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EFFECTS OF THE UNITED STATES DEFENCE PROGRAMME
ON LATIN AMERICAN COUNTRIES

Note by the Executive Secretary

The Executive Secretary herewith brings the following communication from the United States delegation to the attention of the Governments Members of the Economic Commission for Latin America.

/Executive
E/CN.12/AC.13/1

Executive Secretary of ECLA:

I transmit herewith a Statement on United States Foreign allocations policy which was made public on May 28 by the Director of Defense Mobilization, Mr. Wilson, as policy guidance to United States Government agencies operating under the Defense Mobilization Program.

It appears to my delegation that this document may be of such interest to other delegations that you may wish to reproduce and circulate it for their information.

(Signed) Merwin L. Bohan
United States Delegation

/STAEMENT

STATEMENT ON UNITED STATES FOREIGN ALLOCATIONS POLICY
MADE ON 28 MAY 1951 BY UNITED STATES DIRECTOR
OF DEFENSE MOBILIZATION

"The President, in his message to Congress, on May 24, 1951 outlined our basic policy to strengthen free nations of world.

In carrying out that policy, following specific guides to allocation of resources which are to be devoted by United States to foreign needs should be followed:

(1) when there are competing requirements of similar high essentiality in terms of the overall objective, allocations policy should attempt to satisfy such requirements according to the degree to which they will contribute to following results:

- a) military production of the free world and direct support for the expansion or improvement thereof;
- b) promotion of increased supplies of all materials essential to the strengthening of the free world, and in particular the production and acquisition of those materials required for the current mobilization effort of the United States (including military reserves and immediately necessary additions to stockpiles) and for similar mobilization efforts of nations actively associated with the United States in the defense of free world;

- c) maintenance and necessary expansion of essential

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services and production facilities, and maintenance of minimum essential civilian consumption requirements, in the free nations and in areas which they control;

d) direct progress toward reduced future dependence upon military and economic assistance from the United States;

e) lessened dependence of the free nations upon supplies from areas or countries within the Soviet bloc;

f) prevention of political deterioration in nations or areas essential to the combined strength of the free world.

(2) Allocations by the United States form part of a wider give and take among the free nations. Among countries sharing in such allocations, the principles of self-help, mutual aid, and similarly effective application of internal policies governing allocation and use of scarce material should prevail. After requirements of high essentiality have been met, the inter-country allocation of remaining supplies by the United States (including allocation to American domestic consumers) should take into account the effects upon the respective civilian economies of the broad contribution of each area or country toward common defense, in direct military production or in increased political and economic strength, including the common aim of controlling inflation of world prices.

/Individual

Individual countries differ widely in ability to make such contributions; the objective should be to bring about an equitable distribution of the resulting burdens and sacrifices. This objective clearly excludes any mechanical formula or any mere leveling down to a uniform standard of lowered consumption.

The foregoing principle is admittedly difficult to apply, since standards of consumption in different areas of the world are determined by a complexity of factors, such as normal levels of real incomes, customs, cultures and climate. But its application is of high importance for the attainment of the overall objective of economic strength and morale in the free countries.

(3) The establishment of adequate export quotas from the United States for materials and commodities under export control will not meet the criteria outlined above if foreign purchasers cannot place orders or secure delivery because United States suppliers prefer to satisfy their domestic customers. Commercial channels of trade should normally be used, but exports should be assured by priorities and/or directives to producers whenever necessary. When such assistance to exports is thus given, care should be exercised that corresponding assistance for domestic orders of similar essentiality is extended, if necessary.

(4) Corresponding allocation objectives and policies on the part of other free countries should be promoted by the United

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States by all practicable means. Agreement on and implementation of such policies on the part of other countries is especially important to the development of adequate supplies of the materials facilities or services of which they control substantial portions of total available world supply.

(5) Allocations of available supplies for abroad shall be administered in conformity with statutory and executive policy designated to prevent shipment or transshipment to Soviet bloc of war potential materials and products".

The President's message to which reference is made contains the following passage on United States export allocation policy:

"...Our entire security program will be successful only if materials available to the free world are distributed in the way that will best contribute to the buildup of total free world strength. The mutual security program, like the program for our own armed forces, had been examined from standpoint of availability of supplies, materials, and equipment required to carry it out. We believe these resources can and must be made available out of the expanding production of the free world."
