

P.L. 793

[PUBLIC LAW 793—80TH CONGRESS]

[CHAPTER 685—2D SESSION]

[H. R. 6801]

AN ACT

Making appropriations for foreign aid, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for foreign aid for such periods as are specified herein ending not later than June 30, 1949, and for other purposes, namely:

TITLE I

ECONOMIC COOPERATION

For expenses necessary to carry out the provisions of the Economic Cooperation Act of 1948 (title I of Public Law 472, approved April 3, 1948) until June 30, 1949: *Provided*, That the entire amount may be apportioned for obligation or may be obligated and expended, if the President, after recommendation by the Administrator, deems such action necessary to carry out the purposes of said Act, during the period ending April 2, 1949, including expenses of attendance at meetings concerned with the purposes of this appropriation (not to exceed \$60,000); purchase (not to exceed fifty including one at not to exceed \$3,000) and hire of passenger motor vehicles; hire of aircraft; payment of claims pursuant to section 403 of the Federal Tort Claims Act (28 U. S. C. 921); health service program as authorized by law (5 U. S. C. 150); rents in the District of Columbia; transportation of privately owned automobiles; entertainment (not to exceed \$50,000); exchange of funds without regard to section 3651 of the Revised Statutes; and loss by exchange; \$4,000,000,000, of which not to exceed \$200,000 shall be available for expenditures of a confidential character (other than entertainment) under the direction of the Administrator or the Deputy Administrator, who shall make a certificate of the amount of each such expenditure which he may think it advisable not to specify, and every such certificate shall be deemed a sufficient voucher for the amount therein certified; and of which such amount as may be necessary but not to exceed \$20,000,000 shall be available for assistance to the Free Territory of Trieste or either of its zones under the provisions of Public Law 389, Eightieth Congress, first session, until the Free Territory of Trieste or either of its zones becomes eligible for assistance under the Economic Cooperation Act of 1948, which amount shall be charged with any advances made heretofore by the Reconstruction Finance Corporation pursuant to section 103 (b) of the Economic Cooperation Act of 1948, and the Administrator is hereby authorized to repay the Reconstruction Finance Corporation for advances pursuant to section 103 (b) from the sum available for assist-

ance to Trieste or either of its zones under this section: *Provided further*, That not less than 5 per centum of each special local currency account established pursuant to section 115 (b) (6) of the Economic Cooperation Act of 1948 shall be allocated to the use of the United States Government for expenditure for strategic materials where available or for other local currency requirements of the United States of America: *Provided further*, That allocations of funds provided pursuant to provisions of the Economic Cooperation Act of 1948 for Austria and any country under occupation by forces of the United States shall be made to the United States Military Government of such countries for administrative and other expenses: *Provided*, That where the Economic Cooperation Administrator requests the United States military authorities to perform certain functions under the Act, the Economic Cooperation Administrator shall reimburse the military authorities for administrative expenses incurred in the performance of such functions: *Provided further*, That not to exceed \$58,000,000 may be expended for administrative and other expenses including not to exceed \$12,000,000 for direct administration and not to exceed \$6,000,000 for technical assistance authorized under section 111 (a) (3) of the Economic Cooperation Act of 1948: *Provided further*, That pursuant to section 117 (c) of the Foreign Assistance Act of 1948, the Administrator shall fix and pay a uniform rate per pound for the ocean transportation of all relief packages of food or other general classification of commodities shipped to any participating foreign country, regardless of methods of shipment and higher rates charged by particular agencies of transportation, but this proviso shall not apply to shipments made by individuals to individuals: *Provided further*, That guaranties of investments in enterprises producing or distributing informational media provided for under section 111 (b) (3) of the Economic Cooperation Act of 1948, or otherwise, shall not exceed \$10,000,000 in the first year: *Provided further*, That there shall be included within the local currency administrative expenditures of the United States such sums as may be necessary to meet expenditures of members and staff of the Joint Committee on Foreign Economic Cooperation in the course of performance of committee functions within respective participating countries.

INTERNATIONAL CHILDREN'S EMERGENCY FUND

To enable the President during the fiscal year 1949 to carry out the provisions of the International Children's Emergency Fund Assistance Act of 1948 (title II of Public Law 472, approved April 3, 1948), \$35,000,000.

ASSISTANCE TO GREECE AND TURKEY

For an additional amount for "Assistance to Greece and Turkey", as authorized by the Act of May 22, 1947 (Public Law 75) as amended and supplemented by the Greek-Turkish Assistance Act of 1948 (title III of Public Law 472, approved April 3, 1948), \$225,000,000, which, together with the amount heretofore appropriated under this head, shall remain available until June 30, 1949; and the limitation under this head in the Supplemental Appropriation Act, 1948, on the amount available for administrative expenses, is increased from "\$4,500,000"

to "\$4,900,000", and the limitation under said head on the amount available for such expenses in the District of Columbia is increased from "\$300,000" to "\$400,000": *Provided*, That said limitations shall apply only to the administrative expenses of the Department of State: *Provided further*, That any funds heretofore or hereafter allocated under authority contained in section 2 (a) of the Act of May 22, 1947 (Public Law 75), as amended, shall be available for obligation and expenditure in accordance with the laws governing obligations and expenditures of the department, agency, or independent establishment to which allocated, but this proviso shall not operate to increase the limitation heretofore provided for administrative expenses.

ASSISTANCE TO CHINA

For expenses necessary to carry out the provisions of the China Aid Act of 1948 (title IV of Public Law 472, approved April 3, 1948), until April 2, 1949, including expenses of attendance at meetings concerned with the purposes of this appropriation; purchase and hire of passenger motor vehicles; purchase, maintenance, and operation of aircraft; payment of claims pursuant to section 403 of the Federal Tort Claims Act (28 U. S. C. 921); health service program as authorized by law (5 U. S. C. 150); transportation of privately owned automobiles; entertainment (not to exceed \$3,000); exchange of funds without regard to section 3651 of the Revised Statutes; and loss by exchange; \$400,000,000, of which not to exceed \$1,200,000 shall be available for administrative expenses and of which \$125,000,000 shall be available exclusively as provided in subsection 404 (b) of said Act.

NATIONAL MILITARY ESTABLISHMENT

DEPARTMENT OF THE ARMY—CIVIL FUNCTIONS

GOVERNMENT AND RELIEF IN OCCUPIED AREAS

For expenses, not otherwise provided for, necessary to meet the responsibilities and obligations of the United States in connection with the government or occupation of certain foreign areas, including personal services in the District of Columbia and elsewhere and, subject to such authorization and limitations as the Secretary of the Army may prescribe, not to exceed \$220,000 may be available for tuition, personal allowances (not to exceed \$10 per day), travel expenses (not to exceed those authorized for like United States military or civilian personnel), and fees incident to instruction in the United States or elsewhere of such persons as may be required to carry out the provisions of this appropriation; travel expenses and transportation; services as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), at rates not in excess of \$50 per day and travel expenses for individuals; translation rights, photographic work, educational exhibits, and dissemination of information, including preview and review expenses incident thereto; expenses incident to the operation of schools for American children; printing and binding; hire of passenger motor vehicles and aircraft; repair and maintenance of buildings, utilities, facilities, and appurtenances; contingencies for the United States com-

manders of foreign areas, to be expended in their respective discretions (not exceeding amounts authorized or approved by the Secretary of the Army); such minimum supplies for the civilian populations of such areas as may be essential to prevent starvation, disease, or unrest, prejudicial to the objectives sought to be accomplished, and such supplies, commodities, and equipment as may be essential to carry out the purposes of this appropriation; \$1,300,000,000, of which not to exceed \$55,000,000 shall be available for administrative expenses: *Provided*, That when military personnel of the Department of the Army are employed primarily for the purposes of this appropriation, the mileage and other travel allowances to which they may be entitled shall be paid herefrom: *Provided further*, That the general provisions of the appropriation Act for the fiscal year 1949 for the military functions of the Department of the Army shall apply to this appropriation: *Provided further*, That expenditures from this appropriation may be made outside continental United States, when necessary to carry out its purposes, without regard to sections 355, 1136, 3648, and 3734, Revised Statutes, as amended, civil-service or classification laws, or provisions of law prohibiting payment of any person not a citizen of the United States: *Provided further*, That expenditures from this appropriation may be made, when necessary to carry out its purposes, without regard to section 3709, Revised Statutes, as amended, and the Armed Services Procurement Act of 1947 (Public Law 413, Eightieth Congress): *Provided further*, That expenditures may be made hereunder for the purposes of economic rehabilitation in Japan, Korea, and the Ryukyus in such manner as to be consistent with the general objectives of the Economic Cooperation Act of 1948: *Provided further*, That funds appropriated hereunder and unexpended at the time of the termination of occupation by the United States, of any area for which such funds are made available, may be expended by the President for the procurement of such commodities and technical services, and commodities procured from funds herein or heretofore appropriated for government and relief in occupied areas and not delivered to such an area prior to the time of the termination of occupation, may be utilized by the President, as may be necessary to assist in the maintenance of the political and economic stability of such areas: *Provided further*, That before any such assistance is made available, an agreement shall be entered into between the United States and the recognized government or authority with respect to such area containing such undertakings by such government or authority as the President may determine to be necessary in order to assure the efficient use of such assistance in furtherance of such purposes: *Provided further*, That such agreement shall, where applicable, include requirements and undertakings corresponding to the requirements and undertakings specified in sections 5, 6, and 7 of the Foreign Aid Act of 1947 (Public Law 389, 80th Congress): *Provided further*, That funds appropriated hereunder may be used, insofar as practicable, and under such rules and regulations as prescribed by the Secretary of the Army, to pay ocean transportation charges from United States ports, including territorial ports, to ports in Japan, Korea, and the Ryukyus for the movement of supplies donated to, or purchased by, United States voluntary nonprofit relief agencies registered with and recommended by the Advisory Committee on Voluntary Foreign

Aid or of relief packages consigned to individuals residing in such countries: *Provided further*, That under the rules and regulations to be prescribed, the Secretary of the Army shall fix and pay a uniform rate per pound for the ocean transportation of all relief packages of food or other general classification of commodities shipped to Japan, Korea, or the Ryukyus regardless of methods of shipment and higher rates charged by particular agencies of transportation, but this proviso shall not apply to shipments made by individuals to individuals: *And provided further*, That the Joint Committee on Foreign Economic Cooperation established pursuant to provisions of section 124 (a) of the Economic Cooperation Act of 1948 shall have the same duties, powers, and responsibilities with respect to programs carried out by appropriations for Government and Relief in Occupied Areas as it has with respect to programs under the Economic Cooperation Act of 1948.

DEPARTMENT OF STATE

INTERNATIONAL ACTIVITIES

United States participation in international organizations: For expenses necessary for United States participation in international organizations, including payment of the annual contributions, quotas, and assessments, and costs of permanent United States representation to such organizations, in not to exceed the respective amounts as follows:

International Refugee Organization (Public Law 146, Eightieth Congress), \$70,710,228, of which amount \$70,643,728 shall be available for contribution: *Provided*, That not to exceed 60 per centum of the funds appropriated herein shall be available for contribution to the International Refugee Organization until such time as there are effected agreements providing for a caloric diet for the occupants of refugee camps in Europe that is no higher than that prevailing in the country in which such camps are located.

TITLE II—GENERAL PROVISIONS

SEC. 201. No part of any appropriation contained in this title shall be used to pay the salary or wages of any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or that such person does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to

strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence, and accepts employment the salary or wages for which are paid from any appropriation contained in this title shall be guilty of a felony and, upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

SEC. 202. No funds made available under the authority of this Act shall be used for the purchase in bulk 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 in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment: *Provided*, That no funds available under this Act shall be used for the purchase of wool other than from existing stocks owned by the Commodity Credit Corporation, unless or until such stocks are exhausted.

SEC. 203. No part of the funds herein appropriated shall be used to purchase farm machinery, including tractors, in the United States in an amount which will bring the total exports of such machinery and tractors during the period for which this appropriation is made, from the United States, by or for the benefit of the countries participating in the European recovery program, to more than \$75,000,000.

SEC. 204. Whenever an export license for a commodity, the production or shipment of which to a nonparticipating country was contracted for in good faith prior to March 1, 1948, is denied or cannot be obtained under section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended, the Administrator shall provide for the procurement of such commodity to transfer to a participating country in accordance with the requirements of such country, at not less than the contract price of such commodity to the producer or exporter, as the case may be, including any cost incurred in converting the commodity to meet the requirements of the participating country.

SEC. 205. Not less than 50 per centum of the United States export requirements of nitrogenous fertilizer materials or nitrogenous compounds (including anhydrous ammonia) for nonoccupied areas shall come from production of plants operated by or for the Department of the Army.

In addition, the Department of the Army shall make available, for the commercial production of nitrogenous fertilizer materials for domestic use, 10 per centum of the total anhydrous ammonia produced in the United States in plants operated by or for the Department of the Army, said anhydrous ammonia to be distributed as directed by the Department of Commerce, which shall give preference, in distributing said anhydrous ammonia, to producers of ammonium sulphate who were producing ammonium sulphate during the six months preceding the enactment of this Act or who shall have ceased to produce, or shall be faced with an imminent shutdown in the production of, ammonium sulphate for want of anhydrous ammonia, to the extent necessary to permit such pro-

ducers to operate. The Department of the Army is hereby authorized to produce and sell, in addition to its production for occupied areas, such nitrogenous fertilizer materials or nitrogenous compounds (including anhydrous ammonia) required for United States exports to nonoccupied areas or for the production of nitrogenous fertilizer materials for domestic use and to credit the proceeds of such sales to the appropriation for Government and Relief in Occupied Areas to the extent of the cost of such production for such sales and any balance to miscellaneous receipts of the Treasury.

SEC. 206. No funds made available under this Act shall be used by any governmental agency for the purpose of building additional commercial manufacturing plants in the United States.

SEC. 207. This Act may be cited as the "Foreign Aid Appropriation Act, 1949".

Approved June 28, 1948.

June 3, 1948.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. Tamm, from the Committee on Appropriations, submitted the following

REPORT

To accompany H. R. 2891

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for foreign aid for the period beginning April 3, 1948, and ending June 30, 1949, and for other purposes.

The estimates upon which the bill is based are contained in House Documents Nos. 222, 210, 233 and 249 the latter of which supplements regular budget estimates for government and relief in occupied areas contained on page 710 of the printed Budget.

SCOPE AND PURPOSE OF THE BILL

The bill as drawn is the result of committee consideration of all activities contemplated under the Foreign Assistance Act of 1948, namely, Economic Cooperation, assistance to United Nations, Children's Emergency Fund, assistance to Greece and Turkey, and assistance to China, in addition to estimates for financing Government and relief in occupied areas and the International Refugee Organization.

Total budget estimates considered for the seven foreign aid and reconstruction activities encompassed in the bill is \$4,535,710,233. The total amount recommended by the committee is \$4,880,710,233.

FOREIGN AID APPROPRIATION BILL, 1949

80TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } No. 2173

FOREIGN AID APPROPRIATION BILL, 1949

JUNE 3, 1948.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. TABER, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H. R. 6801]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for foreign aid for the period beginning April 3, 1948, and ending June 30, 1949, and for other purposes.

The estimates upon which the bill is based are contained in House Documents Nos. 522, 610, 639, and 659, the latter of which supplements regular budget estimates for government and relief in occupied areas contained on page 719 of the printed Budget.

SCOPE AND PURPOSE OF THE BILL

The bill as drawn is the result of committee consideration of all activities contemplated under the Foreign Assistance Act of 1948, namely, Economic Cooperation, assistance to Trieste, International Children's Emergency Fund, assistance to Greece and Turkey, and assistance to China, in addition to estimates for financing Government and relief in occupied areas and the International Refugee Organization.

Total budget estimates considered for the seven foreign aid and reconstruction activities encompassed in the bill is \$6,533,710,228. The total amount recommended by the committee is \$5,980,710,228,

a reduction of \$553,000,000 in the budget estimates. In addition, the committee has changed the date of availability of funds, in all cases where applicable, from April 3, 1949, to June 30, 1949, in the belief that the programs will not permit of the expenditure of more funds than has been provided for each program on an intelligent basis before the latter date. If, by chance, some emergency should arise before the end of the fiscal year the Congress will be in session in January to consider such emergency.

PREVIOUS AID

Although the facts are already well established, the committee does not feel it inappropriate to remind the membership of the House that since the beginning of fiscal year 1946, or the end of the war, this country has rendered foreign assistance through grants and credits in the net amount of \$18,182,000,000. The purpose of this aid was two-fold, first, through direct grants to help feed, clothe, and house the hungry and impoverished humanity left to suffer the ravages of the most devastating war in the history of mankind, and, second, through long-term loans, credits, and American skill to assist many of the nations of the world to reestablish their individual economies and thus promote and strengthen the entire international economic structure, an accepted prerequisite to the establishment of a lasting peace. In addition, the United States has invested in the International Monetary Fund the amount of \$2,750,000,000 and has subscribed to capital stock of the International Bank, in the amount of \$635,000,000. Over and above this subscription to the capital stock of the International Bank, the United States has assumed a contingent liability to purchase additional stock in the Bank to the extent of \$2,540,000,000 whenever losses are incurred by the Bank.

Some of the aid given has been of benefit. Much of it, because of inefficiency of administration and perhaps constantly changing world conditions, has been wasted. The gradual but steady depletion of this country's resources makes it mandatory that the Congress take every reasonable precaution to safeguard the dwindling assets and domestic economy of this Nation through proper checks and controls of appropriated funds. The Foreign Assistance Act of 1948 provides for some of these controls. Other controls made necessary as a result of testimony before the committee and changed conditions since the enactment of the enabling legislation have been included in the accompanying bill.

ECONOMIC COOPERATION

For the Economic Cooperation Administration, the major item in the bill, the committee is recommending \$4,000,000,000, a decrease of \$245,000,000 in the budget estimate. The Economic Cooperation Act of 1948 authorizes a total of \$5,300,000,000 for the 16 European countries and western Germany for the period April 3, 1948, to April 2, 1949. Of this amount \$4,300,000,000 is to be provided in direct appropriations (\$55,000,000 already appropriated in Interim Aid Appropriation Act) and \$1,000,000,000 through the issuance by the Administrator of notes for purchase by the Secretary of the Treasury as provided for in section 111 (c) (2) of the act. The funds derived through the latter transaction are to be allocated to the Export-Import

Bank of Washington for assistance under credit terms. Against the appropriation of \$4,000,000,000 provided in the bill, the Economic Cooperation Administration has been advanced \$1,000,000,000 by the Reconstruction Finance Corporation.

The committee felt that the magnitude and far-reaching effects of this undertaking and the constantly changing conditions demanded an exhaustive and detailed study of the program and its financial aspects. While the enabling legislation was documented to a greater extent than perhaps any other piece of legislation proposed or enacted in recent years the hearings disclosed complete instability in the estimates and other data presented in justification of the amount requested. Furthermore, testimony indicated the absence of definite policy in the execution of many aspects of the program, principally because of insufficient time between enactment of the legislation and the date of appropriation hearings.

Fundamentally the estimates of requirements are based on the anticipated international balance of payments and the dollar balances, or lack of dollar balances, in each participating country.

It is admittedly impossible for anyone to state with any degree of assurance the actual needs of the participating countries within a billion dollars. World political and economic conditions are still too unstable to permit of long-term estimates. The economic forces that will be set in motion by the initiation of this program will undoubtedly afford the Congress an opportunity at a later date to more accurately evaluate the conditions in and requirements of this peace-hungry world and thus be in position to take such further constructive action as may be necessary. The world-trade patterns that will emerge from this program as well as their impact on world economy and, more specifically, on the economy and needs of the participating countries are, likewise, of so indefinite a nature at the present time as to make any predetermination of conditions and actual operations of the program for more than a few months impossible.

It should be pointed out that as a result of previous aid there remained on January 1, 1948, a total of \$3,600,000,000 in unutilized grants, loans, and property credits. Of this total something over \$2,000,000,000 is in the participating countries covered by the appropriation in the accompanying bill.

INTEREST AND AMORTIZATION OF UNITED STATES CREDITS

While amounts for the liquidation of previously extended United States credits were not included in the illustrative distribution of uses to which the authorized amount of \$5,300,000,000 would be applied, it is apparent that the net result of this appropriation is to permit the payment of invisible items, including interest and amortization on United States credits previously extended to the participating countries totaling \$288,900,000. It would seem that the Administration is, in this particular instance, not only disregarding the basic principles of sound business practice but also is in a sense undermining the character of international agreements. In other words, the effect of the operation of the bill as laid out by the State Department and presented to the committee by the head of the Economic Cooperation Administration would be that we would be furnishing the funds to these countries to pay their own debts to us. Anyone with the slightest experience in business realizes that when one owes a debt

and is not able to pay it, the way to maintain his morale is to extend the time for payment of his debt rather than, directly or indirectly, to pay the debt. If you give him the funds with which to pay the debt, he will expect the same treatment every time he owes any money and nothing but complete demoralization can result. The dollar deficits resulting from the debts of the participating countries to the United States should not, in the view of the committee, be considered as part of the immediate needs of a European recovery and reconstruction program.

COMMENTS ON CERTAIN COMMODITIES

The Administration estimates that upward of \$2,250,000,000 of the total authorization of \$5,300,000,000 will be expended for food requirements. Information made available to the committee both during and subsequent to the hearings indicates that many of the participating countries are going to have substantially larger food crops in the 1948-49 crop year than they had in the preceding crop year and that in many instances the crop yield will exceed the prewar level. The committee is advised that in Germany alone the potato crop will be 5,000,000 tons larger than last year and that in other countries it will be substantially larger. Wheat crops in major wheat-producing countries are greatly above the estimates on which the original requirements were based and the outlook is good for increased crops of barley, oats, and rye. There is every reason to believe that substantial savings can be effected in the food program and, in view of the favorable crop reports, effectively carried out with less than the \$2,250,000,000 originally estimated. Furthermore, while this country will still have an exportable surplus of wheat this coming crop year, the estimated yield will be from 250 to 350 million bushels less than last year's crop, and the quantities available for shipment will be half that available in 1948.

Prices of cotton, for which \$511,000,000 is estimated, have increased considerably since the date that discussion of the European recovery program was begun by the Congress. The price of cotton on May 26 was 38½ cents per pound or approximately 6 cents per pound higher than it was on February 14, and far higher than it was last fall. Prices of commodities purchased under the program should be reasonable and it must be the responsibility of each country to see to it that no individual or group of individuals obtains a corner on any market which would result in an increase in prices and thus jeopardize certain segments of the program if not the entire program. On the other hand, the Economic Cooperation Administration should by means of every power at its command guard the interests of this program and protect the taxpayers of this Nation by refusing to pay inflationary prices, some of which are already in evidence as a result of anticipatory buying, especially in connection with cotton.

The Administration estimates contain an amount of \$110,000,000 for the purchase of tobacco. While there may be reasons for the purchase of some tobacco there is serious doubt as to how much tobacco should be purchased during this period of dire need for more substantive aid, and purchases in the luxury category should be very carefully scrutinized.

It is contemplated to purchase some \$24,600,000 worth of wool. While wool is a commodity necessary in the general rehabilitation of

Europe, every effort should be made to purchase the type of wool that will serve the intended purpose at the lowest possible cost. The Commodity Credit Corporation, for example, has over 240,000,000 pounds of wool, one-half of it of the lower-grade variety not salable in the United States and purchased at a cost of 42 cents per pound. It is hoped that both our own and the European economy can be aided by the movement of this wool into export. Cotton cloth purchases are to be made in an estimated amount of \$72,600,000. In this item especially, but also in many other items contemplated in the program, it would seem that the raw material rather than the finished product should be exported in order that the expense of manufacture in this country may be avoided or minimized and at the same time the people of Europe given a greater opportunity to produce for their own needs.

Coal is a commodity that should be procured from sources nearest the consumers and greater emphasis should be placed on increasing the production of coal in Great Britain and Germany and the importation of coal from other sources, perhaps Poland, rather than exporting coal from this country at higher cost.

The committee is not wholly satisfied with the large-scale mechanization of farms in participating countries that is apparently proposed in the program. The shortage of steel and petroleum throughout the world, plus the general unfamiliarity of the average European farmer with mechanical farm equipment might prove costly and, in the final analysis, unproductive. While farm production must further be increased in these countries the proportion of large farms that lend themselves to production by means of mechanized equipment is small. This program should be embarked upon with extreme caution, and should not require the \$81,500,000 estimated for this purpose.

Truck and automobile registrations in these countries are substantial and in many instances exceed prewar registrations. Truck production in Great Britain, France, and Italy should be encouraged with the view of these countries supplying the European market to as great an extent as possible and at lower unit costs than prevail in this country, with resultant savings in the over-all program. Prudent buying, care in selection of commodities, and assurance that each commodity is actually required prior to the approval of purchases will make for economical operation.

MUTUALITY OF PURPOSE

Integral parts of any discussion of availability and supply of commodities under this program are the two principal deterrents to European recovery, namely, the unstable exchange conditions and intra-European tariffs and other trade barriers. It is felt that the exchange situation should gradually improve through the generally increased activity resulting from this program and through proper utilization of the local currency funds established in pursuance of provisions of the enabling act. However, the existing trade barriers can only be removed through the cooperation of the countries concerned and in consultation with the Administrator of the Economic Cooperation Administration. It is hoped that this basic problem can be corrected before the program gets too far under way. It is disheartening to read in the press that the fruits and vegetables of one participating country are rotting because for varying reasons that

country cannot avail itself of the markets of another participating country. There must be full cooperation on the part of the participating countries with the United States Government in clearing all obstacles interfering with the proper and effective functioning of the program. The "findings and declaration of policy" as expressed in section 102 (a) of the act is a lucid statement of the purposes of this far-reaching venture and clearly reflects the pattern within which aid is to be rendered. It must be a mutual undertaking between this country and the participating countries as a unit and individually between each of the participating countries.

CONDITIONS GOVERNING EXPENDITURES

It is the sense of the committee that relief in the form of grants should be limited insofar as practicable to food, fuel, fertilizer, and seed. The committee is of the further opinion that grants should be limited insofar as practicable to those countries which are unable to pay for the required imports through increased production. No European nation wants to remain on an indefinite dole from another nation and no nation can long afford to export its substance to another nation without a break-down in its own economy. Sacrifices must be made by all and each country's sacrifice should be understood by each other country.

The committee also feels that, as a practical matter of protecting our own economy to the greatest extent possible, the Administrator should, in connection with all purchases from nonparticipating countries, through prior agreement insure that sufficient United States dollar exchange acquired by the nonparticipating countries will be provided on reasonable terms for the importation of goods and services from the United States. Further, the Administrator should insure that adequate and mutually satisfactory arrangements are made for the remittance to the United States, of earnings, profits, interest, commissions and other services of investments of citizens of the United States, in the nonparticipating country.

ACTION OF COMMITTEE

The net result of the committee's action is a total availability of \$5,055,000,000 (including the public debt transaction of \$1,000,000,000) for a 15-month period, including Trieste and possible amounts for Japan, Korea, and the Ryukyus, for which separate estimates of appropriation were submitted to the Congress. The committee is not specifying the amounts that shall be available for the rehabilitation of the territories above named. As to Trieste, the committee recommends the same treatment as that accorded participating countries. It is believed that careful administration of this fund will meet the needs of the situation for a 15-month period. The Economic Cooperation Administration has already advised the committee of a lapse of \$7,000,000 in shipping costs, which would seem to point to a lag in the entire program.

INTERNATIONAL CHILDREN'S EMERGENCY FUND

The full amount of the budget estimate, \$60,000,000, is included in the bill for this activity, an organization established by resolution of the General Assembly of the United Nations. This amount supple-

ments the original authorization of \$40,000,000 contained in Public Law 84, Eightieth Congress. The total of these amounts would represent 72 percent, or our share of the total anticipated budget of the fund of \$139,000,000. Total United States contributions to the fund actually made is nearly \$28,000,000 against total contributions of about \$42,000,000. Accordingly, if the entire amount of \$100,000,000 provided by this Nation is to be utilized other nations will be expected to contribute an additional \$25,000,000. Up to the present time, contributions have been made by 19 countries. Allocations of budgeted funds have been made to 13 countries in the total amount of nearly \$34,000,000. At the present time, the fund is caring for the supplementary feeding and clothing of approximately 4,000,000 children. It is hoped to extend this service in the present and other areas and studies are now being conducted with the view of conducting this activity in western Germany.

ASSISTANCE TO GREECE AND TURKEY

The amount of \$200,000,000, a reduction of \$75,000,000 in the budget estimates, is recommended for Greek-Turkish assistance. This amount is intended to supplement the appropriation of \$400,000,000 provided in the Supplemental Appropriation Act, 1948, approved July 30, 1947. It was testified that as of April 30 approximately \$140,000,000 of this appropriation remained unobligated. In addition, the committee was given to understand that there is hope that the guerilla bands would be substantially if not completely liquidated by the end of this summer. This information has come to the committee from both the military and independent sources. Accordingly, the amount included in the bill should prove ample even though it might be necessary to conduct a minor or clean-up campaign into next spring or early summer.

ASSISTANCE TO CHINA

The amount of \$400,000,000 is provided under the authorization of the China Aid Act of 1948, and the period of availability is extended from April 3 to June 30, 1949, to conform with other items in the bill. The committee further recommends that expenditures for this program be made and supervised in such manner as to be consistent with the general objectives of the act providing for assistance to Greece and Turkey. This action of the committee is the result of exhaustive inquiry and considerable testimony, both on and off the record, by witnesses qualified to speak on the prevailing conditions and anticipated developments in that troubled country. The history of previous aid to China is not very favorable and this appropriation is being recommended with the insistence that this Government establish and maintain procedures for the complete supervision of appropriated funds and thus insure their effective use. The primary objective would seem to be the restoration of order to enable the Chinese people to start rebuilding their greatly disrupted economy. The restoration of governmental and economic stability in this nation of 450,000,000 people would be a real factor for world peace.

GOVERNMENT AND RELIEF IN OCCUPIED AREAS

There is included in the bill the full amount of the original estimate, \$1,250,000,000, for military government and relief in Germany, Japan, Korea, and the Ryukyus. A supplemental estimate of \$150,000,000 contained in House Document No. 659, and intended to aid in the reconstruction of the far eastern area is not included in the amount recommended. It is the thought of the committee that inasmuch as such an activity for Japan, Korea, and the Ryukyus is related to general reconstruction programs of the Economic Cooperation Administration it should become an integral part of the general economic mission. Such funds as are found to be available from those appropriated under the Economic Cooperation Act may be employed for occupied areas of the Far East and language provisions to effectuate the program are included in the bill. Of the amount recommended approximately \$706,000,000 is for bizonal Germany, \$424,000,000 for Japan and the Ryukyus, \$107,000,000 for Korea, and \$10,000,000 for maintaining law and order in Austria. In addition, it should be stated that \$437,000,000 represents the original request for bizonal Germany under provisions of the Economic Cooperation Act.

The amount contained in the bill represents an increase of approximately \$167,000,000 over the amount available for the current fiscal year. Most of the increase is for Germany and Japan, the former increase being necessitated by reason of a decrease in the British contribution from approximately \$204,000,000 in the current year to \$70,000,000 proposed for fiscal year 1949. With the allocation for Germany included in the recommended amount the military intend to add about 1,050 calories to the indigenous diet of 1,050 calories. ECA funds are expected to provide an additional 121 calories, or a total average caloric diet of 2,221. The estimated caloric ration is based on the anticipated increase in German agricultural production by about 31 percent over last year.

The committee is dissatisfied with the progress made to date in the rehabilitation of Germany, especially when it is generally agreed that the restoration of European economy must, of necessity, be based in large measure on the restoration of German economy. The personnel situation, of which the military is aware, appears to be a factor. Another deterrent to a more rapid recovery appears to be a lack of unanimity of purpose on the part of the occupying powers, especially with respect to assuring the maximum increase in the volume of steel production within the ceiling agreed upon. The committee suggests a review of whatever operational and financial controls still exist over German coal and steel production with a view to expediting recovery. It is disconcerting to learn that after nearly 3 years since the end of the war, the most optimistic estimates for the restoration of German industrial production during the first year of the ECA program is 60 to 65 percent of 1936 production.

Another matter relating to the restoration of Germany, and to which greater attention and study would seem to be in order, is the reported denial of civilian or political rights to citizens of Germany charged with minor political offenses. If we are to have a self-supporting and rehabilitated Germany in the foreseeable future it must have the maximum productive contribution of its citizens. It would seem that the prosecution of minor political charges should be ended.

INTERNATIONAL REFUGEE ORGANIZATION

The bill includes \$70,710,228 for the International Refugee Organization, established by resolution of the General Assembly of the United Nations, and authorized by the Congress in the act of July 1, 1947 (Public Law 146). This is the second United States contribution to this Organization, the first, in the amount of \$71,073,900, having been made for operations during the current fiscal year. The total budget of the Organization for fiscal year 1949 is \$155,027,058 of which the United States contribution is 45.75 percent for operational activities and 39.89 percent for administrative phases of the program. Current year's receipts as of April 5, 1948, are reported as being \$85,000,000 of which \$77,000,000 has been obligated. As of November 30, 1947, there was an estimated total of 849,000 displaced persons in the three western zones of Germany and in Austria and Italy. Repatriations and resettlements since that period and through March 1948 has resulted in a total reduction of this number by about 200,000. The committee is anxious that every effort be made to liquidate the refugee camps at the earliest practicable date. A legislative provision intending to equalize the caloric diet of refugee camp inmates with that prevailing in the particular country is included in the bill.

LIMITATIONS AND LEGISLATIVE PROVISIONS

The following limitations and legislative provisions not heretofore carried in connection with any appropriation bill are recommended:

On page 3, in connection with the appropriation, "Economic Cooperation":

Provided further, That not less than 10 per centum of each special local currency account established pursuant to section 115 (b) (6) of the Economic Cooperation Act of 1948 shall be allocated in the use of the United States Government for expenditure for strategic materials or other local currency requirements of the United States of America: Provided further, That allocations of funds provided pursuant to provisions of the Economic Cooperation Act of 1948 for Austria and any country under occupation by forces of the United States shall be made to the United States Military Government of such countries for administrative and other expenses: And provided further, That expenditures may be made hereunder for the purposes of economic rehabilitation in Japan, Korea, and the Ryukyus in such manner as to be consistent with the general objectives of the Economic Cooperation Act of 1948.

On pages 5 and 6, in connection with the appropriation, "Assistance to China":

Provided, That expenditures hereunder shall be made and supervised in such manner as to be consistent with the general objectives and the requirements of supervision provided in the Act for Assistance to Greece and Turkey (Public Law 75, Eightieth Congress), as amended and supplemented by the Greek-Turkish Assistance Act of 1948 (Public Law 472, Eightieth Congress).

On page 8, in connection with the appropriation, "National Military Establishment, Department of the Army, civil functions, government and relief in occupied areas":

And provided further, That the Joint Committee on Foreign Economic Cooperation established pursuant to provisions of section 124 (a) of the Economic Cooperation Act of 1948 shall have the same duties, powers, and responsibilities with respect to programs carried out by appropriations for Government and Relief in Occupied Areas as it has with respect to programs under the Economic Cooperation Act of 1948.

On pages 8 and 9, in connection with the appropriation, "Department of State, international activities":

Provided, That none of the funds appropriated herein shall be available for contribution to the International Refugee Organization until such time as there are effected agreements providing for a caloric diet for the occupants of refugee camps that is no higher than that prevailing in the country in which such camps are located.

On page 11:

SEC. 203. Whenever an export license for a commodity, the production or shipment of which to a nonparticipating country was contracted for in good faith prior to March 1, 1948, is denied and cannot be obtained under section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended, the Administrator shall provide for the procurement of such commodity to transfer to a participating country in accordance with the requirements of such country, at not less than the contract price of such commodity to the producer or exporter, as the case may be, including any cost incurred in converting the commodity to meet the requirements of the participating country.

FOREIGN AID APPROPRIATION BILL, 1949

Comparative statement of the amounts of the budget estimates and of the amounts recommended to be appropriated by the bill

[The year indicated after each item denotes the fiscal year]

House Doc. No.	Department or agency	Amount of budget estimate	Amount recommended in the bill	Increase (+) or decrease (-), bill compared with budget estimate
	GENERAL FOREIGN AID			
610	Economic Cooperation Administration, 1948 and 1949-----	\$4, 245, 000, 000	\$4, 000, 000, 000	—\$245, 000, 000
639	Assistance to Trieste, 1948 and 1949-----	20, 000, 000	(¹)	— 20, 000, 000
639	International Children's Emergency Fund, 1949-----	60, 000, 000	60, 000, 000	-----
639	Assistance to Greece and Turkey, 1948 and 1949-----	275, 000, 000	200, 000, 000	—75, 000, 000
639	Assistance to China, 1948 and 1949-----	463, 000, 000	400, 000, 000	—63, 000, 000
	NATIONAL MILITARY ESTABLISHMENT			
	DEPARTMENT OF THE ARMY—CIVIL FUNCTIONS			
659	Government and relief in occupied areas, 1949-----	1, 400, 000, 000	1, 250, 000, 000	—150, 000, 000
	DEPARTMENT OF STATE			
	INTERNATIONAL ACTIVITIES			
522	International Refugee Organization, 1949-----	70, 710, 228	70, 710, 228	-----
	Total-----	6, 533, 710, 228	5, 980, 710, 228	—553, 000, 000

¹ Trieste included in provision for Economic Cooperation Administration.

Doc. No. Число	Deficiency or excess Недостаток или избыток	Estimated deficiency or excess Оценочный недостаток или избыток	Estimated deficiency or excess Оценочный недостаток или избыток	Estimated deficiency or excess Оценочный недостаток или избыток
985	1949	0 222' 110' 332	2 000' 110' 332	222' 000' 000
986	1949	10' 110' 332	10' 110' 332	10' 110' 332
987	1949	1 400' 000' 000	1 400' 000' 000	1 400' 000' 000
988	1949	1 400' 000' 000	1 400' 000' 000	1 400' 000' 000
989	1949	1 400' 000' 000	1 400' 000' 000	1 400' 000' 000
990	1949	1 400' 000' 000	1 400' 000' 000	1 400' 000' 000
991	1949	1 400' 000' 000	1 400' 000' 000	1 400' 000' 000
992	1949	1 400' 000' 000	1 400' 000' 000	1 400' 000' 000
993	1949	1 400' 000' 000	1 400' 000' 000	1 400' 000' 000
994	1949	1 400' 000' 000	1 400' 000' 000	1 400' 000' 000
995	1949	1 400' 000' 000	1 400' 000' 000	1 400' 000' 000
996	1949	1 400' 000' 000	1 400' 000' 000	1 400' 000' 000
997	1949	1 400' 000' 000	1 400' 000' 000	1 400' 000' 000
998	1949	1 400' 000' 000	1 400' 000' 000	1 400' 000' 000
999	1949	1 400' 000' 000	1 400' 000' 000	1 400' 000' 000
1000	1949	1 400' 000' 000	1 400' 000' 000	1 400' 000' 000

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FOREIGN AND ATROPHICATION BILLS, 1949

Calendar No. 1684

80TH CONGRESS }
2d Session }

SENATE

{ REPORT
{ No. 1626

FOREIGN AID APPROPRIATION ACT, 1949

JUNE 14 (legislative day, JUNE 1), 1948.—Ordered to be printed

Mr. BRIDGES, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H. R. 6801]

The Committee on Appropriations, to whom was referred the bill (H. R. 6801) making appropriations for foreign aid for the period beginning April 3, 1948, and ending June 30, 1949, and for other purposes, report the same to the Senate with various amendments and present herewith information relative to the changes made.

Amount of bill as passed House-----	\$5, 980, 710, 228
Amount of increase by Senate committee (net)-----	145, 000, 000
Amount of bill as reported to Senate-----	6, 125, 710, 228
Amount of estimates considered-----	6, 533, 710, 228
The bill as reported to the Senate, under the estimates-----	408, 000, 000

Foreign-aid appropriations, 1949

[In millions of dollars]

	House action (15 months)	Budget estimate (12 months)	House equiva- lent (12 months)	Senate action (12 months)	Below budget estimate	Dollar increase or de- crease over House	Increase in pur- chasing power over House
ECA.....	\$4,000	\$4,245	\$3,200	\$4,000	-\$245	0	¹ \$950
Trieste.....	(²)	20	(²)	(²)	-20	0	0
GARIOA (recovery).....	(²)	[150]	(²)	³ [125]	(⁴)	(⁴)	(⁴)
GARIOA.....	1,250	⁵ 1,400	1,250	1,325	-75	+75	+75
China.....	400	463	320	460	-3	+60	+140
Greek-Turkey.....	200	275	200	250	-25	+50	+50
ICEF.....	60	60	60	20	-40	-40	-40
IRO.....	70.7	70.7	70.7	70.7	0	0	0
Total.....	5,980.7	6,533.7	5,100.7	6,125.7	-408	+145	1,175

¹ \$800,000,000 and \$150,000,000 estimated as costs of GARIOA recovery transferred to the Army. (See note 3.)

² Items to be covered out of ECA appropriations.

³ Recovery for Japan, Korea, and Ryukyus to be covered out of Army funds for GARIOA.

⁴ Senate action is reflected in the next line.

⁵ Reflects \$1,250,000,000 for government and relief in Germany, Austria, Japan, Korea, and the Ryukyus; and \$150,000,000 asked for in a supplemental for recovery in Japan, Korea, and the Ryukyus.

GARIOA—Government and Relief in Occupied Areas.

ICEF—United Nations International Emergency Children's Fund

IRO—International Refugee Organization.

ECA—Economic Cooperation Administration.

APPROPRIATIONS RECOMMENDED

The Senate Appropriations Committee recommends that the Senate act to restore 1949 foreign aid appropriations to a 12 months' basis. For this period the committee recommends the following appropriations:

Economic cooperation.....	\$4,000,000,000
Government and Relief In Occupied Areas.....	1,325,000,000
Assistance to China.....	460,000,000
Assistance to Greece and Turkey.....	250,000,000
International Children's Emergency Fund.....	20,000,000
International Refugee Organization.....	70,710,228

Total recommended..... 6,125,710,228

The total amount of \$6,125,710,228 which the committee recommends is the largest single appropriation for foreign aid ever recommended in peacetime to the Congress of the United States. These funds are asked of a Nation whose national debt is greater than that of all the recipient countries combined. It will be made by a Nation that already has extended in foreign aid a total of \$63,200,000,000 over the 7½ years ending December 31, 1947.

To determine an amount of reasonable proportions for foreign-aid programs during the coming year, the committee has held hearings since May 13 with representatives of the Economic Cooperation Administration, the Department of State, the Department of the Army, the Department of Agriculture, the International Bank, and with many witnesses familiar with the proposed aid programs. The pro-

ceedings of the Senate Committee on Appropriations were unusual in that the committee commenced its hearings without any bill before it, well in advance of any action by the House. Such early timing has only the precedent of the hearings held by the Committee on Appropriations last fall when interim aid was under discussion.

The total appropriation which the committee recommends is for programs that embrace relief, recovery, military aid, and also funds for two international organizations. The largest single item is that for the European recovery program.

THE ECONOMIC COOPERATION ADMINISTRATION

Budget estimate: \$5,300,000,000 for 17 countries for 12 months.

House action: \$5,055,000,000 for 21 countries for 15 months.

Committee recommendation: \$5,055,000,000 for 18 countries for 12 months.

NATIONS AFFECTED BY THE APPROPRIATION TO THE ECONOMIC COOPERATION ADMINISTRATION

<i>Budget estimate</i>	<i>House action</i>	<i>Senate action</i>
1. Austria	Austria	Austria
2. Belgium	Belgium	Belgium
3. Luxemburg	Luxemburg	Luxemburg
4. Denmark	Denmark	Denmark
5. France	France	France
6. Greece	Greece	Greece
7. Iceland	Iceland	Iceland
8. Ireland	Ireland	Ireland
9. Italy	Italy	Italy
10. Netherlands	Netherlands	Netherlands
11. Norway	Norway	Norway
12. Portugal	Portugal	Portugal
13. Sweden	Sweden	Sweden
14. Switzerland	Switzerland	Switzerland
15. Turkey	Turkey	Turkey
16. United Kingdom	United Kingdom	United Kingdom
17. Western Germany	Western Germany	Western Germany
18.	Trieste	Trieste
19.	Japan	
20.	Korea	
21.	Ryukyus	

A separate appropriation is made to China, of which \$335,000,000 is to be administered by the Economic Cooperation Administration.

The Senate Committee on Appropriations recommends the appropriation of \$4,000,000,000 to the Economic Cooperation Administration to cover the relief and recovery needs of 17 countries of western Europe and the Free Territory of Trieste for 12 months ending April 2, 1949. The appropriation of this sum would augment the existing sums of \$1,000,000,000 provided in Public Law 472, Eightieth Congress, to be met out of the sale of notes to the Treasury; and \$55,000,000 appropriated in March 1948 as an advance out of funds authorized in Public Law 389, Eightieth Congress. The committee is recommending, therefore, that a total of \$5,055,000,000 be made available for the European recovery program in the first 12 months.

The European recovery program was authorized by the Congress on April 3, 1948, for an amount of not more than \$5,300,000,000 for 12 months. The authorization figure represented the full request of

the executive branch of the Government for \$6,800,000,000 for 15 months, converted to a 12 month basis.

At the time the authorization bill was voted, no committee of Congress had made more than a cursory examination of the estimates. The figures of the executive branch were accepted tentatively by a Congress wholly in sympathy with the program to restore the war-shattered economy of the countries of western Europe. In the intervening months the members of the Appropriations Committee of the Senate have directed an extensive investigation into the studies of the European recovery program which were presented by the executive branch of the Government. As a result of their examination of the justifications submitted for an ECA appropriation, the committee members were impressed by the total inadequacy of the ERP studies to provide a basis for a precise appropriation. To begin with, there is a fundamental difficulty in understanding what the justification charts, tables, and studies are supposed to represent in relation to the ECA program. It is certain that they do not present a program of expenditures which anyone in authority is committed to follow, or intends to follow.

For instance, the tabulation of the goods to be furnished under the ECA appropriation, as presented by the executive branch of the Government, indicates that every dollar will be applied to shipments of goods from the Western Hemisphere. In the outline of the European recovery program which was submitted by the Department of State for the use of the Senate Foreign Relations Committee last December, it is stated clearly that the ECA funds have been requested for purchases in the Western Hemisphere and that it is not proposed that ECA funds be used for purchases outside the Western Hemisphere except for approximately \$200,000,000 to finance imports for Germany. The State Department language declares:

The CEEC countries do not seek the assistance of the United States in meeting the deficit of the participating countries with nonparticipating countries outside the Western Hemisphere and it is not proposed to render such assistance in general. The United States, however, has responsibility as an occupying power in the bizonal area of Germany, and the recovery of German production is important to the success of the program.

Although the original program may have declared in good faith that it is not proposed to render assistance in purchases outside the Western Hemisphere, it is obvious at this time that the Administrator plans to spend ECA funds for procurement of goods anywhere in the world. To act otherwise might result in a more expensive and less efficient recovery effort.

RELIEF AND RECOVERY

The justification for an appropriation for European recovery has been made in a series of studies which are labeled as "illustrative tables" of the type of imports which will move from the Western Hemisphere to the 16 participating nations. The relation of ECA funds to imports of relief or recovery items is fixed in a fashion that is largely arbitrary and difficult to analyze.

To finance European imports from the Western Hemisphere, three sources of funds are available. First, there are the dollar earnings of the ERP countries. Second, there are the loans and credits which already have been extended or which will be extended by sources outside of the United States. Third, there are the funds to be provided by the ECA appropriation. In general, the matching of dollars to imports from the Western Hemisphere has been accomplished by applying ECA funds against relief-type goods while the dollars of the participating nations are shown against the imports of recovery-type goods. It is possible that the arbitrary allocation of funds was done with no actual intent to pressure the Congress, but the net effect of applying the greater part of United States funds to relief-type goods, such as food, fuel and fertilizer, is to make it appear that any cut in the appropriation may wipe out ECA shipments of recovery items. The schedule of payments in the justifications certainly is misleading if it is used to support such a statement as that made by the Department of State in the following declaration; which was submitted with early summary tables:

The attached tables are based on the assumption that appropriations in the amount estimated to be required by the executive branch will be available. If a program is authorized which is midway between a relief program and the proposed recovery program, the necessary adjustment would have to be made primarily in the category of recovery-type commodities and services. The large magnitude of the requirements for relief-type goods have already been scaled down to fit within limited world availabilities. The aggregate value of relief-type commodities would therefore be approximately the same in an adequately financed relief program as in the recovery program submitted to the Congress. In the event that a program intermediate between relief and recovery were to be authorized by the Congress the proportion of relief-type goods to recovery-type goods would increase from 66 percent to a substantially higher percentage.

The unsoundness of the above statement can be indicated best by pointing out that since the statement was made, the executive branch of the Government has increased substantially the distribution of funds for food imports and decreased correspondingly the estimates for importing the so-called recovery items. These changes in the distribution, as reflected in the State Department's studies, are changes which have been made without any action by Congress and which should necessitate smaller recovery shipments.

There are many aspects of the Department of State studies which are disturbing to a committee charged with determining an appropriation.

1. The Senate committee has been impressed by the experience of the House Committee on Appropriations. That committee went into the individual items of the program in great detail. Examination of the testimony offered before the House committee shows that the executive branch of the Government was unsure of its estimates or mistaken in its findings concerning many various commodities.

2. An impressive indication of the instability of these justifications can be found in a comparison of the first estimates made in October and the revised estimates presented in March. To indicate the wide variance of the two studies which supposedly are concerned with the same set of facts, the committee offers the following table:

Comparison of original United States estimates with current United States estimates prepared for the Appropriations Committees—15 months

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

6

FOREIGN AID APPROPRIATION ACT, 1949

Country or area	With Western Hemisphere									With other nonparticipating areas, balance on current account			With other participating countries, balance on current account		
	Balance on current account			Total imports			Total exports								
	Original estimate	Current estimate	Difference ²	Original estimate	Current estimate	Difference ²	Original estimate	Current estimate	Difference ²	Original estimates	Current estimates	Difference ²	Original estimates	Current estimate	Difference ²
Austria.....	-194.2	-244.0	-49.8	193.2	237.3	-44.1	13.0	11.0	-2.0	-100.6	-34.5	+66.1	-95.8	-98.4	-2.6
Belgium-Luxemburg.....	-545.0	-637.8	-92.8	752.0	795.1	-43.1	258.0	260.5	+2.5	-98.0	-98.9	-.9	+414.0	-2.3	-416.3
Belgian dependencies.....	+26.0	+37.0	+11.0	43.0	33.7	+9.3	76.0	71.7	-4.3	-----	+5.4	+5.4	-156.0	-101.4	+54.6
Denmark.....	-192.3	-226.9	-34.6	216.9	240.3	-23.4	7.6	23.0	+15.4	-71.5	-64.6	+6.9	-20.8	-78.0	-57.2
France.....	-1,400.0	-1,285.0	+115.0	1,320.5	1,268.5	+52.0	263.5	277.0	+13.5	-330.6	-310.5	+20.1	-148.2	-271.0	-122.8
French dependencies.....	-161.8	-247.7	-85.9	254.0	264.3	-10.3	105.2	29.6	-75.6	-31.9	-67.9	-36.0	+13.7	+68.3	+54.6
Greece.....	-195.2	-161.9	+33.3	212.4	211.0	+1.4	43.9	57.8	+13.9	-65.4	-30.3	+35.1	-1.8	-88.2	-86.4
Iceland.....	-12.7	-14.4	-1.7	22.7	20.2	+2.5	10.0	5.0	-5.0	-2.5	+8.0	+10.5	+5.0	+20.4	+15.4
Ireland.....	-151.8	-150.7	+1.1	190.6	183.6	+7.0	3.1	3.9	+.8	-41.4	-64.8	-23.4	-1.0	+7.0	+8.0
Italy.....	-976.9	-894.2	+82.7	1,025.9	1,015.4	+10.5	155.0	162.9	+7.9	-53.5	-10.1	+43.4	+91.5	+222.3	+130.8
Netherlands.....	-813.4	-855.1	-41.7	856.9	834.6	+22.3	69.5	84.9	+15.4	-130.1	-60.1	+70.0	-118.7	-118.5	+.2
Dutch dependencies.....	-51.0	-84.5	-33.5	181.6	157.7	+23.9	151.6	88.2	-63.4	-54.8	-133.8	-79.0	0	+182.8	+182.8
Norway.....	-90.3	-129.7	-39.4	247.6	246.9	+.7	69.3	69.3	-----	-62.2	+1.3	+63.5	+71.3	+129.1	+57.8
Portugal.....	-73.9	-84.6	-10.7	128.2	138.2	-10.0	41.3	36.7	-4.6	-22.9	-15.9	+7.0	-20.0	-26.4	-6.4
Portuguese dependencies.....	+2.2	-8.2	-10.4	8.7	18.4	-9.7	10.9	10.2	-.7	+40.2	+35.1	-5.1	+17.3	+24.7	+7.4
Sweden.....	-75.6	-125.5	-49.9	498.5	465.9	+32.6	283.9	291.9	+8.0	-84.5	-92.9	-8.4	+75.2	+164.5	+89.3
Switzerland.....	+26.1	+128.5	+102.4	424.9	418.5	+6.4	263.0	262.6	-.4	+52.3	+77.7	+25.4	-21.4	-7.7	+13.7
Turkey.....	+.8	-11.0	-11.8	58.9	74.6	-15.7	69.8	70.2	+.4	+67.3	+35.8	-31.5	+20.0	-7.2	-27.2
United Kingdom.....	-2,489.5	-2,157.2	+332.3	3,668.4	3,506.3	+162.1	1,299.9	1,369.5	+69.6	+987.8	+529.9	-457.9	-186.5	-128.6	+57.9
United Kingdom dependencies....	+311.0	+99.0	-212.0	521.8	522.3	-.5	707.8	578.3	-129.5	-254.8	-267.7	-12.9	-95.3	-41.8	+53.5
Western Germany:															
Bizone.....	-914.5	-1,109.3	-194.8	880.1	997.4	-117.3	93.6	61.1	-32.5	-308.8	-272.4	+36.4	+80.7	+11.4	-69.3
French zone.....	-80.4	-125.0	-44.6	91.9	111.2	-19.3	12.8	12.2	-.6	-16.0	-15.8	+.2	-27.3	-36.5	-9.2
Saar.....	-10.9	-20.0	-9.1	13.6	20.0	-6.4	2.7	2.9	+.2	-6.3	-10.5	-4.2	+136.5	+175.5	+39.0
Total, all participating countries.....	-8,063.1	-8,308.2	-245.1	11,812.3	11,781.4	-30.9	4,011.4	3,840.4	-171.0	-588.2	-857.5	-269.3	+32.4	-----	-32.4

NOTE.—Original estimate, October 1947; current estimate, March 1948.

3. There is an assumption in these studies that the participating nations will meet any deficit that may exist in the trade balance between themselves and other countries which are not in the Western Hemisphere. This trade is computed to be \$857,500,000 out of balance for 15 months and no indication is given as to how this trade deficit can be met.

4. A basic assumption in meeting the balance of payments of the Western Hemisphere is stated in the amount of credits to be extended by other countries in the Western Hemisphere, by Switzerland and by private banks and lending agencies. These assumptions, particularly as they are related to Western Hemisphere credits or Swiss credits, have found almost no support from any responsible authority.

COMMITTEE JUSTIFICATION FOR DECREASED APPROPRIATION

The Committee on Appropriations is recommending that the appropriation for European recovery be set at \$4,000,000,000, which is \$245,000,000 below the budget estimate. The justification for this recommended reduction is difficult to state principally because the justification for the appropriation itself has neither certainty nor substance.

Since the spending of dollars by the Economic Cooperation Administration will not bear any exact relation to the amounts listed in the justifications, it is the opinion of the Administrator and of the committee that the appropriation, generally, should not be specific about the purchases of individual commodities. It obviously would be injurious to the program to list reductions or increases against any stated item in the justifications because the items are stated only to show the type of goods which might move in trade from the Western Hemisphere, for which ECA dollars might be paid. To specify, for instance, that ECA payment for ocean freight and other dollar requirements be limited to \$22,000,000 would effectively sabotage the entire program. Yet the justifications list the \$22,000,000 amount for shipping costs and other dollar payments to advise the Committees on Appropriations.

The committee has refrained from suggesting that cuts be applied to any particular commodities listed in the justifications because it has considered that the "illustrative tables" furnished to the committee offer no reasonable basis either for an appropriation or a reduction. Various members of the committee are of the opinion that there is too much of cotton, tobacco, sugar, steel, and oil in the program, to mention a few items. It is impossible, of course, to know whether \$1,899,500,000 is too much or too little for "miscellaneous commodities" imported from the Western Hemisphere. The committee hopes and expects that the Administrator will screen carefully the estimates suggested in the justifications, and that he will exercise independent judgment in the use of the European Recovery Program appropriations.

Assuming that the justifications offer the best present judgment of the needs of the participating countries for the next 12 months, there are indications that the appropriation for ECA expenditures can be reduced from \$300,000,000 to \$800,000,000 below the amount set in the authorization.

Two comparisons of studies made by the executive branch are listed to indicate that a general reduction in the appropriation is in order:

(1) When the ECA program was first presented in October of last year, it was estimated that selected foods and tobacco from the Western Hemisphere would require expenditure of \$3,478,900,000. Since the time of that estimate, food production has improved in each of the participating countries and crop prospects for this summer now are rated as very good. Yet, when the estimates of imports were revised in March, there was an increase of \$307,800,000 in the amounts listed for imports of food. This increase, although it may be warranted by increased availability of foodstuffs in the world, is not warranted if it is our policy to hold relief expenditures to a minimum and to concentrate on recovery expenditures. The following table indicates the differences between the October and the March estimates:

Increase in estimates of total shipments of food from the Western Hemisphere

[In millions of dollars]

	October estimates	March estimates	Increase
Grains.....	\$2, 152. 6	\$2, 345. 8	+\$193. 2
Fats and oils.....	378. 4	393. 1	+14. 7
Oil cake and meal.....	190. 7	190. 7	+0
Sugar.....	295. 8	369. 8	+74. 0
Other foods.....	168. 0	188. 3	+20. 3
Tobacco.....	293. 4	299. 0	+5. 6
Total.....	3, 478. 9	3, 786. 7	+307. 8

(2) In October the program was set before the Congress to indicate the amount of recovery aid which should be extended to each of the participating nations. It was on this basis that Congress authorized an expenditure of \$5,300,000,000. In the latest estimates, however, there has been a reallocation of funds and the amounts have been reduced for seven nations, presumably because the level of expenditure of American dollars was judged to be high. At the same time, it was computed that imports from the Western Hemisphere for the remaining 12 nations would increase \$800,000,000. If the earlier estimates, on which the Congress was asked to vote the authorization, had full merit, a cut of \$800,000,000 in accordance with the figures on the following chart should not be protested:

INCREASE IN ESTIMATES OF TOTAL SHIPMENTS FROM WESTERN HEMI-
SPHERE FOR VARIOUS ERP COUNTRIES

[In millions of dollars]

	October estimates	March estimates	Increase
Austria-----	\$233. 0	\$271. 6	+ \$38. 6
Belgium-Luxemburg-----	853. 0	987. 4	+134. 4
Denmark-----	237. 0	265. 3	+28. 3
France-----	1, 931. 0	1, 944. 4	+13. 4
Ireland-----	192. 0	195. 3	+3. 3
Netherlands-----	1, 136. 0	1, 178. 2	+42. 2
Norway-----	253. 0	263. 3	+10. 3
Portugal-----	144. 0	166. 8	+22. 8
Turkey-----	69. 0	86. 7	+17. 7
Bizone, Germany-----	1, 014. 0	1, 442. 5	+428. 5
French Zone-----	93. 0	144. 2	+51. 2
Saar-----	14. 0	24. 3	+10. 3
Total-----	6, 169. 0	6, 970. 0	+801. 0

EFFECT OF COMMITTEE CUT ON EUROPEAN RECOVERY

The committee's proposed reduction of \$245,000,000 in appropriations for the Economic Recovery Administration will have a negligible effect upon the European recovery program, according to the studies prepared by the executive branch of the Government and submitted as justifications for an appropriation.

The justifications indicate that the total imports of the 17 participating countries from all sources for 12 months would total \$25,022,100,000.

If the participation of the United States in the program is reduced by \$245,000,000, the maximum reduction in total imports of the participating nations would amount to slightly less than 1 percent. Assuming that the import studies are as near reality as such calculations can be, it is obvious that a 1-percent variance in imports either way will not spell the difference between relief and recovery or guarantee the success or failure of either.

The assumptions made by the executive branch studies concerning the total imports of the participating countries are as follows:

From other participating countries-----	\$8, 710, 100, 000
From other nonparticipating countries (outside the Western Hemisphere)-----	5, 752, 600, 000
From the Western Hemisphere-----	10, 559, 400, 000
Total imports-----	25, 022, 100, 000

In recommending that \$5,055,000,000 be made available for the Economic Cooperation Administration, the Senate committee is not offering a figure that is free from dispute. The executive branch of the Government, which pooled the talents of many agencies to produce the justifications for the appropriation, has not been able to prove a solid case for the 5-billion figure. There is no doubt that the nations of western Europe need our aid to regain economic and national strength. It is generally held that it is to the interests of this Nation to proffer such assistance as we are able. The two latter considerations prompt the committee to recommend an appropriation that well may be too high for the amount that can be accomplished in Europe in the coming year. It is the opinion of the committee that the appropriated funds should be husbanded with great care by the Administrator, for the spending of all or any of it is bound to drain wealth from this country and will exert inflationary pressures upon our own domestic markets.

GENERAL COMMITTEE RECOMMENDATIONS

1. It is the hope of the committee that when Congress convenes in 1949, far more information will be available on which the committee can rely in determining an appropriation figure for foreign aid. The entire approach toward justifying any appropriation for fiscal 1950 should be based on a more business-like and stable formula. There should be a thorough study made during the year of the needs for relief, for industrial development, for power expansion, for communications and transport, and for the various component parts of the over-all program.

In all fairness to the American citizens who must pay for European recovery in continued high taxes and high prices, the committee should have before it a list of specific requests for relief requirements and for development projects. The committee should appropriate United States dollars against payments which the United States actually will make in behalf of European recovery. It is with great reluctance that the Appropriations Committee this year is forced to recommend that the Congress sign a blank check against a balance-of-payment analysis that leaves any appropriation recommendation little more than a "shot in the dark."

2. The Appropriations Committee is placing great faith in the Administrator and in the Joint Committee of the Congress on Foreign Economic Cooperation. It is the intent of the Congress that the two shall work in close harmony. The Appropriations Committee will rely on the recommendations of each agency in determining future requirements of the Economic Cooperation Administration for appropriated funds.

Because this year's appropriation for foreign aid is largely an act of faith in the caliber of the men and women who will supervise the expenditure of the funds provided, this committee hopes that the Administrator will allow the joint committee full access to information it may procure from "loyalty checks" and other sources concerning personnel in responsible positions.

3. It is explicit in the Economic Cooperation Act of 1948 and emphasized in the testimony before the Committee by the Administrator

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and his aides that the operations under the act must proceed without serious impairment of the economic stability of the United States, the private enterprise system and the well-being of the American people.

Adequate regard for these principles will necessarily affect the pricing and other understandings attending the purchases of goods and services outside the United States (including its Territories and possessions) by a participating country or its agent, particularly if such purchases are made from a governmental agency of a nonparticipating foreign country.

It is the view of the committee that concerning such operations conducted by a participating country with the dollar resources it may obtain from the appropriations now provided or otherwise, the Administrator should make definite arrangements to assure that sufficient United States dollar exchange on reasonable terms will be made available by the nonparticipating countries to cover their imports of goods and services from the United States, particularly imports through private channels of trade; and, further, to cover past due and normal current remittances of earnings, profits, interest, commissions, and other services of investments of our citizens in such nonparticipating countries.

4. The committee believes that no funds made available under this act should be used to purchase commodities, except under limited special circumstances, at more than the current market price in the United States at the time of the purchase, making adjustments for differences in the cost of transportation to destination, quality, and terms of payment. Limited deviation from this rule will be justified in special situations as, for example, for off-shore purchases when purchases in the United States might materially force up the market price because of insufficient supply, or in which the Department of Commerce might feel that export licenses should not be granted, or for domestic purchasees from the Commodity Credit Corporation.

The committee recognizes that any direct prohibition of such purchases would present an almost insurmountable task of policing if every transaction made through private channels is to be checked. Some check might be furnished by requiring a certificate from the supplier that the price charged by him was not in excess of the current market price at the time.

Some deviations from this general price policy will normally occur in the ordinary course of business. However, the Administrator is expected to limit strictly material deviations from this general price policy. Flagrant or constant violation shall be considered by him as reason to employ sanctions contained in section 118 of the act.

5. The committee is of the opinion that the Administrator should make full use of the provisions of the authorization act that permit the expenditure of local currencies in meeting administration expenses abroad. To this end, the committee has recommended that the amounts requested for international meetings and for purchase of cars for use abroad be reduced. The bill recommended by the committee authorizes purchase of 60 cars instead of the desired 100, and the Administrator is urged to meet further reasonable needs for purchase, maintenance, or hire of vehicles out of foreign funds that will be accumulated in the course of the program.

TRIESTE

The Senate Committee on Appropriations recommends that Trieste be included as a recipient of ECA funds. The Administration had requested that the \$20,000,000 that remains unutilized of Public Law 389 be set aside for Trieste. The ECA authorization act continued the suggestion that Trieste be awarded \$20,000,000 out of Public Law 389 funds.

The problem of Trieste, however, is intimately related to the European recovery program, and particularly to the role of Austria and Italy in the program. It seems entirely reasonable that the port of Trieste should be cared for out of the aid extended the participating nations. The committee feels that the relatively small needs of Trieste can be absorbed readily in the ECA appropriation.

The \$20,000,000 that is needed for Trieste is nearly met by the amount of \$18,947,000 that the Department of Agriculture estimates will be spent out of "section 32" funds in making surplus products available to the program at half cost, in accordance with section 112 (f) of the authorization act.

THE CHILDREN'S FUND

The committee recommends that a reduction of \$40,000,000 be made in the appropriation of funds to the United Nations International Children's Emergency Fund. This will allow \$20,000,000 of new funds.

This year the Children's Fund had an appropriation under Public Law 84 of \$40,000,000 to be matched with funds of other nations in the feeding of children. Under its original matching formula the fund was able to distribute only \$15,000,000 of the amount awarded by the United States. A revision of the matching formula in the passage of the ECA authorization bill enabled the Fund to distribute in the past few months an additional \$12,652,364. However, an unobligated balance of \$12,347,636 remained in the Fund as of May 1, 1948. In addition to funds directly appropriated by the Congress, the Children's Fund has been the recipient of several million dollars arising out of the liquidation of UNRRA. Money from this source continues to be received even at this late date. The committee is of the opinion that the Children's Fund will be able to carry on a program to the full extent of its activities this year on the appropriation recommended.

Although there can be no quarrel with the feeding of children, there can be and is considerable dispute about the methods of feeding the many hungry children of the world. The money appropriated to the Children's Fund has been spent under the control of the United Nations with only partial United States participation. The great bulk of the funds appropriated by this Congress went behind the iron curtain during the past year. Stories are current that the distribution of goods provided by the Fund is being directed in the villages of eastern Europe to feed children of people in good standing with the government and to discriminate against children of those known to sympathize with the cause of the democracies. The Director of the Fund admitted before the committee that such stories could be true.

If any expansion of activities is contemplated in the area of feeding children, it is the opinion of the committee that the programs should be worked out in connection with other relief programs to feed the

children of the occupied areas or of countries friendly to this Nation. Evidence presented before the committee would indicate that the need of children, in the occupied areas particularly, is as great as exists anywhere in Europe.

GREECE AND TURKEY

The Senate committee recommends restoration of \$50,000,000 above the amount allowed by the House for military assistance to Greece and Turkey. The restoration would provide \$250,000,000 for the coming year, which is only slightly under the amount expended in the past year for military aid out of the full 1948 appropriation of \$400,000,000. The relief requirements which were in last year's appropriation are covered out of ECA funds in the present bill.

The Senate Appropriations Committee is in agreement with the House that the improvement of the military situation in Greece should provide a basis for reducing the military expenditure in that country. For this reason, it has not allowed \$25,000,000 of the full budget estimate.

During the committee hearings Gov. Dwight Griswold, Coordinator of Aid to Greece and Turkey, was asked if the Greek Communist guerrillas could be cleaned out of Greece in the coming year. His reply was:

Yes, sir. I do not say clean them out from the standpoint of 100 percent, but clean them out from the standpoint of 75 percent or some such percentage; and unless greater help is given to the guerrillas from outside Greece than they are getting today, I think they will be materially reduced during the next months.

CHINA

The Senate committee recommends the appropriation of \$460,000,000 in assistance to China for the 12 months ending April 2, 1949, which is \$3,000,000 under the authorization. This action would restore \$60,000,000 cut by the House from the authorized amount and would return the appropriation to a 12-month basis instead of the 15 months voted in the House.

In addition, the committee recommends that the House language placing Greek-Turkey aid restrictions on China funds be stricken and that the formula authorized in Public Law 472, Eightieth Congress, second session, be reinstated. This would allow \$335,000,000 in relief and reconstruction grants and credits to China which would be administered by the Economic Cooperation Administration. An additional \$125,000,000 would be made available to China upon the terms established by the President for purposes which the Government of China might make requests. Information given the committee, mostly in executive session, indicates that there is immediate need for military aid in China and that the requests of the Government for assistance out of the \$125,000,000 fund will be of a military nature. The committee recommends the appropriation of \$125,000,000 with the intent that care shall be exercised to hold expenditures to military purposes.

Although there has been considerable criticism of grants to China by those who feel that funds expended in that unsettled country are spent to no purpose, the committee was impressed by testimony given in executive session by Gen. Albert C. Wedemeyer and Secretary of the Army Kenneth C. Royall. A moderately hopeful picture was

given the committee in discussing the China situation. Disastrous consequences would result from a policy of no action, the committee was told. The committee feels that it is essential that this appropriation be made to China as part of the entire effort of this Nation to hold in check the spread of Soviet domination of impoverished nations.

The committee is hopeful that the administration of funds in China will be carried on by responsible people whose loyalty to this country and whose opposition to the Communist forces of China are unquestioned. Considerable evidence has come before the committee that some representatives of this Government in China have not always supported the Nationalist government of China, which has been an ally of the United States through many years of war and peace.

DEPARTMENT OF THE ARMY, CIVIL FUNCTIONS

The Department of the Army has requested a total of \$1,400,000,000 to meet expenses relative to its functions in the occupied areas during fiscal year 1949. Of this amount, \$1,250,000,000 was the sum requested to prevent disease and unrest in the occupied areas, to be expended in Germany, Austria, Japan, Korea, and the Ryukyus for government and relief. An additional \$150,000,000 was requested after submission of the budget document to provide recovery assistance for Japan, Korea, and the Ryukyus.

The House, which allowed the full \$1,250,000,000 for government and relief, directed that the recovery needs of Japan and Korea and the Ryukyus be covered out of ECA funds. The Senate committee recommends that the recovery assistance to these three countries be extended by the Department of the Army out of its civil functions appropriation, and to that end the committee recommends an appropriation of \$125,000,000.

Because of the special nature of the military occupation in the Japanese area and because the recovery in that area bears no direct relationship to the recovery program for Europe, the committee has felt it wise to recommend the appropriation be made directly to the Army for administration. In recommending such action the committee endorses strongly the recommendation of the House that the operations of the Joint Committee on Foreign Economic Cooperation be extended to cover the expenditure of funds in the occupied areas.

The committee recommends that the request for \$1,250,000,000 for the prevention of disease and unrest in occupied areas be reduced to \$1,200,000,000. This amount is substantially above the \$1,083,000,000 allowed the program in the fiscal year 1948.

There were many indications that the funds appropriated to the Army for the minimum needs of the occupied areas can be reduced. A study of procurement lists of the Quartermaster Corps showed thousands of dollars being spent for photographic material for Korea. The same report showed the shipment of coal from the United States to Germany at a time when Germany is supposed to be increasing its coal exports to gain dollar earnings.

The needs for civilian relief in the occupied areas of Germany were presented in such fashion the committee feels justified in recommending a cut in excess of \$25,000,000. When the German needs were stated to the committee on March 10, \$680,006,176 was requested. When the distribution of the \$1,250,000,000 estimate was revised in May, the allotment to Germany had increased to \$706,181,205. The

increase was made possible by reducing the amounts allowed Austria, Japan, Korea, and the Ryukyus. In addition, the ECA funds allocated to Germany were increased in the March estimates over earlier estimates to provide an increase of \$25,800,000 for food imports.

INTERNATIONAL REFUGEE ORGANIZATION

The committee has approved the full amount requested of \$70,710,228, which is fixed by formula, as the United States contribution to the International Refugee Organization. With the expected admission into this country of thousands of displaced persons, it is expected by the committee that this appropriation will be lower for the next fiscal year.

GENERAL RECOMMENDATIONS FOR LANGUAGE CHANGES

The Senate Committee on Appropriations has made several changes in the language used by the House in the provisions placed on the appropriations in this bill.

1. It has inserted at the request of the Army a provision that aid to any occupied area, notably Korea, may be continued out of unexpended funds at the termination of occupation. A bilateral agreement would be negotiated before this provision could become effective.

2. At the request of the Army, a provision has been inserted to allow the Secretary of the Army to direct the payment of freight for voluntary relief packages shipped to Japan, Korea and the Ryukyus. This provision is in accord with one made in the authorization for shipment of packages to nations included in the ECA authorization.

3. At the request of the Army, provision has been made for a 1-year period in which the Army may use the services of consultants on terms comparable to those provided for the Economic Cooperation Administration.

4. The committee has removed a House provision that banned the purchase of commodities for the program at prices higher than those prevailing in the United States. Although the Senate committee is entirely sympathetic with the intent of the House, it considers the House provision to be unworkable. Language has been written in this report to instruct the Administrator to act in accord with the House intent.

5. The Appropriations Committee has stricken out a provision that required the Administrator to take for shipment to participating nations any goods manufactured or ordered for export prior to March 1, 1948, for which an export license has been denied.

6. The committee has refused to recommend an amendment requested by the Army to allow the use of occupied area funds for the expansion of fertilizer plants in this country. It was brought to the attention of the committee that the Army has been negotiating many months for a lease of one of four of the plants involved in the Army plans. The several prospective lessees have offered to increase the production of fertilizer to the amount contemplated by the Army. It is the opinion of the committee that these plants should be leased as soon as feasible on terms favorable to the Government, and that the Army should not attempt to manufacture fertilizer for itself on a cost-plus contract basis where the Army facilities can be leased to private enterprise with profit to the Government.

FOREIGN AID APPROPRIATION BILL, 1949

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Comparative statement showing the estimates for 1949, the bill as passed the House, the Senate committee recommendations in accompanying bill, the increases or decreases proposed in Senate bill as compared with the budget estimates, and the House bill

[The year indicated after each item denotes the fiscal year]

House Doc. No.	Department or agency	Amount of budget estimate	Amount recommend- ed by House in the bill	Amount recommend- ed by Senate Commit- tee	Increase (+) or decrease (-), Senate bill com- pared with—	
					Estimates, 1949	House bill, 1949
	GENERAL FOREIGN AID					
610	Economic Cooperation Adminis- tration, 1948 and 1949-----	\$4, 245, 000, 000	\$4, 000, 000, 000	\$4, 000, 000, 000	— \$245, 000, 000	-----
639	Assistance to Trieste, 1948 and 1949-----	20, 000, 000	(¹)	(¹)	— 20, 000, 000	-----
639	International Children's Emer- gency Fund, 1949-----	60, 000, 000	60, 000, 000	20, 000, 000	— 40, 000, 000	— \$40, 000, 000
639	Assistance to Greece and Turkey, 1948 and 1949-----	275, 000, 000	200, 000, 000	250, 000, 000	— 25, 000, 000	+ 50, 000, 000
639	Assistance to China, 1948 and 1949	463, 000, 000	400, 000, 000	460, 000, 000	— 3, 000, 000	+ 60, 000, 000

FOREIGN AID APPROPRIATION ACT, 1949

	NATIONAL MILITARY ESTABLISH- MENT					
	DEPARTMENT OF THE ARMY—CIVIL FUNCTIONS					
659	Government and relief in occupied areas, 1949-----	1, 400, 000, 000	1, 250, 000, 000	² 1, 325, 000, 000	-75, 000, 000	+75, 000, 000
	DEPARTMENT OF STATE					
	INTERNATIONAL ACTIVITIES					
522	International Refugee Organiza- tion, 1949-----	70, 710, 228	70, 710, 228	70, 710, 228	-----	-----
	Total-----	6, 533, 710, 228	5, 980, 710, 228	6, 125, 710, 228	-408, 000, 000	+145, 000, 000

¹ Trieste included in provision for Economic Cooperation Administration.

² \$125,000,000 is for recovery of Japan, Korea, and the Ryukyus.



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