's policy in China is not part of the bipartisan foreign policy. We will join in building a worthy and workable Chinese policy.



We believe that politics should end at the water's edge for both parties. In fact, we believe that partisan politics in foreign affairs should end before our policies reach the water's edge. The party in power must not take political advantage of the requirements with reference to confidential information, and insist upon withholding from the Congress and the public matters that are not military or diplomatic secrets, but are clearly political secrets. There have been pressures to make the bipartisan foreign policy a mere "me too" policy for Republicans on anything the administration proposes. We have seen the administration attempt to take sole credit for achievements in which our party deserved at least equal credit. For politics to end at the water's edge, there must be bipartisan participation in the formulation of policies; bipartisan agreement in the measures adopted; and bipartisan sharing of credit for the success of such policies.

#### THE DUTY OF THE MINORITY

We are now the minority party, the loyal opposition. We believe that we should avoid taking political advantage of situations that might in any way embarrass our country in the conduct of its foreign affairs; we believe that we have a duty to help, insofar as we are permitted, in the formulation and implementation of sound and righteous foreign policies; but we also believe that it is our duty to oppose, without fear or favor, wrong policies that our Government is attempting, to expose the failure of our Government in critical situations to arrive at any policy at all, and to offer constructive alternatives.

CHARLES A. EATON.  
ROBERT B. CHIPERFIELD.  
JOHN M. VORYS.  
FRANCES P. BOLTON.  
LAWRENCE H. SMITH.  
CHESTER E. MERROW.  
WALTER H. JUDD.  
JOHN DAVIS LODGE.  
DONALD L. JACKSON.



## ADDITIONAL MINORITY VIEWS

We find ourselves generally in agreement with the views of our Republican colleagues, and in addition we consider the amounts authorized for appropriation for the European recovery program after recommendation by the Organization for European Economic Cooperation and screening by the United States representative and the Economic Cooperation Administrator to be fully justified. We wish especially to emphasize the need for the development of a global foreign policy, as we consider the national interest of the United States today to be affected by what occurs in every part of the world with respect to the maintenance of peace and security.

With regard to our China policy, however, we desire to state separately our views on two points upon which we consider it important to be clear.

First, we believe that all democratic elements in the independent and non-Communist parts of China, not alone the Chinese Nationalist Government, deserve, and indeed require, our support. This is no time to labor the criticisms directed at that Government, considering its plight and the chaotic situation in China. We propose rather to give broad latitude to our efforts at assistance for a democratic China. We do not want to restrict and channel them through only one central agency which now can hardly claim to cover the whole situation. We believe that everything possible should be done to encourage the democratic younger elements of non-Communist China in their fight to save their people from the evils of the monolithic, repressive state.

Second, as we believe that our policy in China is the key to the struggle between communism and democracy in all Asia, we desire to see the emphasis of our aid to the Chinese placed upon economic reconstruction, honest and effective administration, and the fullest utilization of human and material resources for the welfare of the Chinese people. Military aid, necessary as it may prove to be, should be considered as only one element of our aid. An example of the efforts we wish to commend is the survey of Chinese jurisprudence by Dean Roscoe Pound of the Harvard University Law School. Another example is the program of the Joint Commission on Rural Reconstruction in China already organized and functioning under the provisions of the China Aid Act of 1948. We want to see the emphasis on more of such efforts, with direct participation of our technicians, educators, and scientists.

JAMES G. FULTON.  
JACOB K. JAVITS.