AGENCY FOR INTERNATIONAL DEVELOPMENT CONTRACT OPERATIONS

(Office of Research, Evaluation and Planning Assistance Staff)

(Part 1)

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON GOVERNMENT OPERATIONS HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH CONGRESS

SECOND SESSION

AUGUST 9, 10, 15, AND 16, 1962

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AGENCY FOR INTERNATIONAL DEVELOPMENT CONTRACT OPERATIONS

(Office of Research, Evaluation and Planning Assistance Staff)

(Part 1)

THURSDAY, AUGUST 9, 1962

HOUSE OF REPRESENTATIVES,
FOREIGN OPERATIONS AND
MONETARY AFFAIRS SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

(This entire record has been reviewed by the Department of State, and the subcommittee has been informed that there is no objection to the publication of the record from the standpoint of foreign policy and national security. See app. I(b), p. 251.)

The subcommittee met, pursuant to call, at 10:15 a.m., in room 304, House Office Building, Hon. Porter Hardy, Jr. (chairman of the subcommittee), presiding.

Present: Representatives Porter Hardy, Jr., John S. Monagan, George Meader, and Robert P. Griffin.

Also present: John T. M. Reddan, chief counsel; M. Joseph Matan, counsel; Walton Woods, investigator; Charles Rothenberg, investigator; and Phyllis M. Seymour, clerk.

Mr. HARDY. Let the subcommittee come to order.

Let the record show the presence of Mr. Monagan and myself, constituting a quorum under the committee rules.

The Foreign Operations and Monetary Affairs Subcommittee has a responsibility of examining and evaluating the operations and activities of certain executive branch departments and agencies, including the Agency for International Development.

This morning, we will begin hearings as a part of our study of AID's Office of Research, Evaluation, and Planning Assistance Staff. (I believe this title has been shortened to REPAS.) From the preliminary work we have done to date, we have found that REPAS was established on December 29, 1961, and Dr. Edward C. Fei was appointed as Acting Director. In addition to the Office of the Director, REPAS encompasses a Planning Assistance Division, a Research Division, an Evaluation Division, and a Technical Assistance Study Group. Their functions will be explored during the course of the subcommittee study. I confess until I saw an article in the newspaper some time ago I didn't know such an office existed in AID. I had no idea of the type of activities in which this office has been engaged.

It appears that Dr. Fei's office has entered into 29 or 30 contracts, totaling close to $8 million, since the beginning of this year. Approximately 70 percent ($5,863,000) of this amount was obligated during the last 2½ weeks of the fiscal year, and approximately 40 percent ($2,342,000) of this latter figure was obligated in the last 2 or 3 days of the fiscal year. It is the intention of the subcommittee to examine some of these contracts from substantive, procedural, and administrative standpoints, since this appears to be the best way to understand the overall operations of REPAS and to make informed judgments as to their economy and efficiency.

During the next 2 days we hope to cover two contracts: one dealing with the purchase of 1,000 23-inch transistorized television sets, and the other for the purchase of $28,000 worth of equipment to propel a small boat up the rivers of Surinam by converting solar energy into electrical energy through the medium of silicone photovoltaic cells.

Today we have witnesses from the Agency for International Development, the General Services Administration, the Hoffman Electronics Corp. of California, and the National Geographic Society.

Before we begin to take testimony I want to make it abundantly clear that these hearings should in no way be considered a reflection on basic research or the idea which apparently motivated the establishment of a research office in AID. As I said earlier, I confess I was somewhat surprised to find AID had interpreted the legislation in the manner in which they apparently have, especially in the light of the numerous other governmental agencies that are engaged in basic research activities. It seems to be a little foreign to the general functions of this organization, that AID, a foreign aid agency, should be in basic research.

However, certainly I do not want anything I have said to indicate that the subcommittee in any way wants to retard essential basic research. As a matter of fact we are well aware of the vital part which research plays in progress. In fact, it is this recognition that in part sparks this investigation today.

I am sure no one would feel there would be objection to harnessing the sun's rays. However, we might question whether sailing a solar ship in Surinam would make a significant contribution to such a project or constitute the best use of appropriated funds to reach the objective sought.

By the same token I am sure we would all agree that television may soon be the most important means of mass education in the underdeveloped areas of the world. This doesn't mean, however, that there must be unanimous approval of the letting of contracts for television sets in a manner which might do violence to the contracting procedures established to promote competition and save the taxpayers' dollars.

I make these observations merely to point out my own conviction that the more important the governmental function the more closely its operation should be scrutinized. Not for the purpose of destroying it but to keep it from destroying itself.

I think another aspect of our examination into this matter of basic research by AID will be to try to determine the extent to which other governmental agencies which are by law authorized to engage in basic research are being consulted; the extent to which AID is utilizing the facilities of other agencies and the extent to which AID may just have

launched off by itself in a dreamland that other agencies might be better qualified to pursue.

With this little bit of background, I would like to call Dr. Fei.

Mr. MONAGAN. Mr. Chairman, before you do that I notice you mention here 29 or 30 contracts and then you say that we are going to look at 2 contracts. It seems to me it would be helpful to have, if we don't have it already, a summary showing the individual contract that was entered into, the amount of the contract and the general description of the category of services that are covered by this contract.

Mr. HARDY. The staff tells me we already have each of the contracts. I think that you are probably right, we might be well advised, whether in the beginning or a little later, to list the contracts and what they cover.

Mr. MONAGAN. "Research" is a broad term and I would be interested in knowing just what that meant in each case.

Mr. HARDY. I believe there are 29 altogether. Obviously, we won't be able to analyze in detail all 29 of them to the extent that we would want to do these 2. It may be, however, after we have concluded the examination of these two contracts we will want to look at others.

Mr. MONAGAN. I think our record should have a table which shows what these are.

Mr. HARDY. Without objection, the list of contracts completed by REPAS during fiscal year 1962 will be made a part of the record as appendix II, p. 252.

Dr. Fei, if you will come up, please, sir.

Mr. Reporter, let the record show the presence of Mr. Griffin now.

STATEMENT OF DR. EDWARD C. FEI, ACTING DIRECTOR, RESEARCH, EVALUATION AND PLANNING ASSISTANCE STAFF, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. HARDY. Dr. Fei, will you give the committee your name, your present address, your present assignment with the Government and a brief biography, education and so forth?

Dr. FEI. My name is Edward Fei. I live at 3520 Leland Street, Chevy Chase, Md. I am right now Acting Director of the Research, Evaluation and Planning Assistance Staff in AID. At the same time I am also Director of the Research Unit under the Staff, and Executive Director of the Science Conference Staff, the staff which is preparing for U.S. participation in the U.N. Conference next February. This is a temporary unit.

My background:

I received my Ph. D. from the University of Washington in Seattle in 1955. Since 1947 I have been in a series of countries overseas engaged in developmental work. My field is economic development. I have worked for the Ford Foundation—Harvard University group, as adviser to the Government of Pakistan. I have been professor at the American University of Beirut and a consultant to the Government of Lebanon and in this country I was at the University of Washington on the faculty; at Swarthmore College on its faculty and am now on leave from the University of Wisconsin.

Mr. HARDY. How old are you, Dr. Fei?

Dr. FEI. I am 43.

Mr. HARDY. You have covered a lot of territory in that length of time.

Are there any questions, Mr. Griffin?

Mr. GRIFFIN. No questions.

Mr. HARDY. Mr. Monagan?

Mr. MONAGAN. No questions.

Mr. HARDY. Mr. Reddan?

Mr. REDDAN. Doctor, if we may consider the Office of Research, Evaluation and Planning Assistance staff from the standpoint of its functions, would you tell the committee briefly just what operations that staff does accomplish?

Dr. FEI. Under the authorization of Congress last year with the reorganization of the agency into AID, authority was given to engage in research. Now this was a very broad authority which, in effect, said, "Take a look and see what research needs to be done on the agency's activities and activities of the developing countries." Because as we enter into a partnership with the developing countries to assist their social and economic development, there are problems to which research might be able to give some answers, in order to accelerate the development of these countries and to improve the efficiency of our own operations.

Mr. HARDY. Doctor, was that a specific statutory authority or was that someone's interpretation within the AID agency?

Dr. FEI. That was specific statutory authority. I am sorry I could not say if that is the exact language. I am sure the exact language is available.

Mr. HARDY. Let me interrupt just a minute.

Mr. Grant, you are an expert in these areas. Is there a specific statutory authority for research, or is it someone's interpretation of the statute, the broad language of the statute, that this would be a desirable thing to do.

Mr. GRANT. There is a provision in the Foreign Assistance Act of 1961 specifically authorizing AID financing in the field of research. Such a provision was not in the Mutual Security Act of 1954, the predecessor legislation.

Mr. HARDY. I wonder if you would be good enough to provide us with the specific statutory language. I think that the record ought to show it.

Mr. GRANT. We will.

Mr. HARDY. We can find it but I think you can put your finger on it more quickly than we can.

Thank you.

(The pertinent section of the statute was read into the record at p. 23.)

Mr. REDDAN. You have various divisions within the Office of REPAS?

Dr. FEI. That is right.

Mr. REDDAN. Your Planning Assistance Division, for instance. What is its function?

Dr. FEI. The function of the Planning Assistance unit is this: We are faced with countries to which we are giving assistance—70 or 80 of them all over the world, where they are beginning to look at their own resources in a programed fashion. In other words, we are no

longer content to give aid here and there as individual pieces without looking at the total resources that need to be devoted to a country's development. They don't have enough money for everything, we don't have enough money to help them in every way. Therefore, we have to assist by assessing what they want to do, find priorities, know what they want to put into development, and then what we are willing to put into it.

This kind of process is a programing process, the planning of a country's development and rational use of its resources and it is something which most of these countries are doing, are going to do and want to do.

They come to the United States for assistance in this kind of technical activity called planning—in terms of programing and planning of a nation's resources. They come to us for this kind of service. This kind of talent is in very short supply. It is for this reason that we have this unit in our office which in effect wants to look at how we, when we are asked to, can best provide them with these services through the private community.

Mr. REDDAN. Does this unit have worldwide jurisdiction? Do they operate that way all over the world?

Dr. FEI. This unit has no operational jurisdiction at all. It is an advisory unit, a staff unit to our four regional offices. The four regional groups have the operational authority and responsibility. We, however, in this unit serve to advise them. In other words, a country comes to them and says, "We want assistance in planning."

Where do we find such competence? Well, the regional offices or the country missions will not know and would find it very hard to keep track of the American, the European, and the OAS, and now the DAC and OECD groups interested.

All these organizations have moved into this area realizing that there is a vacuum in this field. We in AID have to keep track of this, have to coordinate our activities, have to assist the regions in identifying thhe people who do this kind of work.

Mr. REDDAN. Do you perform this function in the Latin American areas?

Dr. FEI. Yes. We perform this service for our regional Latin American Bureau.

Mr. REDDAN. Is there any duplication in the work that you do and the function of the so-called "Nine Wise Men"?

Dr. FEI. Not at all. We have met with them——

Mr. REDDAN. I understand what you have just described is the function they are supposed to perform with respect to the Alliance for Progress. Am I right or wrong in that?

Dr. FEI. No, that is not the function they are supposed to perform. The "Nine Wise Men" are supposed to perform the function of evaluating country plans. For instance, a Latin American country says, "We have a plan here, a big thick plan. Will you evaluate that for us?"

Now quite apart from that process how does a country produce a plan? Is it just a paper plan that is comprised of a lot of empty words as a basis for funds, or is there meaning and content behind that plan? Is the plan internally consistent?

Mr. REDDAN. Are you describing the functions of your unit or the function of the "Nine Wise Men"?

Dr. FEI. I understood you to ask me what the "Nine Wise Men" did as far as I understand, and the "Nine Wise Men" evaluate country plans presented to them and on that basis make recommendations.

Mr. HARDY. But you got behind that a minute ago, Doctor. You were talking about the plan a country fixes up and sends to the "Nine Wise Men."

I wondered at that time whether or not you considered it your function to help these countries develop a plan that the "Nine Wise Men" are going to evaluate.

Dr. FEI. That is right.

Mr. HARDY. You are not an evaluation team, then. What you are doing is an operation, you are down there helping them prepare the plan for the "Nine Wise Men" to approve?

Dr. FEI. No, sir, our unit does not do that at all.

Mr. HARDY. What does your unit do in that area? Let's see if we can button it up and get really specific and not get off into a dreamland.

Dr. FEI. Very specifically, if country X comes to us and says, "We are setting up an organization in our government that does programing of our country's resources for development; we need technical experts to help us; we would like to get advisers, an advisory group or a team of experts to come out and help us. Will you"—saying to us, the United States—"find us a group of experts, because they are not easy to find?"

We say, "Well, the World Bank is available. Do they have experts to help you? Or, the OAS—they are setting up a group"—or some other group—we try to find the resources for them.

Mr. HARDY. Are you suggesting that AID and its predecessor agencies haven't been doing that all along?

Dr. FEI. Not in this field, no.

Mr. HARDY. Then I certainly have been misinformed. Either that or I misunderstand you. I thought that was one of our major functions, to assist these other countries to find technicians, and I thought we provided technicians.

Dr. FEI. Yes, but we have never provided them with this type of planning; that is, country programing of total resources.

Mr. HARDY. If we haven't, then we have certainly been misinformed and misadvised by every ICA Director who has been in office since the Agency was set up.

Dr. FEI. I don't know what you were advised sir, but insofar as what is now effectively in operation very few countries have such planning organizations. I would like to point out that so far in the field of planning advisory groups to countries with development plans there are only half a dozen——

Mr. HARDY. The presentation books of AID, ICA, and the Foreign Operations, FOA, its predecessor agencies, sent up to Congress, did you ever examine them and see what they told us they were supposed to be doing?

Now you are telling us you have an entirely new office to perform functions which we have been led to believe have been carried on all these years.

Dr. FEI. I think there is a difference between the thing I am talking about, sir, which is assistance in planning a country's overall development——

Mr. HARDY. If it is not a duplication, then I don't know of what a duplication consists.

Dr. FEI. It certainly is not a duplication.

Mr. HARDY. Maybe you have a new name.

Dr. FEI. No, it is a new kind of activity.

Mr. HARDY. So we are furnishing them a little more "wet nursing"; is that the idea?

Dr. FEI. No, sir, I wouldn't agree with that—your conception of this activity.

Mr. REDDAN. Doctor, has this planning unit done any work in Latin America?

Dr. FEI. Our planning unit has already assisted the Latin American region in identifying a planning assistance group for Argentina, as an example.

Mr. REDDAN. Now could you tell us what this assistance consists of?

Dr. FEI. This assistance consists of keeping an active file of groups that have the competence to perform this specialized service—of identifying the people who work in these groups—of finding out just what groups have what capacities and capabilities and when a request comes in, of matching as it were, helping the regions to match the demand and the supply.

Mr. HARDY. I think we are going to have to get into the "meat" of this business a little more thoroughly than we are doing now. This thing bothers me, because either there is a serious duplication going on or AID is going into the function of providing an employment agency for these foreign countries. I don't know whether that is what it is or not but somebody on the staff will have to analyze the functions which this group is performing and compare them to what we have been told previously is being done in the Agency.

Our staff will do this from the record and from this testimony that Dr. Fei has just given, and review the past record and see what goes on.

I am not at all sure that we don't have a monstrosity set up here, but we will find out before we get through with these hearings. I don't want to characterize it as such until we know what is happening.

Mr. REDDAN. Dr. Fei, if we can move on to two of these other units you have there: The Evaluation Division, for example. Now, what does that Division do and who heads it up?

Dr. FEI. The Evaluation Division seeks to look at or capitalize upon our past experience in order to find generalities in terms of a specific experience which would have wide applicability to all our operations.

Mr. REDDAN. Now, this is not a new function within the Agency, is it, Doctor?

Dr. FEI. This is not a new function in the Agency.

Mr. REDDAN. This is just the incorporation in your group of the old evaluation teams that used to exist in ICA; is that right?

Dr. FEI. Not entirely, no. Evaluation teams might be evaluating different things. In other words, to see whether, when you build a road, what the surface has been, whether it was done right, and what

was the technical end and whether it was carried out. This is not what our unit is trying to do.

Mr. REDDAN. How does your unit differ?

Dr. FEI. Our unit tries to determine if a specific activity or project is meeting the broader goals toward which our program is directed. Is the program meeting the overall objective of our aid?

For example, if you were to survey a dam, for instance, you have engineers go there and test the ground, the soil and so on to see if the dam is technically feasible.

Now our unit is not interested in that. That function belongs to people who are engineers and who are technically competent to make such appraisals. We are interested in looking at what purpose does that dam fill in terms of the impact of that dam upon the economic life of the people. Upon the social organizations.

Mr. HARDY. Who has been doing that before, Doctor?

Dr. FEI. This has been done haphazardly in each individual case.

Mr. HARDY. We have been told that it was being done.

Dr. FEI. I am not aware of that, sir.

Mr. HARDY. Well, certainly if the Agency has been approving dams and projects of this kind without determining the economic impact they would have, the economic justification from the broad standpoint, then somebody over there has been very derelict in their duties over these years.

Now certainly there must be somebody who has been doing it.

Dr. FEI. No. When you talk about a country having a dam, is it economically justified, how many kilowatts will come out, how many industries will this feed, this has been done. But we are concerned with something, I think, even more basic.

Mr. HARDY. Would you see if you can differentiate it for me? You haven't done it yet so that I can understand it. Can you differentiate between what has been done in the past and what you are doing?

Dr. FEI. All right.

In other words, if you were to say, "Let's build a dam here," what has been done in the past has been to say, "If we build a dam, so many kilowatts of electricity, so many acres of land will be irrigated, so much production will come out of this." This has been done.

Secondly, to build a dam here with this kind of soil, this and that, technically, that has been done.

What has not been done, however, is to say, "If we were to build a dam and we were to displace so many people"—whoever these people are—"what happens to the people when they have a new way of life; when they have to resettle?"

For example, in east Pakistan where we were working with and helping the Government, the Government wanted a dam and we are helping them to build it. But all the tribal people will have to be resettled and they will have to change their way of life.

Mr. HARDY. You then become an international resettlement agency?

Dr. FEI. No, we do not resettle them at all. We think it is worth our while in building this dam to look at the implications of this activity upon the social and economic life of the people broadly.

Mr. HARDY. Do you mean to tell me that we haven't been doing that before?

Dr. FEI. I would say in individual cases, yes, but not in terms of capitalizing on our experience in a systematic way.

Mr. HARDY. We have been going into countries and launching projects of great magnitude without concerning ourselves with the impact it is going to have on the people directly affected?

Dr. FEI. On the social, anthropological impact on the people, I would say not, sir.

Mr. HARDY. We surely have been negligent, then.

Dr. FEI. This is why, sir, research is so necessary because we don't know how to look at these problems in these countries. We haven't, really.

Mr. HARDY. So it is a sociological problem?

Dr. FEI. It is sociological, economic, anthropological, political, and technological.

Mr. HARDY. I thought the technological part of it had been handled previously.

Dr. FEI. In the case of building the dam, yes. I am saying in the broader aspect of what research is looking into it is looking into the technological adaptations, for instance, which is not something we have looked at.

Mr. HARDY. In that respect are you taking over what somebody else has been doing, or are you duplicating what somebody else has been doing?

Dr. FEI. No, sir; no, sir.

If I may proceed—this has to do now with research.

Mr. REDDAN. We will come to the research.

Mr. HARDY. We will proceed. I am not getting anywhere.

Mr. REDDAN. Does this unit make any studies before or after the fact?

Dr. FEI. Now we are trying to do two things.

One, we are trying to capitalize on what has gone on before so that all the experience gained during past years is not lost.

Mr. REDDAN. That is to help you.

Dr. FEI. That is to help us and our agency.

For instance, we now have people who have concluded projects and been overseas. Our technical people. We want to find out why they succeeded or why they failed and in what way. We want to determine what were the roadblocks they overcame in their project. But out of this we seek to be able to know how to operate better in another country and in another situation. This is the past.

Now, in terms of what we are doing at the same time, if we enter into any new activities we hope to build into this activity itself, a way of keeping records, you might say, a way of evaluating the activity as it goes along. Setting up the kinds of standards of evaluation so we can do more than just have built a school or helped a group of farmers. We can use that experience in other cases. Whether it succeeds or fails, we have something more to add to our knowledge.

Mr. REDDAN. What I would like to know, Doctor, is, specifically, if the Agency is going to build a dam do they come to you first to find out whether or not the dam should be built from the standpoint you have been discussing here? In other words, do they get your

approval first or do you go in later to find out whether or not they made a mistake?

Dr. FEI. Certainly they do not get our approval in that sense.

Realizing this is important, when they begin a study of a dam we say, "Would you mind looking at these other factors, too, as well as the technical factors and the soil condition and so forth?"

Now this is what we are working with through our operational units, to try to——

Mr. REDDAN. Is there any requirement within the Agency that the operational units clear with you before they enter into any projects?

Dr. FEI. No; there is no such operational requirement.

Mr. REDDAN. As I understand you, that was the important function you were to perform for the operational units. Do you mean they can go on about their business and ignore your office?

Dr. FEI. The four regional bureaus are the operating units and they have millions of dollars worth of activities going on. We are slowly building up confidence in our unit to enable us to help.

For example, in the Far East they recently asked us: "We have just conducted a series of seminars of training local people in agricultural extension. We really don't know how effective our training program has been. Will you come and help us set up an evaluation procedure to do this?"

We sent someone to help them set the procedures for evaluation.

Mr. HARDY. You wait for them to ask for your help. You don't just say: "You have a project going on. We will get in it and see whether you are adequately taking care of your responsibilities?"

Dr. FEI. At this point there is no requirement in the Agency to force them to do this. However, in our discussions with the operational unit, if we can show them that the kind of thing we are interested in and the things we want them to do to make sense, can improve our efficiency, we think slowly we build up this confidence and are able to help them out in these ways.

Mr. REDDAN. Doctor, you also have a technical assistance study group. Briefly, what do they do?

Dr. FEI. Actually, the technical assistance study group is phasing out. It was a continuation of the former organization before there was a Research and Evaluation Unit and the technical assistance study group had been set up before. Their primary purpose was to study the problem of technical assistance. "How do we transfer knowledge to another group of people?" "What makes for the successful transfer? We are a lot of technicians going into a foreign environment. We are trying to transfer what we know to them."

We know, for example, that the man who does not speak the language and doesn't like the people and so on may not be a good man, but there is obviously more to it than that. The technical assistance study group broadly was set—I think about 2 years ago—to look at the ways in which technical assistance can be applied overseas successfully.

Mr. REDDAN. You say that is being phased out now?

Dr. FEI. That is being phased out because with the creation of the Research, Evaluation Planning Assistance Staff, we are amalgamating

it with this staff—some of its functions naturally involve research; some are naturally evaluation, so it is being phased out.

Mr. HARDY. Since this is a planning, assistance and advisory setup—would one of your functions be to help locate within the AID organization people of particular competence in connection with a project that might be in the planning stage? I am thinking in terms of the fact that in a variety of countries you have had agricultural projects, you have had engineering projects of all sorts. You have run into political problems in connection with them and in the course of these there must have been some expertise developed in some places. What does your unit have to do with finding competent people within your own AID organization?

Dr. FEI. My unit has the responsibility for helping the agency find competent economists for the agency.

Mr. HARDY. Do they have to be economists in order to be competent?

Dr. FEI. No. What I meant was—you were saying, how do we find competent people for the Agency. I would say that our unit has been asked to help the Agency as a whole find people in economics. Because there are other officers in the Agency that, as you say in agriculture, we have an existing office and group. They are charged with finding good people in the agricultural field.

Mr. HARDY. For example, take a poultry project that succeeded in one country. Perhaps there has been one that failed in another country. You had people who were responsible for the conduct of those. Maybe there was a similarity between the countries in which they operated and maybe there wasn't. But you come along with somebody's proposal to generate a poultry project in another country. Do they come to you and say, "Can you find us somebody in the agency who is competent to help us carry out a successful project?"

Dr. FEI. No. In the case that you mentioned, they would go to the Division of Food and Agriculture, because they are the central staff unit in charge of all agriculture and food programs——

Mr. HARDY. What would they do then, they would go out and try to recruit somebody in the United States, turn them over to do this job and completely ignore the fact that they had somebody already who had proven his capability?

Dr. FEI. No, these people as far as I know, the few people I have come to know at this time in the Food and Agriculture Division are people who have been in this agency, know the people, the technicians, know the universities which have often supplied the technicians, know the U.S. Department of Agriculture people and the State Extension Division. They seem to have this knowledge.

Mr. HARDY. In any event, your group would not be approached to supply information concerning the availability of competent people within the organization?

Dr. FEI. Except in the case of the economists.

Mr. HARDY. Would there be any economic aspects of a poultry program? There might be marketing aspects.

Dr. FEI. Yes. They would then ask us, "Do you know someone in the field of economics and marketing?"

Mr. HARDY. Then you have to have more than one man; you have to have a production man and you have to have an economist.

Mr. REDDAN. In addition to the units you have already described, you have the Research Division.

Doctor, how large a staff do you have to carry out all these activities?

Dr. FEI. Right now I have a staff of 50. Fifty is the total ceiling.

Mr. REDDAN. Do you have your complete complement on board now?

Dr. FEI. With one exception, all are on board or processing action on their assignment to our staff is nearing completion.

Mr. HARDY. You have 49?

Dr. FEI. Forty-nine.

Mr. REDDAN. Are these all technical people?

Dr. FEI. Oh no. I mean this is the total number of people in this REPAS office.

Mr. REDDAN. That includes stenographers and secretaries?

Dr. FEI. Stenographers and secretaries, everything.

Mr. REDDAN. How many do you have carrying out the functions? I am not talking about the stenographic assistance and clerical help. How many do you have to perform the functions which have been delegated to your office?

Dr. FEI. In the Research Division there are 12 professional people; in Planning Assistance there are 7.

Mr. HARDY. Do you have an organization chart for your particular division?

Dr. FEI. I do, sir, but I do not have it here with me.

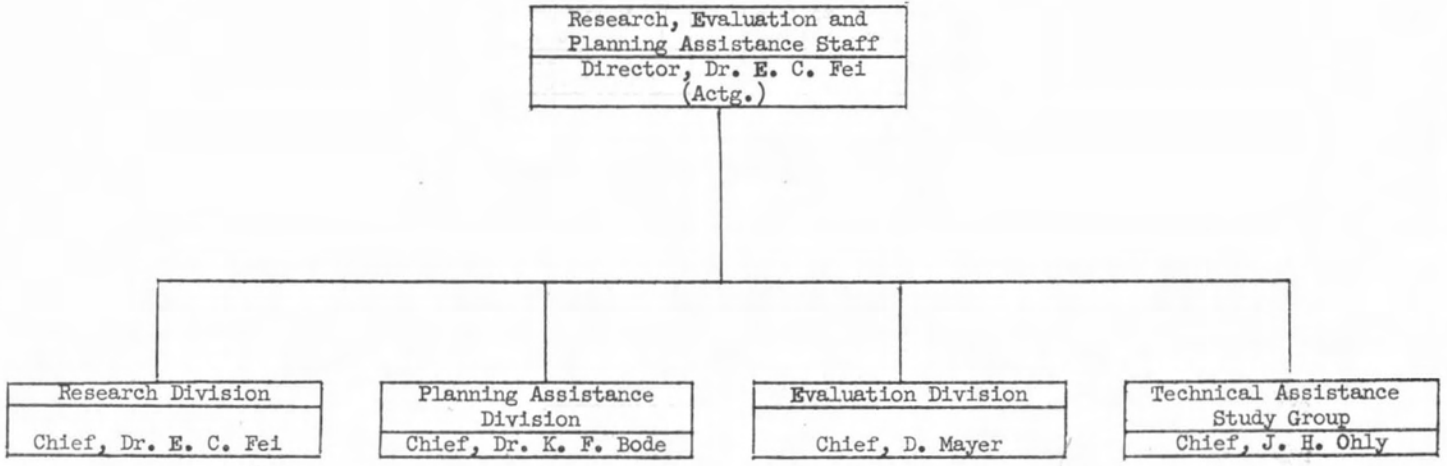
May I supply that for the record?

Mr. HARDY. If you will please, and when they are received, they will, without objection, be placed in the record at this point.

(The following charts were subsequently submitted by AID:)

ORGANIZATION CHART

RESEARCH, EVALUATION AND PLANNING ASSISTANCE STAFF



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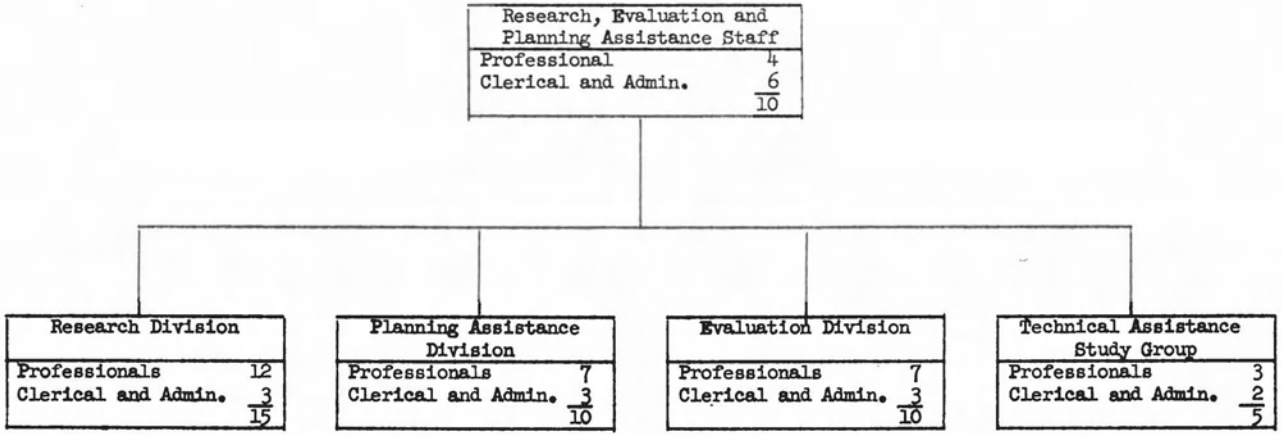
DISTRIBUTION OF PERSONNEL

RESEARCH, EVALUATION AND PLANNING ASSISTANCE STAFF



Office of the Director	10
Research Division	15
Planning Assistance Div.	10
Evaluation Division	10
Technical Assistance Study Group	5
	50

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Mr. REDDAN. How many do you have in the Evaluation Division?

Dr. FEI. The Evaluation Division has, I believe, seven.

Mr. REDDAN. Fourteen, seven and seven; is that right, sir?

Dr. FEI. In the Technical Assistance Study Group there are now three professional people.

Mr. HARDY. There you say they are phasing out?

Dr. FEI. They are phasing out. They had a larger staff and slowly it has been reduced.

Mr. REDDAN. Are you authorized to sign contracts for the Agency, Doctor?

Dr. FEI. Yes, sir. I have been given authority to sign contracts in the field of research.

Mr. REDDAN. Do you have a contract unit within your office?

Dr. FEI. Yes. I have a contract unit now. I did not have such a unit before the end of the fiscal year. I have just set up a contract unit.

Mr. REDDAN. How many men do you have?

Dr. FEI. There will be three.

Mr. HARDY. Would you identify them for us?

Dr. FEI. One is Mr. Van Street; the other two are Mr. Blake and Mr. Weitzen.

Mr. HARDY. Are all three of them on board now?

Dr. FEI. They are on board now.

Mr. REDDAN. When did they come on board, Doctor?

Dr. FEI. They came on board in July.

Mr. REDDAN. Are they all here in Washington?

Dr. FEI. Yes.

Mr. REDDAN. What function do they perform?

Dr. FEI. Well, as we have now set it up whenever we are ready to enter into negotiation with a contractor or a grantee, the technical person in that field, and somebody from the contracting office together negotiate a contract.

Mr. REDDAN. In the contract office; you mean these three people you just named? You are not talking about the contract office in AID?

Dr. FEI. That is right.

Mr. REDDAN. Do you have any connection with the contract office in AID?

Dr. FEI. Yes.

Mr. REDDAN. Do you utilize their services in any way?

Dr. FEI. I have. Up until now, I have.

Mr. REDDAN. Who performed the function of these three gentlemen prior to the end of the fiscal year?

Dr. FEI. Prior to the end of the fiscal year I had one, Mr. Belinky. Mr. Belinky was sent to me from the central contract office. At the same time the central contract office itself was able to help us by devoting some of their time to our contracts.

Some of our contracts were negotiated, or the process of doing the paperwork involved in negotiation and so on was done by people in the regional offices. This depended upon whether the contract had something to do with that region or not.

In other words, because of the scarcity of personnel and so forth in my office, I used whatever contractual services were available in

the Agency. I tried and found I could get help from other people and I did.

Mr. REDDAN. Are these contracts which originated in your office?

Dr. FEI. Yes, sir; they are contracts.

Mr. REDDAN. I say do they originate within your office?

Dr. FEI. Yes.

Mr. REDDAN. Do any of the other sections of AID bring contracts to you for funding?

Dr. FEI. Bring contracts as such to me for funding, no.

Mr. REDDAN. Proposals is what I mean.

Dr. FEI. Yes.

May I go into this research function?

Mr. REDDAN. We were going to get into the mechanics of the Research Division but I thought before we did it, we could have a better understanding of it if we looked at a few individual contracts first.

I would like to show you a photostatic copy of a memorandum dated February 28, 1962, to you from Frances Gulick, subject: "Test of Solar-Powered Battery Charging Center," and ask you if you have ever seen the original of that.

Dr. FEI. Yes, I have.

Mr. REDDAN. What is that, Doctor?

Dr. FEI. This is a proposal from Dr. Gulick, Mrs. Gulick to me, suggesting that we should look into the problem of tying this piece of research to our existing look at this energy problem.

Mr. REDDAN. Who is Dr. Gulick?

Dr. FEI. Dr. Gulick is on my research staff.

Mr. REDDAN. Is that a project which originated in your office?

Dr. FEI. No, this is one that we got from the other offices of AID.

Mr. REDDAN. From what office did you get that, sir?

Dr. FEI. The Communications Resources Division.

Mr. REDDAN. Specifically, who in that Division?

Dr. FEI. From, I believe, Mr. Hoke.

Mr. REDDAN. Did you initial that and approve it?

Dr. FEI. Yes.

Mr. REDDAN. What were you approving, Doctor?

Dr. FEI. If I may give the background—not the technical background since I am not competent, but to give something of—you had asked me about the evaluation program and the planning assistance program. I think it would help this committee to see how we operate in research and what we are trying to do. Otherwise it would be hard to——

Mr. REDDAN. If you can do it briefly we would appreciate it.

Dr. FEI. I will certainly try.

In the research program, as I said—I don't know if we have the language now of what the authorization was, but as far as I interpret it, we were to look at the problems of development and our operations overseas so we could help them. These are all good words but practically I would like to use as examples the kind of things you are presently interested in to show you the kind of research that we are undertaking as part of our foreign-aid program.

Mr. HARDY. Well, can't we do it as we go along in connection with this specific——

Dr. FEI. All right, then, let me speak in connection with this specific thing which you have in mind: One of the most important things that we in AID research think that we should look at is the problem of power. In other words, here we have all these countries that have a low standard of living—I won't bother you with masses of people, hunger, ignorance, and so on, but the fact is if we are to help them we must make power available.

Now, in many of these countries they have ambitious plans, sophisticated plans for large-range power—hydroelectric power with extensive grids and so on. But practically we are going to find many large areas of these developing countries that we are trying to assist where people in the villages will not have access to this power for 10, 20, 30 years. The grid, the large sophisticated electrical systems will not cover them. And yet these are the people we are trying to reach and help.

We have programs where the countries ask us, beg us, and we, of course, want to help them, where we put in a diesel generator. Why? Well, power, of course, not just to supply electric light but primarily to facilitate it is to have them in communication with their people—to bring education to them.

In other words, you can operate communication systems, you can operate radios, you can operate TV, you can operate tape recorders, you can operate little power tools.

How can we help the people so that they get education and increase their productivity? Well, one of the essential elements—and we realize this only too well from our own country's development in the power field—is power.

Now, there is large-scale power development going on. Our research staff said they should look at the small-scale power, power at the rural level.

What is the problem there?

So we start doing research on this. There are very few people who are interested in this problem in the U.S. research community or U.S. Government agencies because we have gone well beyond that. We are thinking of large-scale things, of big doses of power. We in AID, however, are looking at the small power sources.

On the one hand, the bit of a watt that can run a transitor radio, up to say a hundred watts where we could run a couple of television sets if they are transistorized.

On the other hand, we are looking at the intermediate scale—let's say 15, 25, 50 kilowatts where a group of houses, homes, a small village can use this kind of power in order to run some simple implements that would greatly increase their productive capacity and improve their standard of living. It is quite apart from giving, let us say, electric lights and so on. In other words, education, communications, increases in production. These are the things we are looking at in terms of what power at the local level can do.

We started a contract for research where we said, "Let's look at this medium-sized piece of middle level power." One question we asked was, "Well, we don't really know precisely the nature of the problem facing us. Is it lack of power entirely or is it the lack of knowing how to use this power effectively? Is it the maintenance of

any power—if we supply them with power sources, is it the maintenance, is it the cost of fuel, is it the lack of technicians or what?"

Now because we are looking at this problem and we are tying it onto the goals of what we are trying to do over there, one of the—a secondary we were looking at—we are started on this first area of a broad look of "What are the power needs at the local level"—we looked at them, the smaller sources of power. In other words, a few milliwatts and a few watts——

Mr. HARDY. I don't want to interrupt you and this is a very interesting dissertation, but I think we are going to have to condense it. We are getting more into a philosophical discussion than the specifics of what we are trying to look at.

Dr. FEI. I set my staff to work on means of helping at this small power level—the small power that will run TV sets and so on, because this can be tied into our whole program overseas and save many years of work and money and so on.

Well, one of the things that Mrs. Gulich found out in talking with others in our agency—and we get our research ideas mostly from the operating groups here and in the field—was that the Communications Resources Division was also interested in the power problem from the standpoint of improving communications media in the developing countries.

We found that we had in mind a project which they had already tried to negotiate elsewhere. We followed their program with interest, hoping they would successfully conclude these negotiations. When that failed we picked up the proposed project.

Mr. HARDY. Is there any documentation that shows the origination of this project as you have just developed it? Is there any documentation showing the discussions you have just outlined or showing the considerations which you have just outlined, based on this small power proposition and its need?

Dr. FEI. There are internal documents in which we have been trying to discuss the need for power. Yes, we have some of these papers.

Mr. HARDY. The need for small amounts of power is not new and it seems to me there must be agencies, both private and public, who have concerned themselves with this for a long, long time.

Since you mentioned communications, actually I think the question of a small amount of power for communications has been under study in that industry ever since the origination of the old crystal set.

Now, I don't know, of course, the extent to which public and private agencies are engaged in it, but I would be very much surprised if it isn't receiving the attention of scientists throughout the United States and throughout the world, for that mater. This business of developing small power sources as well as your medium and large ones. So I am rather surprised to learn that AID considered this to be an entirely new field and one in which we had to have a new Government agency; and that you thought it had never been done elsewhere.

Dr. FEI. No, we felt it had never been done with the objective our authorization had in mind, namely, with application to underdeveloped areas.

Mr. HARDY. You are talking about application and not basic research.

Dr. FEI. Basic research precedes applied research.

Mr. HARDY. I do not think anybody would disagree with that.

Dr. FEI. We would never look at basic research in the sense of broad basic research but only in the sense of its application to underdeveloped areas.

Mr. HARDY. I am not sure we understand that.

Mr. Reddan?

Mr. REDDAN. Doctor, when you approved this contract did you understand it involved an expedition up the rivers of Surinam?

Dr. FEI. Yes, sir.

Mr. REDDAN. Did you feel that that was the best way to test this power project?

Dr. FEI. It certainly was a good way. I do not know if I would say it is the best way, but the best way would be something similar in the sense of testing it actually in an underdeveloped area under real conditions to be met.

Mr. REDDAN. Did you ever see the contract that was finally let with the Hoffman Electronics Corp.?

Dr. FEI. Yes, sir.

Mr. REDDAN. Are you familiar with the provision in that contract that all the equipment shall be tested before it is delivered?

Dr. FEI. Yes, sir.

Mr. REDDAN. And that it shall be tested under similar conditions as should be encountered on the expedition?

Dr. FEI. Yes, sir.

Mr. REDDAN. If it tests out there, why send it to Surinam to test it again?

Dr. FEI. On research it is like firing a big Thor missile. You can test it in 100,000 ways, but in the end you test it by firing and if it misfires you lose $20 million. You still lose it. The only real way is to test it under real conditions. You simulate as much as you can. This is what modern science enables us to do, simulate real conditions but in the final analysis test it under real conditions.

Mr. REDDAN. Hoffman Electronics was supposed to do that?

Dr. FEI. No, they were not supposed to do it under the real conditions.

Mr. REDDAN. What are the real conditions?

Dr. FEI. Real conditions would be used in the underdeveloped areas themselves where you have villagers who are illiterate, many children, tropical rains, et cetera, I mean the actual conditions existing in the underdeveloped areas. We tried to simulate that. Obviously we tested it. You test it in the laboratory first, then in the open ground, maybe in Arizona somewhere. There are many ways of testing. I feel the final test has to be in the underdeveloped areas themselves, under actual working conditions.

Mr. HARDY. What you are doing there is not testing the performance of the equipment, you are testing the application of it. It is not a research project in the sense that it would determine the feasibility of the solar boat itself. It is a question of using the solar boat to develop it in the area.

Dr. FEI. No, sir, the testing does not need a solar boat. That is one way of testing it. The actual testing is, how does it operate in actual conditions there? For instance, you asked is there another way of testing.

Mr. REDDAN. Excuse me, Doctor. I am just a bit confused. How does an illiterate bushman's presence near a solar cell have any effect on its operation?

Dr. FEL. Here we have villages where there are no sources of power, where they have no power. Part of this total research project was to go through certain designated villages, working in collaboration with our AID mission and the government there, and setting up listening centers which, in effect, will be radios, powered by solar energy.

We would set them up. We would try to explain the operation through natives who do understand English to others who do not, without any technician along. We would then leave the radios there for the villagers to listen to broadcasts in their own dialect. We would not know whether local jungle boys or the village people might not mess with them, nor about the results of rain or snow.

Weeks later when we come back we would be testing them to see if the radios broke down, did they get good reception, what was the reaction of the villagers to broadcasts.

Part of this whole testing process, then, is it could have been done by us, choosing another country, finding a few spots, setting up an expedition to go there, place the listening center where they do not have a repairman right around the corner to actually fix them up.

This would have cost money, too. In our calculation, the Surinam experiment, utilizing somebody who had knowledge of the area, a government that was cooperative, where they were interested in testing facilities that would increase the area of communications with their tribal people, we felt we should capitalize on this knowledge and so in this test—and the boat is incidental to the aims of testing it under actual operating field conditions—we used Surinam.

Mr. HARDY. You are not testing the location of the equipment. You are testing the reaction of the natives to it.

Dr. FEI. I do not know what you mean by not testing equipment. I could test the equipment on the roof and it would still not give me the answers.

Mr. HARDY. I do not know how you compare this with the actual firing of a Thor missile.

Dr. FEL. Because you cannot test how the Thor missile works unless it is actually in the air, actually moving in the air, being fired out.

I am sure that is the case. This is not my technical field, but in research——

Mr. HARDY. I fail to comprehend the relationship.

Dr. FEI. The relationship is right now the Government does have simulated techniques, for simulating the actual testing of the firing of the missile. They try to stimulate everything possible but in the final analysis they still have to test it actually in the operation.

Mr. HARDY. I rather guess they would have to test this. I thought Hoffman was going to. They would test it in operation, but not in Surinam.

Dr. FEI. Hoffman was not intending to test it under actual operating conditions of use in underdeveloped areas.

Mr. HARDY. Use in underdeveloped areas—can't you get a similar situation somewhere else? Do you have to take it to Surinam?

Dr. FEI. This is the answer I was giving to——

Mr. HARDY. I understand your sociological approach that you may be trying to use over there, but I fail to understand the research aspects from a technological standpoint.

Dr. FEI. You were asking why it has to be Surinam. It does not have to be, but it cannot be Washington, D.C.

Mr. REDDAN. Why?

Dr. FEI. Because it is not an underdeveloped area. The conditions of an underdeveloped area are different from Washington, D.C.

Mr. REDDAN. Would it be right to say Surinam was selected because it was a faraway place and a good "publicity gimmick?"

Dr. FEI. I would say "No."

Mr. REDDAN. What about the publicity?

Dr. FEI. The people are not averse to the publicity. As far as I am concerned it would be important to test the equipment in an underdeveloped area.

Mr. HARDY. I cannot understand why if it would work in Washington, D.C., it would not work in an underdeveloped area.

Dr. FEI. I can give you an example of a lot of things that work in Washington, D.C., that do not work in underdeveloped areas.

Mr. HARDY. Mr. Reddan?

Mr. REDDAN. Would it be fair to say that one of the principal objectives of this expedition was to focus attention to the peacetime terrestrial use of solar power so as to generate demand and motivation for privately financed research and development programs designed rapidly to reduce the cost of solar service?

Dr. FEI. I would say this is certainly a consideration that entered our minds.

Mr. REDDAN. Wasn't that the attachment to the February 28, 1962, document to you from Mrs. Gulick, that you signed indicating approval? Wasn't that attachment to the document which I handed you?

Dr. FEI. You handed me a document. I did not see an attachment on it.

Mr. HARDY. You did not sign a document without noticing the attachment, did you, Doctor?

Dr. FEI. I certainly noticed—I mean right now I do not know what you are saying. I would like to see it.

Mr. HARDY. We separated it. We can put it back together.

Dr. FEI. It does not have to be attached, but I would like to see the document.

Mr. HARDY. Since it was rather recent——

Mr. REDDAN. It is attachment A and if you will look at the bottom of the page, it is the second objective on the first page of the attachment.

Mr. HARDY. It is the only attachment.

Dr. FEI. Yes, sir. I read this.

Mr. HARDY. Are those documents classified?

Dr. FEI. Not to my knowledge.

Mr. HARDY. Without objection, the memorandum of February 28, 1962, to Dr. Edward C. Fei from Mrs. Frances Gulick, the subject of which is "Test of Solar Powered Battery Recharging Center," and an

attachment to the memorandum, "A Proposal To Test the Performance of a Solar Powered Battery Recharging Center," will be placed in the record as appendix III, p. 252.

Mr. REDDAN. Would you look at the second objective down there at the bottom of the page?

Dr. FEI. Yes.

Mr. REDDAN. Is that what I read to you just a moment ago?

Dr. FEI. Yes.

Mr. REDDAN. Would that suggest, then, that the Agency was looking for publicity?

Dr. FEI. No. I certainly would not agree with that.

Mr. REDDAN. You do not agree with that?

Dr. FEI. No. I would not call that publicity.

Mr. REDDAN. If there was any publicity attached to this, you weren't interested in that?

Dr. FEI. Not in publicity, no; in what I understand to be what we are after, it is to make these sources of power, if they prove useful, bring it to the attention of people who would be able to put it into practical use.

Mr. REDDAN. If somebody was using it for publicity purposes, that was something you did not know anything about?

Dr. FEI. No. I would say that is not something I am against, but that is not what I am trying to get from my research.

Mr. REDDAN. Did you know of it, Doctor? Did you know that that was one of the primary objectives, to get publicity?

Would you read that section?

Dr. FEI. Yes. [Reads:] "to focus attention."

Mr. REDDAN. What does that mean? Whose attention will you focus? Your attention is already on it.

Dr. FEI. My attention is already on it.

Mr. REDDAN. Whose attention?

Dr. FEI (reading):

To focus attention on the peacetime terrestrial uses of solar power.

Mr. REDDAN. Focus whose attention?

What do you think that means?

Dr. FEI. I would say focus attention of two kinds of people, users of such listening centers, underdeveloped areas where the potential is opened up to them as a possible way of using solar energy, and to focus attention of the people who are on the supply side. In other words, the demand side in terms of people who would be the users of this and the supply side, people who are in a position to say, "If there is a demand for this, we should then try to develop it."

Mr. HARDY. I do not know how you read such a limiting definition into that particular language. If that is the way you want to interpret it, all right, but I would not interpret it that way.

Mr. REDDAN. I would like to show you a photostatic copy of a letter dated June 22, over your signature, to the National Geographic Society.

Dr. FEI. Yes.

Mr. REDDAN. Would you read the second or third paragraph there? It is the third paragraph.

Dr. Fei (reading):

Inasmuch as we wish to attract appropriate public attention to these endeavors, we would welcome the National Geographic Society's giving this research venture its consideration as editorial material for treatment in the Society's magazine, and the opportunity to explore with appropriate members of your staff ways and means of handling the expedition phases of the field test such as to insure obtaining material that would enhance its potential candidacy for treatment in the Society magazine.

"I understand"—this is not underlined.

Mr. REDDAN. That is enough.

Mr. HARDY. Would you consider that to mean that the National Geographic had this main circulation in the underdeveloped areas and among the people who make this equipment?

Dr. FEI. I would say the National Geographic as a magazine respected by people in the field of science and technology, in our industries which are interested in this field of solar power and energy, that it would certainly attract their attention.

Mr. HARDY. Certainly the National Geographic is not limited to that extent.

Dr. FEI. No, it certainly is not. This is their prime audience, I would hope.

Mr. REDDAN. Do you know whether Hoffman Electronics was to be included in the publicity?

Dr. FEI. I do not know. I know, of course, that in cases where we have had negotiated contracts or provided grants, the contractor or grantee naturally desires publicity.

We do not say sure we love publicity, but we do not feel we should be against their getting the amount of publicity consistent with what they are trying to do.

Mr. REDDAN. Do you know whether or not before AID went into this project Hoffman Electronics was considering a sizable contribution to the project on their own in return for the publicity that they would get from such a venture?

Dr. FEI. No, sir. I did not know that.

Mr. REDDAN. No one ever told you that?

Dr. FEI. No, sir.

Mr. HARDY. Are there any questions?

Mr. Monagan?

Mr. MONAGAN. Yes, I would like to ask a few questions.

First of all, is it correct that the authorization for this research lies in section 241 of the Foreign Assistance Act, Mr. Grant?

Mr. GRANT. That is—I am sorry.

Mr. MONAGAN. I say, the authorization for this activity—the question was asked before, section 241 of the Foreign Assistance Act?

Mr. GRANT. Yes.

Mr. HARDY. How about reading that language?

Mr. MONAGAN. Yes.

Title V, Development Research. The President is authorized to use funds made available for this part to carry out programs of research into, and evaluation of, the process of economic development in less-developed friendly countries and areas, into the factors affecting the relative success and cost of development activities, and into the means, techniques, and such other aspects of development assistance as he may determine, in order to render such assistance of increasing value and benefit.

I would like to know just what the administrative line is in relation to your function. Mr. Hamilton is the Administrator of the agency. Where do you come in under Mr. Hamilton, and are there any intermediaries?

Dr. FEI. Yes. The agency is divided into regional operating groups, program support offices, and certain staff units. I am one in charge of the staff units of the agency and report to Mr. Hamilton through Mr. Coffin, who is the Deputy Administrator.

Mr. MONAGAN. Who is the third man in the chain? There is Mr. Hamilton, then under him is Mr. Coffin, and who comes next?

Dr. FEI. Myself, sir.

Mr. MONAGAN. You are the head of that——

Dr. FEI. I am the head of that Staff Office.

Mr. MONAGAN. I want to return to one other thing. We have had programs over the years in which we have been providing power dams, for example, to some of these countries and I cannot understand why your agency has not gone into these questions of the desirability and the impact of these dams on countries that are involved before now. Certainly I have had the hope that we have been trying to do this.

Dr. FEI. I certainly would not want to question that we have been trying to do this. What I think would probably be true is, if you look at the literature in this field, of people who have worked out in the field and have come back, written about it, or people who have gone out to look at these developments and reporting on it, I think in the main there is a real feeling that we have not done enough of this.

In other words, we have not really successfully looked at the development process and said, "Why is it that we do not succeed as fast as we would like to? Why is it that the countries cannot develop as rapidly as they would like to? We have become more and more conscious of the social and cultural barriers to change."

These things are pretty amorphous. They sound egg-heady, you might say, but in another sense, I think they are the real guts of development. They are the real guts of change. It is not giving them a tractor that really makes a difference. It is not giving them the fertilizers that makes the difference.

Mr. MONAGAN. We understand that. That should have been the whole background of administration in the past, that one country may need some simple improvement in its agricultural methods and not a powerplant, not an electric dam. It is rather shocking to feel that attention has not been given to these areas.

Mr. HARDY. I think, if the gentleman will permit, that Dr. Fei has indicted the entire past performance of AID.

Dr. FEI. I certainly do not mean to do that. What I mean to say is we have not focused sufficient attention and we do not know enough about the noneconomic factors in development. This I think I would be confident in saying. Whether our agency in the past wanted to do this or not of course I do not know.

Mr. MONAGAN. You said 70 or 80 countries are the recipients of AID assistance. To what extent do you expect that the activities of your branch will extend to the 70 or 80 countries? Do you feel that you will eventually be concerned with every project that goes into every one of these countries?

Dr. FEI. No, sir. We could not hope to. I think what we hope to become involved in is this: Take for instance the research we have

going. If we find as a result of this research that there are new adaptations and uses of science and technology as we know it now, that if these have applications overseas that would either cut short the time, lower the cost of that country's development, or lower the cost of our assistance, these are, hopefully, the answers we would like to give as a result of this research that would be made known to all the countries that we are assisting so that they could benefit from this research.

Mr. MONAGAN. I do not know in detail the countries that you have gone into up to this time, but isn't it true that in some of these countries—I am thinking of some of the countries in Latin America—that there are competent experts?

There are economists and agricultural experts, there are people who intimately know the problems there. Is there any reason why their capacities cannot be tapped and used in preparing these plans and these recommendations that you have spoken about?

Dr. FEI. No, sir. There is no reason why they cannot be tapped. Of course, as a matter of fact, they are being tapped. It is because there aren't enough and they want to do more than they can with their own human and material resources that we are engaged in foreign assistance programs. It is because they do not have enough economists. They come to us and say, "We have a few people. They are not well trained. We would like you to help us train the people so ultimately they can do it on their own."

Mr. MONAGAN. That certainly is not true of all the countries of Latin America. In Chile, Brazil, and Argentina there must be people who can get together an economic plan for recommendation, either to us or to the Inter-American Bank, or some other organization.

Dr. FEI. Yes.

As a matter of fact, we tried to concert our activities with the International Bank, with the OAS, with IDB, et cetera. For instance, take Chile. I do not know the exact case in Chile but I know that there are both AID missions and international organizations helping that country. We do not mean to preempt this as an area. We are working in concert with the "Nine Wise Men," very closely with them. Our Latin America regional office is in virtually constant contact with them.

Mr. MONAGAN. Some members of this subcommittee took a trip last November and December through Latin America. We found that in our missions in different capitals we had expert economists, we had agricultural experts, we had people who were intimately in touch with the economy of the country and I cannot see why these people are not perfectly competent to make recommendations about land reform or about fiscal reform or about tax reform because certainly they had opinions that they communicated to the subcommittee about all these subjects.

Dr. FEI. On these things that you mentioned, I am sure there are many people there who are capable and are working with us on these things. At the same time, they have expressed the need for more assistance because they say, "We would like your help in looking at the problems of land reform. Will you come and help us?" We have had calls from the country, our county mission, our ambassadors. They come back and tell us these things. The nationals of those countries come here and tell us, "We are doing this, but it is not enough. We do not have enough of the expertise."

They ask us to help them. We try our best to see that their needs are met.

Mr. MONAGAN. You spoke about phasing out the technical assistance study group. To what extent will the activities of this group be carried on by your organization?

Dr. FEI. Well, it is because this study group was set up before reorganization, when there was no unit in the AID Agency that looked at the problems posed by technical assistance—the transfer of knowledge, know-how.

Mr. MONAGAN. Somebody must have looked at it.

Dr. FEI. The technical assistance study group was set up for this. Now, because we have a research evaluation unit here, we find now that the functions of that unit should be absorbed. There is no need to continue it as a separate unit. This is why in the chart, the table of organization, it is shown as a temporary unit. We are simply trying to get some of those activities in under the new organization.

Mr. MONAGAN. Does that mean that somebody will still be reviewing the technical assistance programs?

Dr. FEI. Very definitely.

Mr. MONAGAN. Because certainly some of the most helpful things that we have been doing and are still doing—and I refer to Latin America again, and I think of the hoof and mouth assistance in Argentina—are not too expensive, but they are tremendously valuable to the country involved.

Dr. FEI. I could not agree with you more, sir. What we mean by phasing out is not that these activities will not be undertaken but that with reorganization its activities should be continued under the Research and Evaluation Unit. So some of the people are coming into this unit or are in it already, and gradually its functions will be completely absorbed. However, early this year, there was a meeting in Rome where we and all the other countries that are involved in giving technical assistance met and said, "What can we learn about giving technical assistance since we do not want to carry this entire burden ourselves; we want to involve the Europeans and our Allies in this work overseas?" This was a meeting set up just to study the problems of technical assistance and they turned by and large to us and said, "You have been in this business longer. What have you learned about the problems of technical assistance?" You can see there is growing interest on the part of other countries whom we hope will share this burden with us in this field of technical assistance.

Mr. MONAGAN. You referred to power as an important element in the development of some of these countries. I would like to know to what extent you are making use or you plan to make use of the knowledge and the interest of private power companies in the United States, for example, in this field.

Dr. FEI. Our unit at present has no plans in this direction because we are looking at the areas where the large-scale power, gridlines, and so forth, cannot reach the small rural villages where they won't have any power for some time. However, for example, all our activities in the field of power, of helping other governments build dams, put up electric grids, and so forth, as I understand it, none of this we do ourselves in the Agency, of course. It is done through the private enterprise groups in the countries.

Mr. MONAGAN. If we help other governments to build dams, private enterprise doesn't enter into that.

Dr. FEI. When we help another government build a dam, the ones I personally happen to know of, this is primarily done through the other government turning to some company in the United States and saying, "Will you build this dam for us? Will you provide the generator for the dam, will you do the actual building of the dam, furnishing the materials for it?"

Mr. MONAGAN. The point is that a power company might itself be interested in going into some of these areas and also that its people would obviously do research and know the market conditions, know to what extent the power would be used. It seems to me that this is a related field to that in which you are engaged. I wondered to what extent you were making use of this experience and this accumulated investigation.

Dr. FEI. We are, sir, through different means. One is we have in the Agency another staff unit that is involved in what we call private enterprise. Their main function, and as far as I understand from their activities now, one of the things they are doing now is to say, "What are the specific things in which U.S. private enterprise has know-how that could be started over there?"

Mr. MONAGAN. It does not seem to me you can have one agency here and separate it in different compartments from yours. I think there is an intimate relationship there.

Dr. FEI. There is.

Mr. MONAGAN. You may be performing a function or seeking to perform one that is already being performed, or could be performed by these companies.

Dr. FEI. Yes. One of the ways we try to avoid that, of course, is for instance, internally we work very closely with that Office of Private Enterprise when they undertake their activities. They know the sort of things that we are undertaking also. For instance, we have research underway which essentially is to look at ways in which we could involve U.S. private enterprise more in oversea development.

Mr. MONAGAN. In the Agency there are such things as feasibility studies. You are familiar with those, are you not?

Dr. FEI. Yes.

Mr. MONAGAN. To what extent would your organization enter into these preliminary feasibility studies in a specific country?

Dr. FEI. In a specific case this is done by our engineering office. In other words, we consider this much more operations and so when a country says, "We would like to build a dam," and our Agency says, "We will consider helping you out in this," one of the first things they would do would be to have a feasibility study made.

This is worked out between their people and our engineering people who know how to do this job. We would not be involved in this directly. We know it is going on and would say, "Perhaps you would want our help when it gets further along." They are thinking of building a dam and they see the area to be covered and some of the other implications. We would like to add an input into this in caution or suggesting ways and means of studying some of the noneconomic or technical features, in the very narrow technical sense of building a

dam, some of the problems involved. We are in touch with the operating units of the Agency and we know what they are doing.

Mr. MONAGAN. Thank you, Mr. Chairman.

Mr. REDDAN. Doctor, to get back to the solar problem, did you have any discusions with anyone in the Agency about this matter prior to the time that you okayed this memorandum of February 28, 1962, from Mrs. Gulick, that I showed you? Had you had any prior conversations with anyone in the Agency about that project?

Dr. FEI. Other than with Mrs. Gulick, in particular, since she was on my staff and I had charged her with looking at our problems of research in power, and other than with Dr. Winfield, who is in charge of communications media and was one of the people whom I contacted in the Agency when we were trying to explain our functions, to find out what their interests were, what they were doing, and how we in research could serve them, I had talked with Mr. Winfield and Mrs. Gulick, but I did not talk to anybody else.

Mr. HARDY. You did not talk to Mr. Hoke?

Dr. FEI. No.

Mr. HARDY. Did you talk to anybody outside of the Agency, either in industry or in Government?

Dr. FEI. I would not know the exact dates now but from time to time I have been at meetings. For example, I recall one off hand where Mr. Waters' office notified me there would be a meeting where some private company was going to demonstrate a thermoelectric generator. This is very interesting to us. This is not my technical field. I tried to bring in somebody from my office, in this case I believe it was Mrs. Gulick or Dr. Lloyd who had joined our staff at a later date. The staff has just been pulled together. I myself have not been here very long.

I recall that meeting. I do not at this moment recall any other meetings that hit my mind right now in the area of this kind of thermoelectric or solar energy. I believe once, General—well, another company representative came in to see me. This was in connection with the U.N. Conference on the Application of Science and Technology for Less Developed Areas. One company, I am not sure whether it was GE or Westinghouse, one of the bigger electric companies showed me some pictures of certain of their activities that related to communications media.

Mr. HARDY. Did you have any discussions of this project with the Bureau of Standards, or anybody representing the Bureau of Standards?

Dr. FEI. No.

Mr. HARDY. Did you have any discussion with the Army Signal Corps as to any interest they might have or any activities they might have in this area?

Dr. FEI. No; I, myself, no.

Mr. HARDY. Did you have any discussion with anybody in the Congress concerning it?

Dr. FEI. No—in the Congress?

Mr. HARDY. In the Congress.

Dr. FEI. No. I had discussions, now that you remind me, with people outside of the Agency, with some members of the President's Science Advisory Committee, their so-called Development Assistance

Panel, on the Advisory Committee. I met with them once where I presented the outlines of our program.

Mr. HARDY. Was that the entire Committee or just the members of it?

Dr. FEI. This was a meeting of the Development Assistance Panel of the President's Science Advisory Committee.

Mr. HARDY. What was the purpose of your presentation to them?

Dr. FEI. They had been involved, as I understood it, initially in helping obtain congressional authority for initiation of the AID research program. I think Dr. McDermott, who is the Chairman of the Panel, testified in Congress in support of research as an appropriate, in fact essential, function of our Agency.

Mr. HARDY. Did you request an opportunity?

Dr. FEI. No, I did not request an opportunity.

Mr. HARDY. How did it happen that you went down to appear before them?

Dr. FEI. About roughly a year after that Committee had been formed, they said, "Well, almost a year has gone by since we testified and tried to get research into the Agency for Development Research. We would like to know how things are going on."

The Committee met and requested the AID Agency to send someone, obviously myself, to give them a brief review of what we had accomplished up to date, what areas we were working in, and what we were looking at.

Mr. HARDY. Can you tell the committee when that meeting took place?

Dr. FEI. I am sorry, sir, offhand I do not remember. I am sure I can find the exact date for you.

Mr. HARDY. That would be fine. I would like to have it.

(The subcommittee was subsequently advised that the date of the meeting was March 8, 1962.)

Dr. FEI. You are refreshing——

Mr. REDDAN. Excuse me. Did you discuss with them this solar power trip?

Dr. FEI. No, sir, I did not. I discussed with some of the members over the luncheon our need in small power and some alternative possibilities. I think I recall one of the distinguished scientists—I forget his name—telling me that fuel cells, while they were already at the forefront of American technology, were not something that we in the Agency could think of using for some time. That just happens to stick in my mind.

Mr. HARDY. You did not discuss the solar boat with any of them?

Dr. FEI. No. I was discussing sources of power. The project we have here that you are considering is a solar battery recharging center and I did not discuss the solar boat with them, no.

Mr. HARDY. Did you discuss the solar battery recharging center?

Dr. FEI. To the best of my knowledge, no.

Mr. HARDY. Did you discuss solar batteries at all?

Dr. FEI. I discussed sources of energy which could include fuel cells, solar batteries, and conventional gasoline engines and wind power for that matter. I recall again that I discussed solar energy with Dr. Farrington Daniels, who I believe is a member of one of the subcommittees of the President's Science Advisory Committee.

Mr. HARDY. Was that at the same time you had this meeting with the President's Committee?

Dr. FEI. This would be either before or after. Again, I do not know. I will certainly look at the records to see, but Dr. Farrington Daniels is, to the best of my understanding, an authority in the development of this area of use of solar energy.

(The subcommittee was subsequently advised that the date of this discussion was February 2, 1962.)

Mr. HARDY. Prior to the awarding of this contract for the solar boat, or for whatever else has been done in connection with this solar battery proposition, what governmental research agencies or what agencies of the Government conducting research did you discuss this general subject matter with, any?

Dr. FEI. None, sir.

Mr. HARDY. Did you have any discussions with the Hoffman Electronics people prior to the awarding of the contract, you personally?

Dr. FEI. No, sir.

Mr. HARDY. No representative of theirs, either?

Dr. FEI. I do not believe I did.

Mr. REDDAN. Do you know how many companies manufacture solar cells in the United States, Doctor?

Dr. FEI. I know now. I understand that there are two companies that actually manufacture them. I understand that the Hoffman Corp. is by far the largest manufacturer of these silicone solar cells.

Mr. HARDY. Would you identify the other one?

Dr. FEI. I believe it is IRC or IRA. I do not recall the name of the corporation.

Mr. REDDAN. Perhaps someone on your staff may help you.

Dr. FEI. I am sure somebody else will know that.

Mr. HARDY. We will get it for the record.

Mr. REDDAN. Was this contract let on competitive bids, do you know, Doctor?

Dr. FEI. Was this what, sir?

Mr. REDDAN. Was this a competitive bid?

Dr. FEI. No, it was not.

Mr. REDDAN. This was negotiated?

Dr. FEI. To the best of my knowledge, the solar boat was procured through our Commodity Procurement Office.

Mr. REDDAN. That is all.

Mr. HARDY. Thank you, Dr. Fei.

Mr. MONAGAN. May I ask another question?

Mr. HARDY. Mr. Monagan.

Mr. MONAGAN. The chairman in his opening statement said contracts totaling close to $8 million had been let since the beginning of this calendar year.

Could you give us an estimate of what you expect to have available for the next fiscal year and the amount of the contracts that you would expect to let and how these funds are made available to you within the appropriation?

Dr. FEI. Yes. Prior to the end of the fiscal year, of course, all offices that have need for certain funds for their activities submitted their requests to our central programing office, known as the Program Review and Coordinating Staff. We requested $20 million for

fiscal year 1963, to be used for research contracts and grants primarily, although we hoped to do some in-house activity ourselves.

Mr. MONAGAN. That is a matter of allocation of the general funds that are made available to the agency?

Dr. FEI. Yes. Under the authorization for research the agency could allocate funds for this purpose from development grants or any other category of economic assistance included in the congressional appropriation.

Mr. MONAGAN. Thank you.

Mr. HARDY. Thank you again, Doctor.

Mr. Hoke, will you come up, please.

STATEMENT OF JOHN L. HOKE, COMMUNICATIONS RESOURCES SPECIALIST, COMMUNICATIONS RESOURCES DIVISION, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. HARDY. Mr. Hoke, have a seat, and will you give the reporter your name, your address and your present occupation, and then provide the committee with a brief biographical background, please, sir?

Mr. HOKE. My name is John Hoke. I live at 5421 Wanetta Road, Bethesda, Md. I am a Communications Resources Specialist with the Communications Resources Division of AID.

I graduated from Antioch College in 1950 in the field of biology. I have spent my adult years in the field of communications. This is audio-visual aids, motion pictures, and during my last oversea assignment, in which I was with AID, I was Communications Media Officer at that mission. It was at that time that I first became conscious of power problems.

Mr. REDDAN. Excuse me, I could not hear you.

Mr. HOKE. I spent the last 4 years in Surinam as the Communications Media Officer of that mission and it was at that time I became first conscious of this power situation.

Mr. MONAGAN. I didn't hear that, this power what?

Mr. HOKE. The power situation for operating communications equipment.

Following my tour of duty in Surinam I left the agency because of family difficulties. That was in 1961, and I did not return to ICA rolls until January of 1962. At that time I became a consultant and in March of this year I became a full-time appointee as a communications resource specialist.

Mr. HARDY. Will you give the committee the benefit of your employment and occupational activities during other periods?

I do not believe, for instance, you indicated what you were doing between your employment in the ICA and AID. I think we ought to go back a little also to the period immediately following your graduation from college.

Mr. HOKE. When I graduated from school, 1950, I worked for the American Automobile Association as a motion picture and photographic specialist until 1957. Between February and May of 1956, I took leave from the AAA to teach a course in photography for ICA, on a contract, in Panama City.

Mr. REDDAN. When was that?

Mr. HOKE. That was in 1956.

Mr. REDDAN. Was that Chile or Panama?

Mr. HOKE. In Panama. I was on loan from the AAA for that particular period of time.

Mr. REDDAN. You were with AAA from 1950 to 1956?

Mr. HOKE. To 1957. It was during that time that I was let have time from the AAA in order to teach a course in photography in Panama. I believe that was in 1956.

Mr. REDDAN. How did that come about? How did you happen to get that employment?

Mr. HOKE. The ICA asked me if I would do it and, of course, asked my employer if I could be relieved to do it.

Mr. REDDAN. That was in 1956 you say?

Mr. HOKE. 1956 from I believe February to about May.

Mr. REDDAN. Who was your supervisor on that job?

Mr. HOKE. In——

Mr. REDDAN. In Panama?

Mr. HOKE. It would be Dr. Winfield.

Mr. REDDAN. In what capacity was he in Panama?

Mr. HOKE. He wasn't in Panama. He is the one who hired me to do this. In Panama there was a man by the name of Mr. Robinson who was in charge of the workshop.

Mr. HARDY. But you reported to Dr. Winfield?

Mr. HOKE. I reported to Dr. Winfield, yes, sir.

Mr. HARDY. Were you employed by AID in Panama or by the American Automobile Association?

Mr. HOKE. I was employed by AID. I left the rolls, temporarily, of the AAA.

Mr. HARDY. Was it a contractual arrangement or salary?

Mr. HOKE. It was a contract by the day.

Mr. HARDY. It was a per diem compensation?

Mr. HOKE. That is right, and salary for the duration of it.

Mr. HARDY. Your appointment was in the usual form of a w.a.e. employee?

Mr. HOKE. Yes, that is right. In other words, when actually employed.

Mr. REDDAN. You were to do what there, sir?

Mr. HOKE. I taught a course in photography at a communications workshop that was held in Panama at that time.

Mr. REDDAN. That employment lasted for how long?

Mr. HOKE. Until, I believe, May.

Mr. HARDY. From Februay to May?

Mr. HOKE. February to May.

Mr. REDDAN. Then you returned to the AAA?

Mr. HOKE. Yes.

Mr. REDDAN. Did you subsequently become employed by ICA?

Mr. HOKE. Yes. I left AAA, I believe, in February of 1957 and went to Chile to produce a motion picture on housing.

Mr. REDDAN. How did you happen to obtain that employment?

Mr. HOKE. From the Communications Resources Division, again, Dr. Winfield, and I remained in Chile for I believe 3 months, from April until June, at which time I returned to Washington and went on the Foreign Service rolls to take a post in Surinam, South America, for a standard tour of duty.

Mr. HARDY. Your supervisor in Chile was Dr. Winfield. When you took your Surinam assignment, whom did you report to then?

Mr. HOKE. In Surinam I reported to a Mr. Hammil, who was the Mission Director and subsequently, on his rotation, to a Mr. Castleman, who was the Mission Director.

Mr. HARDY. What was Dr. Winfield's job at that time?

Mr. HOKE. He was the Chief of the Communications Resources Division in Washington.

Mr. HARDY. Did you report to him through these other people?

Mr. HOKE. Yes. He would be the one in Washington to whom I was responsible.

Mr. HARDY. What was the nature of your employment relationship in Chile? Was that on a regular appointment as a full-time employee or was that also w.a.e.?

Mr. HOKE. No. That was a contract.

Mr. HARDY. That was a contract?

Mr. HOKE. That is right.

Mr. HARDY. Was that on a per diem basis or lump sum?

Mr. HOKE. It was not on a lump sum. It was on a per diem basis and based actually on the hours worked. In other words, it wasn't in a sense that there was a flat figure. It was only payment for the time actually employed because we were not sure of just how long it would take.

Mr. HARDY. What was the nature of other emoluments that went along with it? Did you have an expense account?

Mr. HOKE. No. I worked on a per diem basis.

Mr. HARDY. Which included your personal expenses?

Mr. HOKE. Well, per diem. In other words, I had to live on it; let's put it that way.

Mr. HARDY. I am talking about your compensation. You had an expense per diem and compensation.

Mr. HOKE. And a salary, that is right.

Mr. HARDY. And your salary was on an hourly basis.

Mr. HOKE. I think it was on a daily basis. I am not sure.

Mr. HARDY. I understood you to say hourly basis.

Mr. HOKE. I am sorry. It was not on an hourly basis. It was on a daily basis while there and I believe it was 6 days a week.

Mr. HARDY. Did you have authority for other expenditures, such as personal expenses?

Mr. HOKE. No. I believe that for procurement locally of anything I needed, I worked through, I guess the executive officer, who approved all actions.

Mr. HARDY. He provided you with supplies, et cetera?

Mr. HOKE. That is right, and also the hire. He supervised the hire of any personnel that were involved in the production of this film.

Mr. HARDY. That terminated in June of 1957 and in July of 1957 you got the appointment to go to Surinam?

Mr. HOKE. That is right.

Mr. HARDY. At that time then what was the nature of your employment? You became a Foreign Service officer?

Mr. HOKE. I became a Foreign Service officer.

Mr. HARDY. Was that Foreign Service officer, FSO, or FSR?

Mr. HOKE. FSR.

Mr. HARDY. Foreign Service Reserve?

Mr. HOKE. Yes.

Mr. HARDY. What was your grade?

Mr. HOKE. My grade at that time was a 5.

Mr. HARDY. FSR-5?

Mr. HOKE. That is right.

Mr. HARDY. That gave you a salary range approximating $7,500 to $10,000?

Mr. HOKE. Yes. I believe so.

Mr. REDDAN. You say you returned to the United States after a tour of 4 years.

Mr. HOKE. Yes, sir.

Mr. REDDIN. Did you complete your second tour of duty in Surinam?

Mr. HOKE. No, I did not.

Mr. REDDAN. Did you resign from the Agency?

Mr. HOKE. I resigned from the Agency.

Mr. REDDAN. Approximately what date? What month did you resign.

Mr. HOKE. I believe I began the process in May or June of that year. I am not sure exactly. I know when I left but do not remember when the situation demanded my doing it.

Mr. REDDAN. When did your employment by the Agency terminate?

Mr. HOKE. My employment in the Agency terminated in September of last year.

Mr. REDDAN. September 1961?

Mr. HOKE. Yes. September 16 of 1961.

Mr. REDDAN. And then what was your employment?

Mr. HOKE. I was unemployed.

Mr. REDDAN. You remained unemployed from September 16 until what time, sir?

Mr. HOKE. Until January 22.

Mr. REDDAN. And where did you become employed at that time?

Mr. HOKE. I did not become employed. That is when I began to try to develop the concept of the solar boat.

Mr. REDDAN. When was that?

Mr. HOKE. During that period of time.

Mr. REDDAN. I thought you said January 22.

Mr. HOKE. I am sorry. January 22 I returned to ICA rolls as a consultant on a WAE basis.

Mr. REDDAN. Consultant in what area, sir?

Mr. HOKE. In the field of communications specifically associated with a type of audiovisual equipment where you have tape and slides interlocked.

Mr. REDDAN. You say between September 16, 1961, and January 1962, you were developing this solar boat project?

Mr. HOKE. That is right.

Mr. REDDAN. Could you tell the committee briefly, sir, what you did in this area during that period?

Mr. HOKE. Well, as I mentioned earlier, while in Surinam I became interested in the problem of power and also impressed with the importance of sunlight as being one of those power sources. I was un-

able to do much in Surinam because I was not able to get equipment to try it. I got a few cells. I bought some of these little demonstrator propeller units that have solar cells in them and cannibalized them and made them into banks which would enable me to try out today's technical equipment, transistorized radios and other things that were available to me in the field. I was aware that this was an important area, this area of micropower, because it would do a job that I thought was valuable.

When I returned to the States I wanted to really take solar cells or some solar conversion of that kind similar to what is used in our space technology, bring it down to earth and try and apply it to some of the existing problems.

At that time I anticipated doing this by the vehicle of a solar boat. I wanted to go back to Surinam. I had always had that desire to test it there because, primarily, of experience. I knew the place well and it was a very punishing area; if I could make something run in that country, I considered it a test that would run it anywhere.

Mr. REDDAN. Terrestrial use of solar cells was not novel at that time, was it?

Mr. HOKE. No. They have been in the Temperate Zones, I believe solar cells are used to power some rural telephone systems. I do not know whether this is still on the experimental basis or not. You are quite right. There is nothing novel about the terrestrial——

Mr. REDDAN. They have been used in power radios and public address systems?

Mr. HOKE. I was not aware of it at the time that they were.

Mr. REDDAN. You have subsequently become aware that that is so?

Mr. HOKE. Yes. I was, however, conscious that in terms of the work I had been doing, and I was still quite oriented to the underdeveloped country aspect, even though I was not with the Agency. I felt that this was one of the major solutions to some of our technicians' problems in remote areas, if hardware could be made less sophisticated than is used in satellites and what have you, the big—they are all solar powered but they are all sheets of solar cells that go around the side of it and are strictly out there.

Mr. REDDAN. In addition to your interest in solar cells and communications media, are you also interested in writing and photography?

Mr. HOKE. Yes.

Mr. REDDAN. Have you done any professional writing?

Mr. HOKE. Yes. I have written several books. Years ago I did one on reptiles and, I believe, around 1956 I did a book on photography for young people. They have all been juveniles, except for one book. While I was in Surinam, as a recreational endeavor I spent a lot of time prowling around in the bush and I studied an animal. I won't bore you with the details of the type of the animal, but I did a study on this animal because it is not well known, and wrote a definitive piece on this animal. In the process of trying to get it published I submitted it to the National Geographic. They purchased this article. At the time I wrote the article I was still employed in Surinam and so I followed the procedures required of having this article cleared. I submitted the article to the National Geographic with

illustrations that had been taken to accompany it and it is yet not published.

Mr. REDDAN. It would be fair to say that you wished to return to Surinam because of its photogenic character and because there might be another story down there that you could write for National Geographic?

Mr. HOKE. Topographically for what I want to do it is very desirable. I personally have always felt that this concept of solar energy——

Mr. REDDAN. Before we get back to solar energy, I want to know whether or not you were at all motivated by a desire to write a story in Surinam which you could sell to the National Geographic Society?

Mr. HOKE. I had already written an article on Surinam.

Mr. REDDAN. I know you had. Did you want to write another one?

Mr. HOKE. Not about Surinam, no.

Mr. REDDAN. What did you want to write about?

Mr. HOKE. I did not say that I—I am sorry, I do not understand.

Mr. REDDAN. I do not want to confuse you, Mr. Hoke, but I do want to find out whether or not this desire to return to Surinam, which you said was a very strong desire, was motivated simply by the desire to test solar cells, or was there any personal objective you had in getting material for a story which you could sell to the National Geographic Society?

Mr. HOKE. My primary motive was to test the solar equipment. I did indeed anticipate the coverage of this kind of a venture, and this is while, again, I was on my own, as a story. I mean this is a matter of public record. I have written it in many documents, which you have seen. This is my own personal conviction that it should be done and at the time I fully anticipated writing a story and receiving remuneration for it.

Mr. REDDAN. From the National Geographic?

Mr. HOKE. From the National Geographic.

Mr. REDDAN. And the National Geographic would not be nearly as interested in a boat going down the Potomac as it would be going up the river in Surinam?

Mr. HOKE. From their point of view, no, I would not think so.

Mr. REDDAN. When you were clearing that other story, could you tell us briefly what procedure you followed and who you cleared it with?

Mr. HOKE. I submitted it to the Mission Director.

Mr. REDDAN. Do you know what he did with it?

Mr. HOKE. He read it, determined it contained no material relevant to my work or detrimental to the U.S. interests in the sense of my discussing politics and what have you. Frankly, it was a technical article.

Mr. HARDY. If you could give any information on politics I might be able to use it.

Mr. HOKE. If you care to know what the article is about, I would tell you. It is quite immaterial.

Mr. HARDY. I think it might be of interest, since we have gotten this far.

Mr. HOKE. All right. I discovered an animal there that I could find no writing on. This was the three-toed South American sloth.

It is a small animal that people pay no attention to, and for good reason. It does not do anything.

Mr. HARDY. What is a sloth?

Mr. HOKE. It is a slow-moving animal that has no economic importance——

Mr. HARDY. This does not belong to the frog family, does it?

Mr. HOKE. No. It is a mammal. It lives in the trees and it is a rather endearing creature. Someone gave one to us as a pet. People brought animals to me occasionally because they knew I was interested in wildlife and I was interested in this animal but I could find nothing written on it, and all my efforts to find something written on it resulted in the fact that I knew as much as anyone else on it, so I wrote about it.

Mr. HARDY. I would like a chance to read that. That sounds interesting.

Mr. REDDAN. Between September 16 and January 22 what steps did you take to bring your plan to fruition?

Mr. HOKE. First, when I got back, I wrote a letter to the Hoffman Electronics Corp., I believe, the Washington office, at which time I visited them to tell them about this idea, the reason being logically that they made solar cells. At the time they were the only ones I knew that did, and I hoped maybe I could interest them in it for the obvious reason that solar cells, the company that makes solar cells would have the greatest motivation in engaging in a venture of that kind.

Mr. REDDAN. Did you want them to contribute anything to the venture?

Mr. HOKE. I wanted them to build it and sail it.

Mr. REDDAN. Who was going to pay for it?

Mr. HOKE. They would.

Mr. REDDAN. What was the quid pro quo? What would they get out of it?

Mr. HOKE. Public attention, I imagine, would be the only thing they would get on it. I did not care that they did or did not. At that particular time my own objective was to accomplish this thing and prove that it works.

Mr. REDDAN. How much were you asking them to contribute to this plan?

Mr. HOKE. I believe that at that time, my first estimate of cost was not very wise in the sense that I was not fully aware of cost, but I think that I indicated that it would cost in the neighborhood of $16,500 to actually conduct the expedition, build the boat and buy the motors and not including the cost of the actual solar panel, which I just had no idea what it would cost because I had no idea quite how big it would be.

Mr. REDDAN. Did that $16,000 include any remuneration for you?

Mr. HOKE. Yes.

Mr. REDDAN. How much?

Mr. HOKE. I was asking at that time a salary that would be based on about $18,000 a year.

Mr. REDDAN. About $1,500 a month?

Mr. HOKE. Yes. No, I think it came to—yes. That would be it.

Mr. REDDAN. For how many months?

Mr. HOKE. I anticipated at that time about a month in the field and then whatever other time would be associated going to and coming from it.

Mr. REDDAN. A total of about 4 months?

Mr. HOKE. I think so. Four months.

Mr. HARDY. I think this is as good a place as any to stop for lunch. Let's adjourn and return at 1:30.

(Whereupon, at 12:10 p.m., the subcommittee adjourned to reconvene at 1:30 p.m., the same day.)

AFTERNOON SESSION

Mr. HARDY. Let the subcommittee come to order. Mr. Reporter, let the record show the presence of Mr. Monagan, Mr. Griffin, and myself, constituting a quorum under the committee rules.

Mr. Hoke, will you resume the stand, please, sir.

Mr. REDDAN. Just prior to the noon recess we were discussing, Mr. Hoke, a period between September 1961 and January 1962, at which time you were seeking to develop some interest on the part of manufacturers and others in this solar cell power program you had there. I believe you said you had approached the Hoffman Electronics Co. with a proposition which contemplated their supplying the power equipment and other necessary material, and financing the expedition, such financing to include your salary. I think that is where we left it.

What were the results of your discussions with Hoffman on that?

Mr. HOKE. I met in Washington with a Mr. Lyons, who was one of the representatives in the Washington office of the Hoffman Corp.

Mr. REDDAN. Can you tell approximately when this was?

Mr. HOKE. This was in mid-August, I cannot give you the exact date. It was somewhere in mid-August.

Mr. REDDAN. Had you talked to Dr. Winfield about this before you went up there?

Mr. HOKE. Only informally in that I had told him about my idea, namely, that I had an idea that I was hoping I might get someone to do, but I had not discusssed it in terms of Hoffman or in terms of anybody. I did not care who did it.

Mr. REDDAN. Go ahead, sir.

Mr. HOKE. Then Mr. Lyons, I believe, had occasion to talk with the public relations people of the main corporate office in California. I, shortly following that, got a letter from a Mr. McCarroll, who is the public relations man for the Hoffman Corp.

Mr. REDDAN. Let's see if we can move along a little quicker. Were you successful at this time in getting the support of Hoffman?

Mr. HOKE. No. As I say, they went through a phase of looking at it and then finally they said they could not afford it.

Mr. REDDAN. Then what did you do?

Mr. HOKE. The next thing I did was to start a series of letters, trying the next known company that I felt might be interested, which was the International Rectifier Corp., IRC mentioned earlier this morning.

Mr. REDDAN. Whom Dr. Fei mentioned?

Mr. HOKE. Yes, sir. I will not go into detail about that except I had quite a string of correspondence with that corporation in which we

discussed problems, technical and financial, and the financial picture they indicated was pretty rough. I could not argue with them about it except it came to a pretty high figure. They finally just petered out and did not answer.

At the same time I began exploring military possibilities, find out if the military had any way of handling this kind of a private idea. I ended up talking with the Army Research Office people at Arlington Hall, here in Washington. I initially presented this to a Dr. Wilson.

Mr. REDDAN. Before getting into that, did the International Rectifier people indicate a desire to participate in this?

Mr. HOKE. At first the only man I dealt with was their public relation man, a Mr. Wilson. At first they thought it was a very interesting project, but they had to look into it in terms of corporate feasibility and costs, and they apparently were unwilling to finance the construction of a panel of the magnitude that was necessary for this thing. Also they had a large panel that existed already that they had been using on this automobile that you may have seen, and occasionally they show it, and old Baker electric car with a big panel on the roof. They confessed in a letter that this panel was a little touchy to handle, that it had to be in the hands of a technician, that it frequently broke its circuit or in one way or another did not perform, and their scientists did not feel that particular panel already built could be applied. Shortly after that they simply dropped out of the picture.

Mr. REDDAN. Did they say they would be interested in it if you could interest some agency or somebody else in participating in the costs?

Mr. HOKE. I believe they may have been the ones in the letter that asked me to check out with military people as to whether they might get help like funding it in one way or another. In fact, that may have been where the stimulus came to the Army. I told them what I was doing. I do remember writing a letter informing them I was going to the Army Research Office.

The type of grant I was looking for, which was available on this kind of basis, was reimbursement of an expedition. There is a branch of the Quartermaster which has that provision, that they will fund or loan equipment, or in one way or another support private sector expeditions. I was actively putting through a process, and I put through a proposal that I wrote up to the Army Research Office.

Mr. REDDAN. I show you, Mr. Hoke, a photographic copy of a letter from the International Rectifier Corp. to you. It is undated. Could you establish for us the approximate date of that letter?

Mr. HOKE. I cannot, except that I believe that it was the first response to my letter of September 8. No, I wrote a letter on September 8 as a proposal. That is that copy you have, which is very poor to read, very gray. Then on September 29 I queried them again, asking them if they had received material and in the event they had not, I sent them another copy of the proposal.

I then received immediately a response to this, it may have been, probably was early in October, maybe October 1—I am sorry, the leter is undated—their answer which was a response to my letter of the 29th.

Mr. REDDAN. Would you look at the second page of that later, I believe it is the second paragraph on page 2, where they indicate their interest.

Mr. HOKE (reading):

At this time I cannot see my way clear to be optimistic about the possibility of the company supplying a panel for the contingent publicity because of the large cost involved. If you could locate some individual or agency to subsidize this cost in part, perhaps we would investigate the project further. It is certainly an ambitious program, and would be most interesting as a demonstration of these new cells.

Mr. REDDAN. That is the paragraph I had reference to. After you interested AID in this project, did you again contact International Rectifier Corp.?

Mr. HOKE. No.

Mr. REDDAN. In light of their expressed interest?

Mr. HOKE. No.

Mr. HARDY. Can you pursue what happened with the Army?

Mr. REDDAN. I wanted to get back to this.

Mr. HARDY. All right.

Mr. REDDAN. Now we come back to your approach to the Army Was it the Quartermaster Corp?

Mr. HOKE. That is right. I cannot tell you exactly when I met with the people, but as a result of meeting with the Army Research Office I prepared a proposal, which you have a copy of, dated October 24.

Mr. REDDAN. I have one here which is undated.

Mr. HOKE. It is the bottom of the last page.

Mr. REDDAN. Six pages. It is unsigned, I mean, a typewritten signature. October 24, 1961. That is the proposal you submitted?

Mr. HOKE. That is the proposal.

Mr. REDDAN. Incidentally, this particular document refers to certain enclosures that you sent over. We do not have them. They were never submitted to us. Can you tell us what those enclosures were?

Mr. HOKE. Let me see in what frame of reference that is. The file of recent active correspondence would be probably the initial letters of the Hoffman people, the more interested letters of the Hoffman people, who by this time, as I said, turned it down, and the IRC people.

Mr. REDDAN. What was the result of your approach to the Army?

Mr. HOKE. The Army Research Office expressed interest and began the administrative machinery, which involved checking with qualified persons, substantively qualified persons, in the field to determine whether the actual objective was technically feasible.

Mr. REDDAN. What objective?

Mr. HOKE. The objective of the powering of the craft, of the system, not the——

Mr. REDDAN. Was there any real question as to whether or not——

Mr. HOKE. The Army always has questions until they ask their specialists, I am certain. Their idea is they like the thing, it sounds fine, but they want to send it down through various divisions to find out if they agree with my findings, which they did.

Mr. REDDAN. Do you know whether they were doing any research in the field of solar energy?

Mr. HOKE. I talked with Mr. Marshall Aiken, who is in charge of a branch of the Signal Corps known as Exotic Power Supplies, and described this venture to him, asking him if this kind of venture was something that was worthwhile for the application I had in mind, which was terrestrial application.

I was interested primarily in knowledge that it was technically feasible. He advised me, informally, of course, that they, of course, are interested in the uses of solar energy along with many other kinds of power supplies. So to that extent I am sure if they were building a solar craft, I am certain he would have told me. It turned out they were not.

Anyway, each of the people who had reason to be interested in this thing was consulted. In each case the individual's substantive area, such as exotic power in the case of the Army, transportation in the case of their interest in this thing as a craft, came into being.

Mr. REDDAN. You have not told us anything about the craft.

Mr. HOKE. The craft was a design which I used myself in Surinam, which was built on the basis of a native design when I was out prowling in the bush, particularly studying the animal we referred to this morning. I built it because I could not get close to some of these animals, and in order to study them and take pictures of them I had to do it noiselessly. This was my own combination. I did not design the craft. I copied it from a Haitian design. Nothing new about it at all.

Mr. REDDAN. A Haitian design?

Mr. HOKE. Apparently it was a Haitian design.

Mr. REDDAN. Your boat was collapsible?

Mr. HOKE. Yes; the sides folded up, you could stack a whole navy worth of them in the back of your station wagon. I only had one. I had an electric motor which would drive this craft. I am certain you can now see as a result of my prowling around in the bush what one of my No. 1 problems was, which was the range which I could go with this thing. I had a limited range, the number of hours this battery would provide electricity. Then you were through.

This is one of the first times that the idea of trying to combine a free source of power, which would make that craft independent of a base, brought it up in one point of view as a military item.

Mr. REDDAN. Were you approaching the Army on this thing from the standpoint of solar power or from the standpoint of a military vehicle?

Mr. HOKE. I personally was interested in the solar power per se, but in approaching the Army I naturally had to orient this same objective in a direction that would have reasonable purpose to them. The purpose to them would naturally be of a military nature. This is a device which I felt could be considered a military tool.

Mr. REDDAN. Did they participate or ever agree to participate in this venture?

Mr. HOKE. They ended up not participating in it, not because they were not interested in the venture, but because they were not interested in several aspects that I felt were equally important and the ones I am sure you are interested in hearing. I mean the direction that it appears to be. I felt an important aspect of this venture was the proper public attention to the terrestrial application of solar energy. The question of whether it is used as a military weapon or the question of whether this same thing can be turned around and used as a power supply to run any kind of tool of communications—be it transceivers, transmitters, radios, television—the fact remains here was an extremely useful free source of power if the cost could get down.

Mr. HARDY. Will you tell us what you mean by "public attention" as you use it?

Mr. HOKE. My feeling on the public attention is if this event will, one, prove the technical feasibility by the simple expedient of under extremely rough conditions prove that this power supply will operate in the hands of a layman—not a technician—and will operate simply, simple to repair and maintain, it has tremendous potential. This is something I feel and have always felt to be in the best public interest, that in some way this be brought to public attention.

Mr. HARDY. Do you mean that if you could demonstrate that this solar power could be used under rough conditions—is that what you mean?

Mr. HOKE. Yes, if it would work under those conditions, it could be interpreted to work just about anywhere.

Mr. HARDY. What would be different, the kind of roughness? Again we get into questions of what we mean by the terms we are using. Would it be the kind of roughness that would be applicable to solar cells? What would be different in Surinam from other places?

Mr. HOKE. The only choice of Surinam as against something comparable, such as Panama or Venezuela or anywhere, is a question of the fact that I have convenient coincidental knowledge of the area.

Mr. HARDY. So that Surinam, as such, had no particular reason for its being chosen except that you were familiar with it?

Mr. HOKE. And that the other people that would participate in this thing, the one important person who would go on it also was familiar with it, and also that there were other factors from an environmental point of view. This familiarity is also accompanied by a knowledge of the people that are there in the interior not being the ones likely to give you trouble.

Mr. HARDY. From a standpoint of this, I am trying to think in terms of hardship or difficult conditions under which you proposed to operate this craft, and particularly the solar cell——

Mr. HOKE. The system.

Mr. HARDY. That is your key to the satisfactory operation. Is there any reason that there would have been any major difference in the effect on this solar cell system in Surinam and in any other place of about the same latitude?

Mr. HOKE. I do not think so. From a technical point of view, the objective—the reference was made this morning to the Thor missile—the objective is to throw it out. Whether you throw it to the east or to the west is immaterial.

Mr. HARDY. It does not make a lot of difference. The question is whether or not it will go, and go where you want it.

Mr. HOKE. Right. The environmental test I had in mind, the choice of Surinam was influenced, the actual decision on Surinam was influenced largely by the question of my knowledge of its being there.

Mr. HARDY. You knew Surinam was there and you knew Surinam and you had written an article about it, and it might give you an opportunity for further extending your experiences?

Mr. HOKE. I had not written an article about Surinam. I wrote an article about the animal, and the question of whether Surinam is mentioned will be strictly up to the editor.

Mr. HARDY. I wish we had a picture of that three-toed sloth. Do you have one here?

Mr. HOKE. I just happen to have one, if you want it. It is not right here, though.

Mr. HARDY. I would like to see what we are talking about.

The choice of Surinam then actually was not, as far as you are concerned, because of the nature of the people particularly, but it was the locale?

Mr. HOKE. That is rather important to me in that if I were to take a choice of A and B and I know the people who live in B but in country A they are headhunters, I will take country B first.

Mr. HARDY. Could you not find some place else without headhunters that would be about the same latitude?

Mr. HOKE. There is another thing, too. I do have familiarity with the topographical aspects. I have been up many of the major rivers of Surinam, and I know the nature of the rapids. I am not sure Panama, for example, would do unless I looked at it because if they have very tortuous terrain and water falling all over the place, I could make a very serious error in choosing Panama because I may not be able to sail anything on their rivers.

Mr. HARDY. That would not be too hard to find.

Mr. HOKE. No; I do not imagine it would be, but I would like to eliminate in a test of this kind all factors other than the ones that are immediately important—the presence of a tropical, extremely humid situation, in this case a water environment, that will give me a good combination of a sailing situation and rapids that have to be transnavigated because one of the things I want to do is tear that whole thing apart and pick it up and carry it out around and put it back together again and see how much punishment this thing can take dragging it through the bush, handing it over to other people to carry—just how flexible a tool is this power supply, can it be treated that way? There are a hundred and one—no, there are more than those considerations of things that can go wrong that absolutely cannot be predicted in a laboratory.

Mr. REDDAN. Can you not tear it apart here and carry it around the bush?

Mr. HOKE. Yes; you could, but the question of whether the heat down there, combined with the humidity and differential change of temperature from day to night will cause the cells to pull away from their backing, this you do not know. I do not think I need tell you——

Mr. HARDY. What you are doing is you are limiting this application and your testing to a particular climate and perhaps for a reason but there are other climates where it might be just as important.

Mr. HOKE. I was not interested in the limitation, I was interested in the extreme. If it meets the extreme, I am not concerned about Arctic conditions because I believe testing has been pretty well done there. There are applications of solar energy taking place in cold climates. This is something also from the standpoint of my latent experience with AID programs, which all through this thing have always been the thing that started me in the solar belt, 45 degrees above and 45 degrees below is where the majority of these underdeveloped countries lie.

Mr. HARDY. You say there have been extensive applications or tests of solar energy in other climates, notably Arctic climates. Do you know for a fact that there have not been similar tests in your solar belt?

Mr. HOKE. No, I do not know except that in my talking with people and in the writing and correspondence that I have engaged in with both the Hoffman Corp. and IRC, I cannot believe they would not mention some example.

Also in my talking with Mr. Aiken in the Exotic Power Division of the Signal Corps, I cannot believe he would not have brought this up to the effect of saying, well, I saw something like this before, do you know they are trying to do this or that?

Mr. HARDY. How do you know they would not have been just as enthusiastic about your taking it to Alaska? That is, from the standpoint of proving——

Mr. HOKE. They might have been, but I had come with a workmanlike, completely formulated idea, had drawn it up in the form of a proposal. The question was: Is this proposal a good idea or not?

Mr. HARDY. That is the thing I was trying to get at. Actually, you do not know whether the locale you chose had any major significance to them or whether they would have been just as interested if it had been located somewhere else?

Mr. HOKE. I imagine that is true.

Mr. HARDY. Thank you.

Mr. REDDAN. Just one point there, Mr. Hoke. You mentioned that you wanted to see how this machinery would operate if it was handled by a layman. Did you have any layman in mind in particular to handle it on this cruise?

Mr. HOKE. Mr. Burgett is the other gentleman I anticipate going on this venture. He is not an electronics engineer, although he knows basic wiring. I am not an electronics engineer, although I am pretty versed with electromechanics to the extent that I was able to design, diagram, and lay out this thing.

Mr. HARDY. Who did you say was going with you?

Mr. HOKE. Mr. Burgett. He is a man with the mission in Surinam. I have personal knowledge of his experience in dealing with the interior. He has been out many times. He has been with me.

Mr. HARDY. He and you together could get by the natives if you ran into trouble?

Mr. HOKE. Yes; that is a concern.

Mr. REDDAN. What position does he hold?

Mr. HOKE. He is an agricultural information officer with the AID mission to Surinam.

Mr. REDDAN. How many others were going on this expedition?

Mr. HOKE. There are the people that will help us logistically.

Mr. REDDAN. Who would these be?

Mr. HOKE. Natives, nationals.

Mr. REDDAN. How many?

Mr. HOKE. Probably six. Inasmuch as there is a lot of equipment associated with this venture——

Mr. HARDY. How big a boat would you have?

Mr. HOKE. Let me explain the structure of the expedition before you worry about how many people we put in the boat. The boat itself

will carry the solar gear and run on it, and there will be a service boat that accompanies this boat because we are carrying a lot of additional equipment which we wish to test also, and also these listening centers that were referred to this morning which we wish to set up.

Mr. HARDY. Your logistics people would not travel on foot on the bank while you were on the river?

Mr. HOKE. No. Also, as I told you, long ago I approached the National Geographic on this thing because I thought they were peculiarly oriented to this kind of venture, and I wanted to get their interest in it. At that time, when I first talked to National Geographic, I was on my own.

Mr. REDDAN. You mentioned that several times, Mr. Hoke. Did you talk with National Geographic after you went with AID?

Mr. HOKE. Yes, I did, because that was a continuing thing. You have to realize that throughout this whole venture I have been in several different capacities.

Mr. REDDAN. You said prior to going with AID you talked to National Geographic about the possibilities of writing a story.

Mr. HOKE. That is right.

Mr. REDDAN. You mentioned several times this was prior to your going with AID.

Mr. HOKE. Yes.

Mr. REDDAN. I wanted to know whether you discussed this with them after going with AID.

Mr. HOKE. Yes.

Mr. REDDAN. When was the last time you discussed it with them?

Mr. HOKE. The last time I spoke to them was when they finally, after all these months, decided they were interested. Their argument was: You find somebody that is going to back this thing—whether it is the Army, a company, or whether it is an agency of Government—and when you have that, then is the time to really consider the execution of this process as far as we are concerned, whether we should send a man along.

Mr. HARDY. Then to the extent that you have had as a major concern a relationship which you were promoting with National Geographic, your main mission was to get somebody to back this thing, so you went to Hoffman Electronics?

Mr. HOKE. Yes.

Mr. HARDY. You went to International Rectifier Corp.

Mr. HOKE. Yes.

Mr. HARDY. Then you went to the Army.

Mr. HOKE. Right. Only in this case I had a divided situation. I was trying to get a company to build it and the Army to fund the expedition. The Army would never build it.

Mr. HARDY. You finally got AID. How did you get back home?

Mr. HOKE. When I went to AID, I was hired as a consultant on January 22 on an entirely different matter.

Mr. HARDY. In the back of your head was: How in the Sam Hill can I figure to get AID to do this little deal?

Mr. HOKE. No. In the back of my head was the constant feeling to get this job done, which I had in a perfectly honest, Horatio Alger way——

Mr. HARDY. I do not think there is anything improper about it, but is that what happened?

Mr. HOKE. That is not what I was thinking. I had started this, I was trying every tack possible to do it because I thought it was important. Strangely enough, I did not myself direct AID's attention to it except other than the fact that everybody I knew there knew I was interested in this venture.

Mr. HARDY. Did you get somebody in Congress to help you direct AID's attention to it?

Mr. HOKE. Not AID. I had worked on someone in the Senate to try and get Hoffman's interest in the thing up.

Mr. HARDY. Did it do any good?

Mr. HOKE. Yes, it did.

Mr. HARDY. What good did it do? Maybe we are not as effectual up on the Hill as we sometimes like to think we are.

Mr. HOKE. The first time this thing began to show some new life—incidentally, there were discouraging periods in this thing—I found that Mr. Hoffman, who is the owner of the overall corporation of the Hoffman Electronics Corp.—this was after IRC had fallen out of the picture—he apparently was in Washington for some occasion, and my friends who were interested in this thing in the Senate, Mr. Neal Peterson called me and said he thought maybe he could arrange to find out if Mr. Hoffman knew about it.

Mr. HARDY. Mr. Hoffman himself?

Mr. HOKE. Mr. Hoffman himself; that is right.

Mr. HARDY. You had talked to people in his organization?

Mr. HOKE. Yes, I did not know where they fitted, so I did not know whether he had or had not heard of it. An opportunity came to meet with him.

Mr. HARDY. Mr. Neal Peterson is who? I have not heard about him before.

Mr. HOKE. He is associated with Senator Hubert Humphrey, who is interested in solar energy, as I am sure you are aware. I naturally went to him because I had heard of his interest in solar energy and, frankly, at this point I was trying anybody to give this thing an honest evaluation and try and execute it. I believe I told you before the meeting that one of the things that has always been in the back of my mind is in a month's time energy falls on the earth that represents our entire reservoir through history in terms of coal, fuel, and all that stuff. This to me is one thing that has been fascinating, and it is free, too.

Mr. HARDY. Until that poor old sun burns out.

Mr. HOKE. We have got a long coffee break before we have to worry about that.

Mr. HARDY. I hope so.

Mr. REDDAN. This is free only if you get financing.

Mr. HOKE. Sunlight is free, capturing it now is not. That is the long and short of it. That is the real problem. But Mr. Peterson arranged for me to meet with Mr. Hoffman. It turns out—I do not wish to embarrass them—Mr. Hoffman had not heard anything about it and did express considerable interest in this thing, wanted to know the details of this venture, what was involved, what I was doing then. I told him I was still trying to move this thing and at the particular time I met him I was on my own.

Mr. REDDAN. When did you meet Mr. Hoffman?

Mr. HOKE. I met Mr. Hoffman, I believe, in January. Yes, between January 8 and 10. You will find, I believe, an interoffice memo that resulted from all this later which, of course, gives all these dates.

Mr. REDDAN. In whose office?

Mr. HOKE. In Mr. Hoffman's office in Washington.

Mr. REDDAN. Did they supply you with a copy of the memo?

Mr. HOKE. Yes, they did. It is one of the ones you have.

Mr. REDDAN. January 11, 1962?

Mr. HOKE. I do not know if that is the date.

Mr. HARDY. At that time you were consultant for AID?

Mr. HOKE. No, I was not, at that time. Mr. Hoffman was extremely interested in this venture, wanted to look into it with his people, his technicians primarily. Once again somebody had to technically look at this thing and subject it to the slide rule to be sure, and also the question of what it would cost on the basis of their substantive knowledge of their own field. I could not really predict what the solar cells would cost in that format or what have you. Actually, I had not established a format.

Mr. REDDAN. At this time you were employed by AID?

Mr. HOKE. No, I was not.

Mr. HARDY. This was January 11, I believe. Verify that.

Mr. HOKE. January 22 is when I became a consultant for AID.

Mr. HARDY. Let us see if we can establish this date as January 11.

Mr. REDDAN. Yes.

Mr. Chairman, may we put this memorandum in the record as an appendix? It is an interoffice memorandum of the Hoffman Electronics Corp., dated January 29, 1962, prepared by Mr. John R. O'Brien.

Mr. HARDY. Without objection, it will be appendix IV, p. 255.

Mr. REDDAN. Mr. Hoke, is this interoffice memorandum dated January 29, 1962, the memorandum which was supplied to you, a copy, that is?

Mr. HOKE. Yes. This has a pretty good background.

Mr. REDDAN. At the time you received that you were an employee of AID?

Mr. HOKE. Yes, when I received this I was. I had been on about a week.

Mr. REDDAN. Did you read that when it was sent to you?

Mr. HOKE. Yes.

Mr. REDDAN. Did you notice the recommendations that were contained in it and the statement with respect to Mr. Hoffman's appraisal of this project?

Mr. HOKE. Yes.

Mr. REDDAN. If you look at page 3, the bottom of the page, the fifth item down there, you will notice the statement to the effect that Mr. Hoffman suggests that they negotiate with Hoke for his services as a consultant and a leader of this expedition.

Mr. HOKE. Yes.

Mr. REDDAN. Did they ever approach you on that basis?

Mr. HOKE. No, because I was at the time——

Mr. REDDAN. Did you notice the recommendation on the last page, the recommendation which says in parentheses—perhaps you would like to read it.

Mr. HOKE. You mean item 3?

Mr. REDDAN. Yes.

Mr. HOKE. Availability of expedition personnel——

Mr. REDDAN. No, it is item 2, the last sentence.

Mr. HOKE (reading):

Hoke is available, with several days' notice, for consultation and discussion during the formative stages of developing the overall plan.

This was true.

Mr. REDDAN. Did you ever discuss with them the propriety of their suggestion that perhaps they could negotiate with you for your services as a consultant?

Mr. HOKE. I did not, there, no.

Mr. REDDAN. Did you ever?

Mr. HOKE. I did when I visited the plant in California. Actually, they raised the question.

Mr. REDDAN. Who raised the question and when was it raised?

Mr. HOKE. Mr. Hoffman, in California.

Mr. REDDAN. What did he say?

Mr. HOKE. He asked me if I would like—he said, "Our interests seem to be parallel. Would you consider working for us?" I treated it rather facetiously and I said, "Well, make me an offer, but I don't think it would be appropriate."

Mr. REDDAN. Excuse me, I did not understand.

Mr. HOKE. I said that any time anybody offers me a job, make an offer, but I don't think it would be appropriate in relationship to this venture, because I was by that time employed by AID.

Mr. REDDAN. This was when?

Mr. HOKE. This took place in February, between February 12 and 15, when I made a trip to the coast at their expense.

Mr. REDDAN. I would like to show you a letter dated February 9, 1962, a photostatic copy of a letter to Hertz Rent-A-Car Service and ask you if you have ever seen the original of that.

Mr. HOKE. That is right; I did have an automobile.

Mr. REDDAN. Would you read that, please?

Mr. HOKE. It says—

Mr. Hoke is employed by us as a consultant and this, of course, is on a temporary basis.

Mr. REDDAN. Is that true?

Mr. HOKE. No, I was not.

Mr. REDDAN. You were not employed?

Mr. HOKE. No.

Mr. REDDAN. Did you know that they had written that?

Mr. HOKE. Frankly, I did not read it. I handed it to the Hertz Car Co. when I arrived at Los Angeles. It was in a sealed letter.

Mr. REDDAN. How do you know this is what was in there?

Mr. HOKE. They said it was a letter to the Hertz Co. to credit me with an automobile or provide me an automobile at Hoffman's expense.

Mr. HARDY. Let us see if we can understand. Where did you get this letter?

Mr. HOKE. I got this letter from the Washington office prior to my leaving.

Mr. HARDY. It was a sealed letter addressed to Hertz?

Mr. HOKE. It was not sealed, it was a letter in an envelope. They said, when you get there, give it to the Hertz Car Co.

Mr. HARDY. Not sealed?

Mr. HOKE. No; the flap was tucked.

Mr. HARDY. Did they give you a copy for your use?

Mr. HOKE. I did not have a copy that I know of. I do not believe I had a copy of it. It was only a letter to the Hertz Car Co.

Mr. REDDAN. Can you give the subcommittee any reason why they would say you were employed if you were not?

Mr. HOKE. An error is all I can say. I can tell you the effect on myself. I mean, I was not.

Mr. REDDAN. We can take that up with the Hoffman people later, but you say you were not employed?

Mr. HOKE. I was not employed.

Mr. REDDAN. What period of time were you out there?

Mr. HOKE. I was out in California from February 11, a Sunday, when I traveled, of course, and February 15, the whole of the day, and I returned that night.

Mr. REDDAN. When did you leave Los Angeles?

Mr. HOKE. I left Los Angeles in the evening of the 15th.

Mr. REDDAN. You did not leave the morning of the 16th at 6 a.m.?

Mr. HOKE. I do not think so. I thought that was a 10:30 sleeper.

Mr. REDDAN. You arrived back in Washington when?

Mr. HOKE. I arrived back in Washington in the early hours of the morning. I believe I took a plane that leaves around 10:30 at night, if I am not mistaken.

Mr. HARDY. Mr. Reddan, how much of this kind of detail are we going to get into here?

Mr. REDDAN. We just have this.

Mr. HOKE. I would appreciate this particular area being cleared up, too, if detail is needed.

Mr. REDDAN. I would like to show you a Thermo-Fax copy of what appears to be a travel expense report on the letterhead of Hoffman Electronics Corp., a form of theirs, dated February 18.

Mr. HOKE. I am aware of that form.

Mr. REDDAN. I would like to show you this, sir, and call your attention to the notation at the bottom of the page which indicates a departure date from Los Angeles of 6 a.m. February 16. Did you make out that sheet?

Mr. HOKE. I did not write this form. I provided them the data, but if I came back at 6 a.m., I am confusing the second trip I made recently, but I was pretty certain I came back at midnight, flew in on what they affectionately call "The Redeye Special."

Mr. REDDAN. In any event, you were not in Washington on the 15th; is that right?

Mr. HOKE. No.

Mr. REDDAN. Were you paid by AID for your services on the 15th?

Mr. HOKE. I was paid 1 day's service on the 15th because while I was in California and had finished the business for which I had gone out on the solar boat, I wished to go and see some equipment that was being built in another plant of the corporation for the shop that I was working with, which was equipment I had earlier made some specification changes on. This equipment was in this other factory being modified. I felt that since I was there, it was in the best interests to go down and look at it.

Mr. REDDAN. Who directed you to do that?

Mr. HOKE. No one directed me to do that. I did that on my own initiative.

Mr. REDDAN. What equipment did you look at and where was it?

Mr. HOKE. I looked at three community listening centers.

Mr. REDDAN. Those were the community listening centers Mr. Hoffman wanted you to take on this trip; is that right?

Mr. HOKE. No; they were the first prototype, maybe not prototype, but the first units I ever saw that were purchased by the Communications Resources Division actually before I was even back in Washington. I knew nothing about them until I first looked at them at Dr. Winfields request to give an evaluation of them. I had some pretty strong feelings about how they were built.

Mr. HARDY. When did Dr. Winfield instruct you to look at these?

Mr. HOKE. I do not remember when, but I believe I was visiting his office once, and this is while I was off the roll, and to the best of my knowledge, it was somewhere in the fall, maybe November. There is a memo of my objections to it, which would have obviously resulted from his having asked if I would mind taking a look at it.

Mr. HARDY. Did Hoffman Electronics pay your transportation costs to and from California?

Mr. HOKE. Yes.

Mr. HARDY. Hoffman Electronics, under your testimony here now, paid for your transportation in order for you to perform a day's work for AID out in California?

Mr. HOKE. They did not know that, and if I was in error in availing myself of the opportunity to look at this equipment——

Mr. HARDY. I am having a little trouble seeing how it can be interpreted in any other way than that you were working for both at the same time.

Mr. HOKE. I was not working for them. I was only out there to try and explain my project because I was not paid by them. But while out there they had offered—this is a letter from Mr. Hoffman offering to pay my expenses out there because he knew——

Mr. HARDY. I am not concerned about that. He paid your expenses out there to see about your interest in this solar boat thing in which he was interested, too.

Mr. HOKE. Right.

Mr. HARDY. Now you get out there and AID pays you for a day's work out there as a consultant, but Hoffman pays your way out there to do their work; is that what you are testifying to?

Mr. HOKE. In effect, that is what happened. I am sorry if they feel I have misused it.

Mr. HARDY. I do not know what they feel. I have not asked them. I am trying to establish the situation.

Mr. HOKE. The situation was I was sent out there to work with them on the solar, to discuss with them the solar boat. I conducted the business about the solar boat in the 3 days that had been originally planned.

Mr. HARDY. That discussion was to be in your interest and in their interest?

Mr. HOKE. Right.

Mr. HARDY. Not AID's interest?

Mr. HOKE. Right; for which they had paid my way out and back. While I was there I made the decision—actually it was not a question of decision, but it was a question of desire to go see this equipment, since I was already there, and it would not entail additional transportation cost, at least not important, other than the mileage to and from the hotel to go see it. Naturally, it is true that I stayed an extra day. Whether I paid a whole day's room for having done that or not, I do not know. If the wisdom of my having done that was questioned because it should not have been done, I am sorry, I did not give it a thought at the time. I merely took advantage of the fact that I was in Los Angeles.

Mr. HARDY. We are not trying to pass on the wisdom or propriety of anything at the moment. We are merely trying to establish what the factual situation is.

Mr. HOKE. Three days were devoted to the discussion around the solar boat in my own capacity for which I did not, of course, receive AID payment because I was on a WAE and did not claim it, of course. I was not reimbursed for this time by Hoffman, either. There was not any question, I did not ask for it, and it did not come up.

Mr. HARDY. Did you receive anything else of value from Hoffman?

Mr. HOKE. While I visited their plant, they gave me two pieces of equipment which they make. One of them was a solar-powered little transistor radio and a phonograph, both deposited in my shop when I returned.

Mr. HARDY. Now the items you went to see, did I understand they had already been purchased by AID?

Mr. HOKE. That is right.

Mr. HARDY. What were they doing out there?

Mr. HOKE. When purchased by AID the equipment was sent to Washington. I happened to see it. Dr. Winfield was interested in my seeing it because I knew field conditions pretty well and so I looked at these receivers. There were four of them. I wasn't happy with them because they were not—it wasn't a question of their capability, they ran on sunlight, there is no question about it, but the hardwearing of them was not oriented in the best way for long performance under severe field conditions. There were certain hookups that I did not think were going to last long and I did not like the idea of the solar cells being exposed as they are in space. This is no reflection against the people who make solar cells for not covering the cells in space. My concern was little boys throwing rocks and things like that, if these things were on the ground, and I wanted them covered. That is just one example of the mechanics.

Mr. HARDY. Well, let's see if we can pin this thing down: You saw these instruments in Washington?

Mr. HOKE. That is right and I imagine on the basis of my recommendation which I gave to Dr. Winfield they were returned for modifications along the lines of the ones I recommended and I believe there were some other points that other people raised who were interested in it, too.

Mr. HARDY. Were these units that you inspected in California the ones you had seen in Washington?

Mr. HOKE. Yes, they were the same. They made the changes.

Mr. HARDY. And the changes had been made?

Mr. HOKE. That is right. Actually when I saw them again down at the plant I asked for a few more changes because one of the problems was covering the cells. The way in which they were covered, using rubber gaskets and what have you to protect the cells——

Mr. HARDY. What happened to them after they were sent back to Washington?

Mr. HOKE. They were not sent back to Washington, they were shipped directly abroad to field tests in certain areas. I don't know where, myself.

Mr. HARDY. You made the final inspections before they were shipped?

Mr. HOKE. Yes.

Mr. HARDY. You said there were some additional changes made after you inspected them on this particular trip?

Mr. HOKE. I asked that additional changes be made. There were details. There were four washers at the corners of each solar panel. I felt it would be wise and the man who was in charge of them said this was a simple matter to correct. I did not personally go down and see whether he put four washers under these bolts in question.

Mr. HARDY. I was going to ask you about the cost of the change orders but that would not necessarily have been an expensive change?

Mr. HOKE. Oh, no. I don't imagine they even bothered worrying about the cost because there were only four rubber washers.

Mr. HARDY. I do not suppose there was a charge.

Mr. HOKE. I was myself satisfied they had made these changes and changed them well.

Mr. HARDY. So to all intents and purposes all of the changes which had been ordered when the equipment was in Washington had been made at the time you inspected it?

Mr. HOKE. That is right and therefore they did not have to be air-shipped to Washington.

Mr. HARDY. Who issued the change order with respect to making the modifications following your inspection in Washington: did you do it or did someone else?

Mr. HOKE. What was that?

Mr. HARDY. If you had to send them back to California to get some changes made somebody had to order the change.

Mr. HOKE. I don't know who ordered the actual changes in Washington. I imagine it was an administrative matter.

Mr. HARDY. Did you draw up the specifications for the changes made?

Mr. HOKE. I drew up some and presented them to the man in charge who was a Mr. Rider who was responsible for the radio matters, you see. This was none of my particular doing. I had nothing to do with the program involving them.

Mr. HARDY. But you drew the specifications for the changes?

Mr. HOKE. The changes I thought were necessary. There were others too, I believe, but I drew the ones that I thought were important. Mostly in terms of strengthening certain components.

Mr. HARDY. I think we are going to have to get into this a little more carefully and see what the cost of these changes were, what these instruments cost and who contracted for them. Maybe that was Mr. Kessler's proposition.

Mr. HOKE. Are you interpreting my statement that the only changes made were the four washers? That isn't what I meant.

Mr. HARDY. I interpreted your statement to indicate that that was the only change that you referred to as having been made after you inspected them in California.

Mr. HOKE. That is right. They did indeed——

Mr. HARDY. The way you expressed it, Mr. Hoke, I thought there must have been a substantial change until we go around to what it was and you said a washer put under each corner.

Mr. HOKE. They did make substantial changes after they were returned to the plant and I, in looking them over, recognized that they had and they had done a good job of it. But in making the changes a new situation arose and that is that the cover that I had requested that must be put on these cells if they are to be used low down must be protected from breakage and I suggested the addition of these four washers which would obviate the possibility of panels splitting: the cover panel splitting. It was just lucite with four holes in it held with nuts and bolts and sandwiching a rubber gasket which would keep water from getting underneath this panel. And at the same time the panel would take a shock. That was a major——

Mr. REDDAN. Did I understand you to say, Mr. Hoke, that Hoffman Electronics hadn't thought of covering these solar cells and you suggested it?

Mr. HOKE. I did and I think they were justified in not thinking about it, because they are oriented to their military application and they don't have small boys with rocks there to contend with.

Mr. REDDAN. If they have military application there might be situations where they might not have small boys with rocks but they might have somebody with rifles.

Mr. HOKE. Not in orbit. That is what I am talking about.

Mr. HARDY. Is that the only application there is for them?

Mr. HOKE. My point is in the application we had in mind they provided the panels to the——

Mr. HARDY. I would be very much surprised if the military has restricted their application of solar cells to items in orbit.

Did you explore that with him?

Mr. HOKE. No, I did not. I merely indicate that the cells were finished in the manner they were used to and covered with a coating designed to protect them from meteor flakes and all sorts of things. I didn't think it was enough.

Mr. HARDY. There was one question I meant to ask you a moment ago: You have indicated for one of the days you were in California that you requested and received payment as a consultant from AID. I don't know how the requests were framed or what kind of voucher is submitted but did you say the locations of service performed appear on the voucher or any of the documentations with respect to payment of consultant fees?

Mr. HOKE. No, because in this case I didn't issue a travel voucher. I didn't claim travel. If I had claimed travel there would have been a record.

Mr. HARDY. Insofar as AID's records are concerned, payment for I believe it was February 15 would appear to have been payment for services rendered in Washington; is that right?

Mr. HOKE. Yes. Yes, it would.

Mr. REDDAN. Upon your return to Washington did you discuss with them the matters you discussed with Mr. Hoffman and members——

Mr. HOKE. With who?

Mr. REDDAN. Did you discuss with AID, with Mrs. Gulick and Mr. Winfield the matters you had covered with the Hoffman people in California?

Mr. HOKE. I did not discuss it with Mrs. Gulick. I believe I mentioned it to Dr. Winfield as a matter of academic interest on his part because he is interested in what I am trying to do but I did not do anything more than say it looks like the Hoffman people are interested in this venture. They recognized that it was technically feasible but I did not know at that time whether they would support it on their own with the Army financing which had not been finally decided.

Mr. REDDAN. Did you report back to the Hoffman people the internal developments in AID with respect to this project?

Mr. HOKE. No, because at that time they had not developed.

Mr. REDDAN. I will show you a letter dated February 19, 1962, a photostatic copy of a letter on your stationery. It is addressed to "Dear Ted." Who is Ted?

Mr. HOKE. Ted Hoffman is the vice president—the president of the semiconductor division where solar cells are made.

Mr. REDDAN. Did you write that letter to him?

Mr. HOKE. Yes.

Mr. REDDAN. What was the purpose of your writing it?

Mr. HOKE. This is one I did not have in my files. You will remember I mentioned they were incomplete.

Mr. REDDAN. You mean your personal files?

Mr. HOKE. Yes.

Mr. REDDAN. That is written on your personal stationery, is it not?

Mr. HOKE. That is right.

Mr. REDDAN. Is this about an official matter on which you were engaged in the AID?

Mr. HOKE. I am sorry. I started to read it. Will you ask that question again?

Mr. REDDAN. I said is this letter to Hoffman about an official matter which was part of your official duties in AID?

Mr. HOKE. Yes, it is; yes, it is.

Mr. REDDAN. Is this a personal letter or an official letter?

Mr. HOKE. This is a personal letter that I wrote to Mr. Hoffman on the 19th.

Mr. REDDAN. Will you read the second paragraph?

Mr. HOKE. "Friday morning,"—Friday morning being—I would like for myself to know when that was: It would be the 16th. "I spent some time with 'Miss' Gulick."

Mr. REDDAN. Is that Mrs. Gulick of AID?

Mr. HOKE. That is right.

To bring her up to date on the outcome of our meeting. She is quite enthusiastic about the whole project, and indicated that there is provision in her budget for this kind of small power supply development. I had lunch with Mr. Lyons, to give him this background. He intends to meet with Lady Gulick, following an additional meeting with Winfield. I see no problems here, provided we can come up with something that is of direct value to——

Mr. REDDAN. Providing who can come up with?

Mr. HOKE. "We." I am referring to "we" in terms of Hoffman and my—in other words, Ted Hoffman.

Mr. REDDAN. Who is the other part of the "we," Mr. Hoffman?

Mr. HOKE. Yes.

Mr. REDDAN. You and Mr. Hoffman?

Mr. HOKE. Me and Ted Hoffman, that is right. Apparently we had discussed some approach.

Mr. REDDAN. Will you read that sentence again, please?

Mr. HOKE (reading):

I see no problems here, provided we can come up with something that is of direct value to them—in exchange for their financing a part of the venture. What this is to be, had better be given some thought.

I had obviously met with Mrs. Gulick prior to this date, probably as a result of the meeting that was held in the Hoffman office on the 16th at which I guess she may have first heard about this.

Mr. HARDY. Now, I am a little bit worried, Mr. Hoke. Quite obviously we are now talking about a matter that you had explored with AID to see whether or not they would finance your trips, because you are writing here on the 19th just a couple of days after you got back.

Mr. HOKE. That is right. When I returned I obviously met with Mrs. Gulick.

Mr. HARDY. That is contrary, I think, to your testimony a while ago, but in any event we will get to that a little later. We will take a look at it and see. But I get bothered when I run into conflicts.

Mr. HOKE. Well, I think you should.

Mr. HARDY. I am a little bit concerned here now because right on the face of it—and I hope we clear this up before we get very far—on the face of it it looks like you came right straight back from Mr. Hoffman where you had been talking to him about his financing this thing and you said he was going to do it if you could get the Army to finance part of it, and you go into AID and sell somebody on the idea there.

Now you are writing back to Mr. Hoffman and you didn't even have this letter in your file. Can you explain why this letter wasn't in your files?

Mr. HOKE. Yes, I can. I have very many letters that I do not have in my file because they were files I kept personally.

Mr. HARDY. Well, this is a personal letter.

Mr. HOKE. I know, and I have done my best to keep files up—while I could not do it at the office for obvious reasons because it was not an AID matter except insofar as I had obviously spoken with these people.

Mr. HARDY. It is obvious to me now.

Mr. HOKE. And it is obvious to me, too, but I do not expect to be an encyclopedia of knowledge on the dates of these things that happened here. Yes, I did indeed want to get interest from anyone on this thing and obviously I had already met with Mrs. Gulick—I said, "Miss," here—Mrs. Gulick, according to that letter, and the fact I may have said something earlier, different, does not detract from the fact that I was trying to accomplish this. But I was trying to accomplish this thing with no question in my mind as to propriety in doing it, and not in any sense in the interests of any one person,

the Army, AID, the Military. I was interested in accomplishing this thing in some way.

Now this letter indicates that I did not even know the measure of what participation may be, so obviously what every conversation was I cannot recall. The conversations I had had with Mrs. Gulick had not been formulated beyond the extent that she was interested in it.

Mr. HARDY. Her interest had to be developed by you?

Mr. HOKE. I am certain I was influential in doing that. I don't think I have given you any——

Mr. REDDAN. Where did she get any other knowledge of it other than what you gave?

Mr. HOKE. Well, she was not at this meeting at the Hoffman place but a Mr. Mayer was from her office and he may have spoken to her about it.

Mr. HARDY. What meeting is that?

Mr. HOKE. This is a meeting that was held January 16 at Hoffman's. This memo defines it, gives the background on it, and indicates the interested parties that I had and they had suggested might see it. So obviously prior to January 16 all of these people had been met with in one way or another and knew what I was trying to do and they included a representative from AID Research and Development.

Mr. HARDY. Who was that representative?

Mr. HOKE. Their representative there?

Mr. HARDY. Yes.

Mr. HOKE. Mr. David Mayer.

Mr. HARDY. At that time, you were employed by AID?

Mr. HOKE. No, not at that time.

Mr. HARDY. Who was responsible for interesting Mr. Mayer in attending that meeting, was it you?

Mr. HOKE. Yes. I had met with him somewhere. I don't——

Mr. HARDY. You are employed by AID but you had met with Mr. Mayer and tried to point out the value of this kind of a project to AID; is that right?

Mr. HOKE. I believe I did. I don't know what I said, but that would have been one of the reasons I met with him, I am sure.

Mr. HARDY. I think we are going to have to find out. Do you know when this occurred?

Mr. HOKE. The meeting with Mr. Mayer?

Mr. HARDY. Yes, prior to this meeting in Mr. Hoffman's suite.

Mr. HOKE. I don't know when I actually met him. I cannot give you dates when I met with anyone unless they have it on their calendar.

Mr. HARDY. You didn't keep a record?

Mr. HOKE. I didn't keep a record of my personal wandering around Washington to see these people.

Mr. HARDY. Can you tell the committee whether you had talked to Mrs. Gulick about this matter prior to the time that you were employed as a consultant by AID?

Mr. HOKE. Yes, I must have. I must have. It is obvious from the letter.

Mr. HARDY. Well, I hadn't realized that. Can you tell the committee whether you talked to Dr. Fei about it?

Mr. HOKE. No, I did not talk to Dr. Fei about it myself at this time.

Mr. HARDY. When, to your knowledge, was it Dr. Fei entered this particular proposition?

Mr. HOKE. I believe Mrs. Gulick described this particular venture to Dr. Fei.

Mr. HARDY. You have no personal knowledge of that?

Mr. HOKE. Well—no.

Mr. HARDY. When did you talk to Dr. Fei about it, if ever?

Mr. HOKE. That was a long time afterward. I don't recall when I first formally met Dr. Fei.

Mr. HARDY. Whenever that was that wouldn't be the time you spoke to him about the venture?

Mr. HOKE. Yes, it would be.

Mr. REDDAN. Mr. Hoke, is Dr. Winfield your superior in the Agency?

Mr. HOKE. Yes.

Mr. REDDAN. Did he know you were conducting personal correspondence with Hoffman Electronics relative to this project?

Mr. HOKE. I believe he did because I had kept him abreast on the efforts I was going to to get somebody interested.

Mr. REDDAN. Is there any regulation in AID that you know of that would require this correspondence to be put in the official files of the Agency rather than kept in personal files?

Mr. HOKE. Not that I know of, in that I was dealing with a project that was not associated with my work—at least not at the time—and much of it was done prior to my——

Mr. REDDAN. It is not associated with your work?

Mr. HOKE. I was hired as a consultant on a matter——

Mr. REDDAN. I know, you told us about that, but you went to California on the 12th, 13th, 14th, and 15th in connection with this particular matter.

Mr. HOKE. That is right. Which was related to the solar boat.

Mr. REDDAN. You weren't doing anything with regard to the solar boat for AID at that time?

Mr. HOKE. Not before that time—only to the extent I had discussed it with Mrs. Gulick. It is obvious I did. You have shown me a letter where I wrote to that effect. But I did not discuss it in an official capacity——

Mr. REDDAN. How could you tell in which way you were discussing it, officially or unofficially?

Mr. HOKE. I have a feeling if someone drops in the office and discusses a sermon in a church that happened a week ago I don't consider that speaking in an official capacity.

Mr. REDDAN. Supposing you gave the sermon?

I would like to show you a letter dated April 14, 1962, on your stationery addressed to "Dear Ted," and ask you whether or not you wrote that letter.

Mr. HOKE. Yes, I did.

Mr. REDDAN. Would you read the opening paragraph, please, sir?

Mr. HOKE (reading):

Because of some recent developments surrounding the solar boat project it is likely we will be telephoning you on Monday, from your Washington office.

Mr. REDDAN. "We," again is who? Last time it was you and Ted. Who was "we" this time?

Mr. HOKE. I do not know whether it would be Mrs. Gulick and myself or perhaps someone in the Washington office of the Hoffman Corp. I don't remember what decisions were made that night.

This letter was written following a meeting with the Army Research Office in which it was evident they were not interested in some of the objectives of our venture.

Mr. REDDAN. And it was boiling down to the fact that AID was going to have to finance this deal themselves if it was going to be approved; is that right?

Mr. HOKE. It wasn't that they would have to, but that they would not—AID was apparently a candidate to do that.

Mr. REDDAN. Now read paragraphs 3 and 4, please.

Mr. HOKE (reading):

Out of this—

as a result of these meetings—

out of this has come the consideration that AID should extend its support to all aspects of the venture, including the field test in Surinam.

Mr. REDDAN. Who has come to that conclusion in AID?

Mr. HOKE. Mrs. Gulick had expressed this. [Continues reading:]

In no material way would this change the physical logistics of the venture, nor the anticipated returns to the participants in terms of program considerations, markets, etc. In fact, in many ways things would be made much simpler and mutually rewarding if AID could undertake the whole venture.

Mr. REDDAN. Mutually rewarding to whom?

Mr. HOKE. Mutually in the sense that, so far as clearances were concerned—the ease of getting clearances, dealing with one agent—as far as the interests of AID are concerned, the interests of Hoffman in terms of new markets for photovoltaic devices, it actually presented a brand new picture at this point, in terms of—in this particular case this is where the idea for a fully peaceful demonstration of terrestrial uses of solar energy really first came to light. In which there was no division of objectives, the Army having one where they are only interested in the military results. AID's financing it and only interested in peaceful terrestrial applications. These are the things that apparently came into conflict at this meeting that I referred to, and this was the outcome.

Mr. REDDAN. Actually, the only thing the Army ever considered was financing the expedition?

Mr. HOKE. That is right.

Mr. REDDAN. All the regulations——

Mr. HOKE. No; I am sorry. There was another aspect which was not taken very far, and that was that the Transportation Corps, who was represented by Mr. Al Byrd, who was interested in this venture, felt that it was possible that another wing; namely, the Transportation Division of the Army, might be interested in constructing the hardware on this thing and either they handled the whole thing or the Quartermaster Corps handled the funding of the expedition—I am not too clear on how the Army handles some of its internal works, whether they would take it all over, or maintain this division—Transportation—building it and the Quartermaster financing the expedition—this

I don't know. But all through this period this project was taking new shapes. It changed from one objective to another. It is obvious, I am sure, to yourselves, that I had a lot of people who were showing interest in this thing and it was going through the process of being juggled as to where it would finally land in terms of an executive system that could take place to carry out this venture.

Mr. REDDAN. Well, now, there came a time when AID committed itself to picking up the tab for this whole venture. Did they write specifications for the equipment which they would get from Hoffman?

Mr. HOKE. I became involved in that directly, I am sure, because the question of power at the time in other areas as related to AID was coming into increased focus. The 100-watt power supply was the first one and this was what the solar boat was going to run on and it was found out that the 100 watts would run a great many ships.

Mr. REDDAN. Did AID prepare the specifications?

Mr. HOKE. AID prepared them and they largely worked from my reports because I had done a lot of this preliminary stuff on my own.

Mr. REDDAN. Are the specifications prepared by AID part of the official files of the Agency?

Mr. HOKE. I believe so. They are copies of circuitry, circuit diagrams, and what have you which I had turned over to Dr. Lloyd—who has a set of them—I don't know if you have photocopies of the negatives—they were rough specifications on the circuitry and at this same time the concept of a module, a solar module came into being.

Mr. REDDAN. Did you ever see the specifications as written in the purchase order?

Mr. HOKE. Yes; I did.

Mr. REDDAN. And did you prepare those?

Mr. HOKE. No; I did not prepare the language.

Mr. REDDAN. Do you know where the language came from?

Mr. HOKE. I am not sure.

Mr. REDDAN. Are you familiar with the document entitled "Unsolicited Proposal for Feasibility Study and Test of Performance of Solar-Powered Battery Recharging System," dated March 13, 1962?

Mr. HOKE. Yes; I am.

Mr. REDDAN. Does that contain any specifications with regard to this material?

Mr. HOKE. Yes; it deals with the modularization concept, the design of the boat, the testing of it, the wiring.

Mr. REDDAN. Do you know whether or not the same specifications which were incorporated in this so-called invitation bid and award which formed the basis of the contract with Hoffman Electronics to supply this material were there involved?

Mr. HOKE. I believe they are essentially the same.

Mr. REDDAN. Do you know whether or not this unsolicited proposal was prepared in advance of the preparation of the AID specifications?

(No response.)

Mr. REDDAN. In other words, did AID take their specifications from what Hoffman said they had, or did they take them from what AID said they needed?

Mr. HOKE. REPAS drew up on March 1 a proposal of their own in the area of power. I am sorry I do not have a copy of that in front of me.

Is this it?

Mr. HARDY. I was just looking at it, I think.

Mr. HOKE. No; I don't think that is it. This is a printed document.

Mr. REDDAN. I would like to show you a photostatic copy of a memorandum purportedly prepared by you addressed to Mr. Andrew H. Brown of the National Geographic Society. I will ask you if you prepared the original of that document?

Mr. HOKE. Well, I did; yes.

Mr. REDDAN. Would you read that, please?

Mr. HOKE (reading):

Yesterday, the Hoffman people submitted an "unsolicited"——

Mr. REDDAN. Is that in quotes?

Mr. HOKE. That is in quotes, my quotes—

"unsolicited" proposal to the AID R. & D. people on the solar boat. (This, of course, had been worked out well in advance, so that their proposal mirrored that which was prepared by the AID R. & D. people for their own internal planning. Both are enclosed so that you can be kept up to date. We're not in orbit yet, but it looks like a good shoot. Let's have your's and Chuck's reactions and suggestions.

Mr. REDDAN. So that you prepared the specifications and gave them to Hoffman Electronics, is that correct?

Mr. HOKE. I don't believe I gave them to Hoffman Electronics except in that we gave them at the meeting in January the technical specifications envisioned on the boat, and from them they worked.

Mr. HARDY. Then what does this document mean? This says to me that you were working with people in AID and with Hoffman at the same time to be sure that you came up with virtually identical specifications.

Mr. HOKE. I was trying to get solar——

Mr. HARDY. If that wasn't a collusion proposition, I don't know what is was. I don't know if it was improper or not, but it certainly looks to me like you were playing both ends against the middle to be certain everybody came out with the same thing.

Mr. HOKE. I was endeavoring to make clear to the people who were going to be involved in this thing the clearest picture I could give of what was needed in this package of equipment.

Mr. HARDY. You said, "The Hoffman people submitted an 'unsolicited' proposal."

Mr. HOKE. That is right.

Mr. HARDY. It looks to me like you said, "For goodness sakes, come on and have these people send this in." That is your proposal.

Mr. HOKE. It is——

Mr. HARDY. Is that the impression you intended to leave with Mr. Brown, that you had worked this out so Hoffman could submit this kind of proposition?

Mr. HOKE. I wouldn't put it in a memorandum to Mr. Brown if I did.

Mr. HARDY. Of course, that is what you wanted to convey. You have this in parentheses:

This, of course, had been worked out well in advance, so that their proposal mirrored that which was prepared by the AID R. & D. people for their own internal planning.

If I am wrong please set me straight, but it would indicate to me that in your capacity in AID you were working with them to get their specifications, according to what you thought they ought to be, and then you were passing them on to Hoffman to be certain they came in with a proposal that, to use your words, "mirrored AID's plan."

Mr. HOKE. What is the date of that memo?

Mr. HARDY. March 1.

Mr. HOKE. I believe I was working from——

Mr. HARDY. I believe it was March 1. There doesn't appear any date on here. I thought I saw a date of March 1 on it. The attachment is dated March 1.

Mr. HOKE. The attachment was the proposal that AID made—I don't know whether there were two attachments there or not.

Mr. HARDY. One of them is a proposal.

Mr. HOKE. Whatever these attachments were they were based on the drawings and sketches that were presented at the meeting of January 16. To that extent they were indeed well in advance. But the question of collusion in the sense that I believe you mean, was only insofar as my objective was concerned to get this project on the road.

Mr. HARDY. Well, certainly you made available to Hoffman—if I can read, you made available to Hoffman the very specifics of the proposal which were generated in AID.

Mr. HOKE. I gave them the March 1 proposal that had been drawn up which was, I am certain for public—it was not a classified document, it is simply a statement of interest in power supply, and I had earlier given to Hoffman the diagrams that I myself had drawn up for that meeting in January——

Mr. HARDY. It is not a classified document but I call your attention to the notation on it which says—it is dated March 1, 1962—"for discussion," and then there is a circled longhand note, "not for publication or public discussion."

So Hoffman was not a public source in this particular case, because you furnished it to them, apparently. Apparently you also furnished it to Mr. Brown.

Mr. HOKE. Well, I guess I did. I am not sure that is what the attachment was.

Mr. HARDY. Let's pass it to you and if it is the wrong attachment please clear it up. It is the thing that you had a moment ago in front of you.

Mr. HOKE. Yes.

Mr. HARDY. Well, do you see the notation on there?

Mr. HOKE. Yes, I do. I do.

Mr. HARDY. That notation was on there when it left your office, was it not?

Mr. HOKE. I am sure it was.

Mr. HARDY. It is true it is not classified. Unless you call that equivalent to an "official use only" classification, I don't know.

Mr. Reddan, go ahead.

Mr. REDDAN. These specifications provide, among other things, that Hoffman:

shall design, fabricate, test, and supply an integrated electrical system consisting of lead-acid batteries, and high-efficiency electric motors to be used in the propelling of a boat designed for river navigation.

Now, Hoffman did not design those motors?

Mr. HOKE. The design consideration was to modify the prototype boat into a longer craft, based on my own judgment as to what that length should be, in the neighborhood of about 16 to 18 feet long. The prototype craft was——

Mr. REDDAN. This is the next item. The next one says—

The contractor is to design, fabricate, test, and supply one collapsible boat.

Now, they didn't design that boat, did they, you designed it?

Mr. HOKE. They actually designed it. In other words, the boat that I provided them had to be lengthened and of course hydrodynamically you cannot just add 4 feet in the middle of it. You have to——

Mr. REDDAN. Are they in the boat business too?

Mr. HOKE. No, and to the best of my knowledge they did not build it themselves.

Mr. REDDAN. What did they do, farm this out?

Mr. HOKE. I imagine they subcontracted it to a boatbuilder. It actually is a simple construction which a carpenter—I used a carpenter in Surinam who made the prototype. It is not a complicated craft, by the way.

Mr. REDDAN. After this contract was let—at that time you were employed by AID full time, were you not?

Mr. HOKE. Yes—when was it—I don't know when it was actually let.

Mr. REDDAN. Well, the date on this is May 25, 1962. I believe you went on on March 11.

Mr. HOKE. Yes.

Mr. REDDAN. Did you have any conversations with the National Geographic Society, the magazine, after the contract was let?

Mr. HOKE. Yes. I don't know formally the dates except that as a result of my having written the earlier story that I did in Surinam, I knew Mr. Andrew Brown and Mr. Charles Allmon who had long been enthusiasts of the—the same as I was—of trying to apply solar energy, they thought this was indeed a valuable endeavor and a most interesting one.

Mr. REDDAN. Did you thereafter enter into any sort of agreement with them for the writing of an article for them?

Mr. HOKE. At that time they were still trying to find a way to interest their superiors in the organization.

Mr. REDDAN. At what time was this? I am talking about at any time after May 25.

Mr. HOKE. After May 25 the actual decision to do a story and how to do it—whether a man was provided or I did it—did not come to a head to the best of my knowledge until July 20 when I had a meeting with Mr. Cerruti—no, wait a minute. There was a meeting earlier than that.

Mr. REDDAN. July 12, I think.

Mr. HOKE. I had a meeting earlier at which I believe Mrs. Gulick, Mr. Allmon, and Mr. Brown were involved, in which we discussed this thing in terms of the fact of letting them know that we had indeed formulated a program that was now going forward, that the project had been funded and now was the time to seriously consider whether National Geographic might be interested in this venture.

Mr. REDDAN. Was any discussion had at that time about writing a story for National Geographic?

Mr. HOKE. There may have been a discussion of doing a story but the question of my relationship to that story I do not believe was discussed.

Mr. REDDAN. Now what was the date of this meeting, do you recall?

Mr. HOKE. I do not recall. I think it was—I just don't remember the date. I have made a chronology here and I do not have that chronology—in my chronology I do not have the——

Mr. REDDAN. Do you have in that chronology a meeting of July 12?

Mr. HOKE. No. I have one of July 20.

Mr. REDDAN. Well, that is another one.

Mr. HOKE. July 12—can you tell me what that meeting was?

Mr. REDDAN. It was attended by you, Bob Connolly and somebody by the name of Breeskin.

Mr. HOKE. Barney Breeskin and Mr. O'Brien of the Hoffman office.

Mr. REDDAN. Now do you recall that meeting?

Mr. HOKE. I do recall that meeting.

Mr. REDDAN. Was anything said then about your association with a story for National Geographic?

Mr. HOKE. I told them I wanted to do a story on this subject.

Mr. REDDAN. Did that topic come up at any subsequent meeting that you had?

Mr. HOKE. Yes it did. It came up on the 20th of July.

Mr. REDDAN. What did you tell them at that time?

Mr. HOKE. I told them at that time that—I didn't tell them, they told me that they had agreed to send a man along on this thing. I told them I did not think that I could do the photography on this thing for the simple reason that I was going to be a little busy running an expedition but I did feel that afterwards I could prepare a story for them. And at that time they said, "Fine, we will send a man along and we will expect a manuscript from you, on speculation, and if it is good we will pay for it."

Mr. REDDAN. Did you tell them you were going to do the story on AID's time?

Mr. HOKE. I did not discuss the subject there.

Mr. REDDAN. Did you discuss it later?

Mr. HOKE. Yes, I did discuss it later.

Mr. REDDAN. Did you tell them you were going to do it on AID's time?

Mr. HOKE. No, I didn't tell them I would do it on AID's time. I told them in a subsequent letter that in answer to their letter formalizing that meeting that I would do the story but that I could not receive payment for it.

Mr. REDDAN. Perhaps we had better go back, then.

I show you a letter dated August 2, 1962, addressed to you——

Mr. HOKE. That is the letter I refer to.

Mr. REDDAN. Signed "Jim."

I ask you if you received the original of that.

Mr. HOKE. Yes, I did.

Mr. REDDAN. Mr. Chairman, may we put this letter of August 2, 1962, to Mr. Hoke from Mr. James S. Cerruti, together with Mr. Hoke's reply to Mr. Cerruti, dated August 3, 1962, in the appendix of the record?

Mr. HARDY. Without objection, they will be appendixes V and VI, respectively, pp. 257, 258.

Mr. REDDAN. Was that the letter which was the result of your meeting of the 12th?

Mr. HOKE. That is right.

Mr. REDDAN. Will you read the second paragraph?

Mr. HOKE.

You have agreed to write a speculative 5,000 word article—

I had not agreed on the number of words; that wasn't brought up—

for us on the expedition. We would like to see this as soon after your return as possible. Will you please aim at a November 1 deadline? If you can deliver the article sooner, all the better. We have high hopes for the success of this article and if it proves to be acceptable we will pay you $1,200 for it. We have agreed——

Mr. REDDAN. Had you agreed on that amount?

Mr. HOKE. No. Money had not been mentioned on this thing until this part.

Mr. REDDAN. Had you expected that you were going to do it for money?

Mr. HOKE. I had expected much earlier to do it for money. I knew that they would pay for it, but I had changed my status——

Mr. REDDAN. Did you tell them you had changed?

Mr. HOKE. I had not discussed it with this man, no. I don't know whether I mentioned it to Mr. Brown or Charles Allmon or not but I did not discuss it with this man, what this would do, due to the fact my status had changed and what the manual of orders would call for. I had not discussed it with them. I had subsequently brought it up.

This letter constitutes the first formalization of anything that resulted from my presentation of this project to the National Geographic. That began some time ago. I am sure you will remember.

Mr. REDDAN. And it is your testimony that at no time after you became employed by AID did you discuss with National Geographic the possibility of your being paid for this story?

Mr. HOKE. I don't remember my discussing with them whether I would be paid for it. And also I had discussed with other people in the agency what my status did to these concerns and it was generally agreed that the manual is the arbitrable factor. I had, as a private individual, fully anticipated to receive payment for work done. But National Geographic did not formalize anything then. My status changed. I ultimately became a Government employee, so when National Geographic came along with the decision to accompany this venture and do a story on it, my status was such that I could not accept payment for it. And I duly answered this letter to that effect. And also, as I said, I had earlier discussed this thing with my own people and the question of my receiving payment for an article was something that would be left strictly to the manual.

Mr. REDDAN. Do you recall being interviewed by a member of the subcommittee staff on August 2 with respect to this matter?

Mr. HOKE. Yes.

Mr. REDDAN. Were you asked at that time whether or not you expected to be compensated for this story?

Mr. HOKE. I believe this gentleman here asked.

Mr. REDDAN. Mr. Matan?

Mr. HOKE. Yes, that is right, Mr. Matan asked, "Do they expect to pay for it," and I said, "Of course they do."

Mr. REDDAN. And who were they going to pay?

Mr. HOKE. Presumably myself.

Mr. REDDAN. That was as of August 2——

Mr. HOKE. That is right.

Mr. REDDAN. Did you suggest at that time that your position would not let you accept that money?

Mr. HOKE. Not to Mr. Matan.

Mr. REDDAN. Did you ever mention to anybody that you didn't think you should accept that money?

Mr. HOKE. I had discussed the question, this problem of conflict of interest with my associates such as Dr. Winfield, of course.

Mr. REDDAN. What did Dr. Winfield say about it?

Mr. HOKE. The thing that decides whether you are paid for something is the manual, and the manual has specific rulings on it.

Mr. REDDAN. When did you discuss that with Dr. Winfield?

Mr. HOKE. Oh, it was much before this, I can't tell you when. I discussed it with Mrs. Gulick very shortly after this project became an AID affair.

Mr. REDDAN. Was there any decision made at that time, based upon the manual, as to whether you could or could not be paid for this story?

Mr. HOKE. The story had not come up then.

Mr. REDDAN. I thought you said you talked to Dr. Winfield and to Mrs. Gulick on the subject of your taking money for this story which you thought you might write for National Geographic. Did I misunderstand you?

Mr. HOKE. Yes, you did. I am sorry. I misunderstood your question. The question of payment from the National Geographic did not come up until they had actually made a statement—had indicated that they were going to do this and it did come up but this did not come up until August 2. The whole question of conflict of interest in terms of my relationship with this thing—which would be paid, for example—the salary that I had asked for originally back at the time when I was not employed—you will remember that I was asking a salary based on $18,000 a year.

Mr. HARDY. That was with Hoffman Electronics?

Mr. HOKE. That is right. Now, when the question of AID's participaion came into this thing, one of the first things that happened was a discussion on the expendition aspect and it was that, "Of course, you cannot be paid any salary like you had anticipated being paid by these other corporations." And there was——

Mr. HARDY. Who told you that?

Mr. HOKE. Mrs. Gulick.

In fact, between January 22 and March 11, were you actually working and being paid 5 days a week during that period?

Mr. HOKE. Yes; I was.

Mr. GRIFFIN. So you actually worked during that period——

Mr. HOKE. Except for any days I may have taken off for illness, if I did.

Mr. GRIFFIN. Do you recall during that period whether you actually took any days off?

Mr. HOKE. I took days off on the 12th through the 14th—I believe the 14th—of February for the trip to L.A., a portion of which I was devoting to this venture. Then when I returned to Washington I explained that I had, on my own initiative, returned to the—I had gone down to look at this equipment and had dealt only in matters of AID business and had wanted to take advantage of being there to examine this equipment and asked for a day's pay for that.

Mr. GRIFFIN. So except for those few days which you took off for that particular trip, you were in fact a full-time employee of AID during that period?

Mr. HOKE. Yes.

Mr. GRIFFIN. After March 11 you became a regular employee; is that correct?

Mr. HOKE. Yes.

Mr. HARDY. Again, I want to refer to the memorandum which you sent to Mr. Brown, and the attachment. Tell the committee who prepared that attachment.

Mr. HOKE. The attachment was prepared by Mrs. Gulick, to the best of my knowledge. I did not prepare it.

Mr. HARDY. There is an underscored part on the second page with respect to the handling of National Geographic's interest in this particular matter.

Mr. HOKE. Yes.

Mr. HARDY. Before we get to that, this attachment is entitled——

Mr. HOKE. "A proposal to test the performance of a solar-powered battery recharging center."

Mr. HARDY. That is a proposal which originated in AID?

Mr. HOKE. That is correct.

Mr. HARDY. Am I correct in my understanding that you assisted in the substance of that memorandum, whether or not you wrote it yourself?

Mr. HOKE. Yes, to the extent that when Mrs. Gulick had questions or wished information, I would help her to that degree. I did not actually prepare it.

Mr. HARDY. That document, I believe, is dated March 1, 1962?

Mr. HOKE. Yes.

Mr. HARDY. The memorandum transmitting that document to Mr. Brown, of National Geographic—I believe Mr. Brown is with National Geographic——

Mr. HOKE. Yes.

Mr. HARDY. I did not find a date on that. Do you see a date on it?

Mr. HOKE. No.

Mr. HARDY. Who is Chuck?

Mr. HOKE. Chuck is Charles Allmon.

Mr. HARDY. Who is Charles Allmon?

Mr. HOKE. He is the incoming illustrations editor, I guess.

Mr. HARDY. Of National Geographic?

Mr. HOKE. Of National Geographic.

Mr. HARDY. There is a date on there that indicates when he saw this document. I believe you asked Mr. Brown to note it and then send it to Mr. Allmon?

Mr. HOKE. Noted. He noted it on the 19th of February—no, the 19th of March, and June 29.

Mr. HARDY. June 29 is the stamp. I think probably that does not have any relationship to it.

Obviously March 19 was the date on which Mr. Allmon saw the document, is that right?

Mr. HOKE. Yes.

Mr. HARDY. This is a proposal which was sent by you to National Geographic representatives.

I wish you would read the underscored part of it, on page 2, which has to do with the consideration which would be given National Geographic under this proposal.

Mr. HOKE. All right. [Reads:]

The National Geographic magazine has expressed an interest in and willingness to publish an account of the expedition in popular terms, if exclusive first-publishing privilege can be exercised. No restriction is placed on concurrent reporting or additional publicity thereafter. This seems to be a very useful impact medium to take advantage of for purposes of meeting the second objective listed above.

Mr. HARDY. Where did Mrs. Gulick get the information that National Geographic was willing to do this?

Mr. HOKE. From myself.

Mr. HARDY. From you?

Mr. HOKE. Yes.

Mr. HARDY. And this, then, was a formal proposal which was sent to National Geographic so National Geographic as of the date they received this, which was certainly prior to March 19, was notified by you that a proposal would contain a provision for them to have an exclusive insofar as the story itself was concerned?

Mr. HOKE. I am sorry, I did not——

Mr. HARDY. You got lost. That was rather long.

Mr. HOKE. I am aware that they agreed to that.

Mr. HARDY. What I am trying to say, if my understanding is correct, by sending this document to National Geographic, you were letting them know that the proposal itself, which was the official vehicle under which the project would be developed, would contain a provision for them to have an exclusive insofar as the initial story was concerned?

Mr. HOKE. Apparently I was misinformed on whether that was an official document or not, and as you have pointed out already, it was for internal use.

I do not know if it does consist of being the official document.

Mr. HARDY. At least it was an official proposal.

Mr. HOKE. It was a proposal drawn up in an organized way.

Mr. HARDY. And it showed you were carrying out your end of the proposition?

Mr. HOKE. That is right.

Mr. MEADER. Mr. Chairman, could I ask a question?

Mr. HARDY. Yes.

Mr. MEADER. I notice from one of these documents reference to CLEAR, spelled in capital letters; what is that?

Mr. HOKE. CLEAR is the name the Hoffman people have given to the community listening center that we referred to, the ones that I examined in California, the ones that I made some specification changes on and the ones that I wanted to field test in Surinam.

Mr. MEADER. Community listening what?

Mr. HOKE. What it means is community listening educational and recreational. I think that is what those initials mean. We refer to it as the community listening center. What it is is a big radio in a steel case with an outdoor horn, a storage capability and a solar bank that will feed that storage capability.

Mr. MEADER. A loudspeaker of some kind?

Mr. HOKE. It is a large weatherproof horn, weatherproof equipment, a solid-state radio, I believe, and a 1-watt solar panel that is used to power it. In theory it will run anywhere where there is sunlight.

Mr. HARDY. Mr. Reddan?

Mr. REDDAN. This contract with Hoffman called for the testing of the boat and equipment after it was manufactured, did it not?

Mr. HOKE. Yes, sir.

Mr. REDDAN. Do you know whether or not that test was made?

Mr. HOKE. This process has been arrested because of these hearings.

Mr. REDDAN. It has not been tested?

Mr. HOKE. Not yet.

Mr. REDDAN. Do you know where they are going to test it?

Mr. HOKE. When I can go out and do it.

Mr. REDDAN. No, I say do you know where they were going to test it?

Mr. HOKE. The testing is defined as Lake Meade, Calif. The question of whether we will test it in Lake Meade or not, as far as I am concerned, depends on whether it is physically necessary. What I want is a large lake, sunlight, and the opportunity to run it around. They have chosen Lake Meade as being the proper place to do it physically. My particular concern in where they test it is not important but they do test it as far as electrical hardwaring is concerned, that the nodules do indeed interconnect, et cetera. I do not think it is necessary to go to Lake Meade as far as I am concerned.

Mr. HARDY. Where is Lake Meade?

Mr. HOKE. I do not know, sir. I have not been there. It is in California.

Mr. REDDAN. One other question, Mr. Hoke. I have a photographic copy of a letter here dated August 3, 1962, addressed to "Dear Jim" on your own stationery. Did you write the original of that?

Mr. HOKE. Yes, I did. I wrote it from my home.

Mr. REDDAN. Did you ever discuss the question of compensation with Mr. Deutschman?

Mr. HOKE. Yes, I did.

Mr. REDDAN. When did you discuss it with him?

Mr. HOKE. I cannot give you the dates but it was prior to these meetings.

Mr. REDDAN. How far prior?

Mr. HOKE. I would imagine in order of magnitude of a month, because——

Mr. REDDAN. It was during the time you were a full-time employee?

Mr. HOKE. Yes, it was.

Mr. REDDAN. What was the purpose of discussing it with Mr. Deutschman?

Mr. HOKE. I wanted to ask what his experience in the news—he is responsible for published material; he was the office that would clear it—I wanted to know about the propriety of my receiving payment for this sort of thing and it was at that time the question came up that you have to abide by the manual, whatever it calls for.

Mr. REDDAN. Did he tell you or did he comment on the propriety? Did he tell you, in other words, you could be paid for it or that you could not?

Mr. HOKE. I do not remember his saying whether I could be paid for it or not. He said, "This is something we will have to look up in the manual."

Mr. REDDAN. You could have looked in the manual without going to him. He was the one who was supposed to be the expert, was he not?

Mr. HOKE. The trouble there was not an issue yet because no offer had been made and also the question of whether I was going to write about this thing as a technical venture or write upon the thing as experiences in terms of the interior and sunlight and to what degree that constituted direct relationship with my job I had to, when I had time, sit down and figure out and get advice on.

Mr. REDDAN. Did you ever get any advice from the agency as to whether or not you could accept money for writing this story for National Geographic?

Mr. HOKE. Yes.

Mr. REDDAN. When did you get that?

Mr. HOKE. I got this advice immediately on the receipt of this letter from Mr. Cerruti. That is when the issue came directly to head.

Mr. REDDAN. You knew prior to that time it was a problem, however.

Mr. HOKE. Yes; I knew the question of payment was always a problem.

Mr. REDDAN. And as of July 12 you knew that you were going to be presented with that problem?

Mr. HOKE. Yes.

Mr. REDDAN. And yet you did not seek any advice or find out whether or not you were permitted to do that until you received the letter of August 2?

Mr. HOKE. I do not know whether I did or not because during this period we had been rather busy. I did not concern myself in it in that I was advised that when the issue arises as an issue, when you have been offered something, or if you are ever paid something, that is when the issue comes up.

Mr. HARDY. Did you not understand all along that the question of payment by National Geographic was going to come up and didn't you actually anticipate writing an article for pay?

Mr. HOKE. I had much earlier anticipated writing for pay, but I was quite certain under the circumstances that I probably could not because they became increasingly interested in the actual voyage

itself and the technical aspects associated with it and the manual orders provide that you may be paid for publications that are not directly related to your work that are done in the field, but that you may not be paid for that which you write, which is a direct result of your being employed, hired to do a job.

Mr. HARDY. During this period, prior to August 2 when you had the discussion with Mr. Matan of our staff——

Mr. HOKE. Prior to what?

Mr. HARDY. Prior to August 2 when you had a discussion with Mr. Matan of our staff, hadn't you discussed with representatives of National Geographic the compensation which you would get for writing the story?

Mr. HOKE. I had not discussed what I would be compensated for.

Mr. REDDAN. But you would be compensated? It was a speculative story?

Mr. HOKE. I assumed I would be, but I hesitated to raise the question with them for the very reason I mentioned a while ago, the reaction I anticipated I would get because I wanted to find out just what this regulation was first before I stirred them up. I now know that it is of no concern. They are not worried about it because they face this frequently.

Mr. REDDAN. Who is not worried?

Mr. HOKE. National Geographic. I called a man who had been there——

Mr. REDDAN. How about AID?

Mr. HOKE. AID is concerned because of their manuals and this has been settled but the question of National Geographic who I wanted very much to cover this venture, I did not know much about how they would react to this sort of thing. I know that many journals are a little reluctant to accept a manuscript that is free because they do not feel they have a control over the editorial material in the sense of quality that they can tell a guy, "We want to pay you for it so that we cannot pay you for it if it is not good."

Mr. REDDAN. They not only had control, they had an exclusive, did they not?

Mr. HOKE. The term "exclusive" is not the intent I had. We cannot stop people from reporting on this thing. I suppose if another magazine wants to send a man up the river they can. I cannot stop them from that, but insofar as my own thinking, back over the months and months and months I have been working on this, I felt at the time I first brought this up to them that they were the right kind of organization, having the approach to do this kind of a story. The question of the legality of exclusiveness is something that is beyond my control. I do not know.

Mr. HARDY. The question as to whether they might be the best medium to do the story is not the question that is before us.

Mr. HOKE. No, it is not.

Mr. HARDY. The question that is before us is actually what did transpire and the extent to which you did pursue with them the question of your own compensation in connection with the story.

Mr. HOKE. That is right. I had not anticipated a problem until they came up and said, "We are going to do it and pay for it," because that is the time to find out how they do it and whether I should be

paid for it, and I did not want to stir up those people because I feared they might back off of this thing for the reasons I announced.

Mr. REDDAN. Are you serious, Mr. Hoke?

Mr. HOKE. Yes, I am serious. I want this thing covered the way I think is best.

Mr. HARDY. Are there further questions?

Mr. MONAGAN. No further questions.

Mr. HARDY. Thank you, Mr. Hoke. That will be all for the moment.

We asked Mr. Cerruti of National Geographic to be here. Is Mr. Cerruti here?

Mr. CERRUTI. Yes, sir.

Mr. HARDY. Mr. Cerruti, will you come up?

In view of the fact that Mr. Hoke has been sworn, I am going to ask you to be sworn, too. Do you solemnly swear the testimony you will give in the matter before this subcommittee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CERRUTI. I do.

Mr. REDDAN. Please give your name and address to the reporter, Mr. Cerruti.

TESTIMONY OF JAMES CERRUTI, SENIOR EDITOR, NATIONAL GEOGRAPHIC MAGAZINE

Mr. CERRUTI. Yes. It is James Cerruti, 3133 Elba Road, Hollin Hills, Alexandria, Va.

Mr. REDDAN. Mr. Cerruti, you are with the National Geographic?

Mr. CERRUTI. Yes, sir.

Mr. REDDAN. In what capacity?

Mr. CERRUTI. I am a senior editor.

Mr. REDDAN. How long have you been with them?

Mr. CERRUTI. Since April 9 of this year.

Mr. REDDAN. Did you attend a conference which was attended by Mr. Hoke on July 12 of this year?

Mr. CERRUTI. I did, sir.

Mr. REDDAN. And who was present and where was the meeting held, sir?

Mr. CERRUTI. The meeting was in my office and Mr. Hoke was present, Mr. O'Brien, who introduced himself as a vice president of Hoffman Electronics, and Mr. Breeskin, who was of the Hoffman Corp., and Robert Conly, who is my immediate boss—he is the assistant editor in charge of articles for the magazine.

Mr. REDDAN. Did you take notes during that meeting?

Mr. CERRUTI. I did.

Mr. REDDAN. Was any discussion had during the meeting with respect to Mr. Hoke's writing a story in connection with this trip to Surinam?

Mr. CERRUTI. Yes.

Mr. REDDAN. Was there any discussion with respect to Mr. Hoke receiving payment for that story?

Mr. CERRUTI. Just to the extent it was to be a speculative article.

Mr. REDDAN. He was to write a speculative article for National Geographic.

Mr. CERRUTI. That is right.

Mr. REDDAN. Did he say he wanted to write the article?

Mr. CERRUTI. He did.

Mr. REDDAN. And a speculative article written for National Geographic means what?

Mr. CERRUTI. It means that if we like it we will buy it and we do not like it we will not buy it.

Mr. REDDAN. Did you have any further understanding with Mr. Hoke with respect to payment for that story?

Mr. CERRUTI. There was no discussion of actual payment at that meeting.

Mr. REDDAN. Was there any discussion with him with respect to the use of photographs?

Mr. CERRUTI. Yes. There were two meetings; one, there was more talk about photography.

Mr. REDDAN. When was the second meeting held?

Mr. CERRUTI. The second meeting was on the 20th.

Mr. REDDAN. On July 20?

Mr. CERRUTI. Yes.

Mr. REDDAN. And did you take notes during that meeting?

Mr. CERRUTI. I did.

Mr. REDDAN. And do your notes reflect that during that meeting anything was said with respect to Mr. Hoke writing a speculative story?

Mr. CERRUTI. I will have to try to keep the two meetings clear. I have the notes right here. I can tell from them, you see. Yes. I have a note to myself to write a letter to Hoke confirming our interest on spec and we will send a photographer to cover the pictures.

Mr. REDDAN. I show you a letter dated August 2, 1962, addressed to Mr. Hoke and ask you whether or not that is the letter that you wrote to him as a result of that meeting?

Mr. CERRUTI. That is right. That is the letter.

Mr. REDDAN. And you refer there to a speculative article.

Mr. CERRUTI. Yes, sir.

Mr. REDDAN. That does not mean you necessarily will pay him, but if you accept it, you will pay him $1,200, according to that letter?

Mr. CERRUTI. That is right.

Mr. REDDAN. Did you write that letter in an attempt to reduce to writing what your understanding of your agreement with Mr. Hoke was?

Mr. CERRUTI. We wanted to tell Mr. Hoke exactly what our understanding was of that conference and then have him reply that he had the same understanding so there would be no question.

Mr. REDDAN. Did you receive a reply to that letter from Mr. Hoke?

Mr. CERRUTI. Yes.

Mr. REDDAN. A letter dated August 3, 1962?

Mr. CERRUTI. Yes.

That is the letter.

Mr. REDDAN. Is that the expected reply?

Mr. CERRUTI. Well, we did not expect one reply or another, you know. We did not know what to expect. We wondered when Mr. Hoke came in with this proposal at these meetings whether he could promise us an exclusive. He said he could; that he was a representative of AID and that AID could do this. We wondered about

that. We also wondered whether he could accept the money or whether it would have to go to AID or whatever.

This letter simply put in writing our editorial policy; if we are interested in an article and like it, we buy it, and from that point on it would be up to him to get his superiors' OK on the arrangement.

Mr. REDDAN. Was any suggestion made to you at any time during these meetings that there might be a question as to whether or not he could be paid for that article?

Mr. CERRUTI. We suggested that ourselves. I believe Mr. Conly brought up the question, not exactly of payment, but as to exclusive rights, did he have the right to promise us exclusive rights and could he write this article and whose time was it being written on.

Mr. REDDAN. Whose time did he say it would be written on?

Mr. CERRUTI. He said it would be written on AID's time because he was working for AID on this project 24 hours a day so that whenever he did write it he would be writing on their time.

Mr. REDDAN. Did he go into that detail about he would be on AID's time 24 hours a day?

Mr. CERRUTI. Yes. He said, "It is kind of hard to tell whose time it is."

Mr. HARDY. That did not leave much time for his family.

Mr. CERRUTI. My understanding was that it was in regard to the expedition actually that he was saying that.

Mr. REDDAN. Do your notes reflect that he told you that he would write this on AID's time?

Mr. CERRUTI. Yes; they do.

Mr. REDDAN. Would you read that particular part, please? These are notes taken in your own hand?

Mr. CERRUTI. Yes. It says—

He will do manuscript on spec but must have a photographer——

Mr. REDDAN. He will do manuscript on spec, what does that mean?

Mr. CERRUTI. What I told you.

Mr. REDDAN. That he will do it with the expectation of being paid for it if it is accepted.

Mr. CERRUTI. Payment would be offered to him. He would receive payment.

Mr. REDDAN. At what meeting did he say that?

Mr. CERRUTI. He didn't say that. This is my understanding that he would pay him if it were an acceptable article.

Mr. REDDAN. What do your notes show that Mr. Hoke said?

Mr. CERRUTI (reading):

He will do manuscript on spec but must have photographer from us. AID would see manuscript. That is OK with us. He will be writing the piece on AID's time.

Mr. REDDAN. What part of that is what he said?

Mr. CERRUTI. That is really very difficult.

Mr. HARDY. I do not think that is a proper question. From what you have, unless you can recall specific quotes, what you have read as I understand it is your interpretation of what he said.

Mr. CERRUTI. Yes, an interpretation of questions back and forth, myself and Mr. Conly and it is very hard. You know, I am reluctant to rely on notes like this because they are just my understanding of

the conversation and they were not taken with the intent of being legal testimony.

Mr. HARDY. That is all right. This is your understanding of what was said.

Mr. CERRUTI. Yes.

Mr. REDDAN. What is the status of the matter at the present time?

Mr. CERRUTI. In suspense entirely, because we just do not know how this is going to come out.

Mr. HARDY. When are you going to print the story on the three-toed sloth?

Mr. CERRUTI. I cannot say. I asked Mr. Conly today what the status of that story was and he said, "It is getting pretty old now. I do not know whether we will be able to use it."

Mr. MONAGAN. They have four toes, by now.

Mr. Cerruti, the first meeting you spoke of was April 9, 1962.

Mr. CERRUTI. No. That was when I came to National Geographic.

Mr. MONAGAN. At any rate, prior to the first meeting, Mr. Hoke had another article printed in the National Geographic?

Mr. CERRUTI. I do not believe so. I think that is the sloth article that he sold to Geographic.

Mr. MONAGAN. When was that sold to them?

Mr. CERRUTI. I am not clear on that. It was over a year ago.

Mr. MONAGAN. And was that a speculative article?

Mr. CERRUTI. I am also not clear on that. I do not know.

Mr. MONAGAN. How much was he to be paid for that, or was he paid?

Mr. CERRUTI. I checked that before making an offer to him. He was paid $1,000 for that article, according to the information I was given from the files.

Mr. MONAGAN. That could have been speculative?

Mr. CERRUTI. It could have been. It probably was.

Mr. MONAGAN. That was prior to these discussions that he had with you?

Mr. CERRUTI. Long prior. It was long before I came to the magazine.

Mr. MONAGAN. Thank you.

Mr. HARDY. Mr. Cerruti, did you have contacts with officials in AID senior to Mr. Hoke with respect to the granting of an exclusive to National Geographic?

Mr. CERRUTI. No, I did not.

Mr. HARDY. Do you know the extent to which Mr. Brown may have had such conversations or correspondence?

Mr. CERRUTI. The only thing I know is there was a letter from Mr. Hoke's superior saying that he was behind this project and hoped we would be interested in it. I do not know exactly the date of that letter, but that is in the file.

Mr. HARDY. I have such a letter before me here, I believe. It is documentation provided by your offices.

Mr. CERRUTI. Yes, sir.

Mr. HARDY. This is a letter from Dr. Fei to Mr. Brown, and then there was a reply from Mr. Brown to Dr. Fei on June 29 in which he said, and I quote from that letter—

> I personally am very hopeful we can get the story of this pioneer venture to publish in the National Geographic as an exclusive popular presentation * * *.

Mr. CERRUTI. Yes.

Mr HARDY. Do you know whether there has been any followup that gave any better assurance than you already had that it would be an exclusive?

Mr. CERRUTI. As far as I know, there was not. That is the reason I put in writing our understanding that we would have an exclusive. If we were not going to get the exclusive then it would be stated in reply to my letter, and we might change our intention to publish the article. Magazines do like to have an exclusive story where they can get it.

Mr. HARDY. Of course. You were familiar, I presume, with the project document which Mr. Hoke had sent to Mr. Brown?

Mr. CERRUTI. I read it very briefly in reviewing the files.

Mr. HARDY. And so from the very beginning it was contemplated that National Geographic would have an exclusive?

Mr. CERRUTI. I would say the files indicate that, yes, sir.

Mr. HARDY. Are there any questions, Mr. Monagan?

Mr. MONAGAN. No.

Mr. HARDY. Thank you very much, Mr. Cerruti.

Mr. CERRUTI. Thank you, sir.

Mr. HARDY. I think we are going to adjourn in just a moment. I would like to ask Dr. Fei if he has anything further he would like to add before we adjourn.

Dr. FEI. No, sir.

Mr. HARDY. I would like to ask Mr. Hoke if he has anything further he would like to add before we adjourn for the day?

Mr. HOKE. Well, the only thing I would choose to add is that the gentleman to your right asked me if I was serious in my contention and I am. The only thing I can say is that if my enthusiasm has inadvertently caused me to be impropitious about something, I hope the committee will recognize that that is the degree of it. I have been awfully public with what I have done and I stand ready to be corrected for the errors that I may have made and I am not ashamed to say them, but on the other hand, I hope that the intent of what I have been trying to do for the last 8 months will stand out sharply, I do not say as a defense—I do not care to defend the things. If I make mistakes I make them, but will stand out sharply as the motivating reason for what I have done, whether it be labeled "maneuvering," "conniving," or whatever you have——

Mr. HARDY. I have not heard the word "connive." I used the word "collusion" myself, not necessarily in any derogatory sense.

Mr. HOKE. The testimony I think will bear out, and I look forward to it, and that is why I was glad I was first in that sense. I do not wish to find myself in a position of conflict of interest and if I did, it was never with willful intent and the question on whether I get paid this or that for something would readily be considered by the fact that I at no time ever said I would not do these things. I did not stop my venture because I found out I could not be paid $18,000, base pay, based on $18,000. I went right ahead with it without an argument. I am sure Mrs. Gulick will bear that out, et cetera, on all these things. I would very much like to accomplish this venture because I think it is important and I do feel that public attention of the kind I prescribed is important.

Mr. HARDY. I am glad that the committee gave you the opportunity to make this additional expression.

Mr. Reddan?

Mr. REDDAN. I have just one question, Mr. Hoke. How did you get your job with AID in January of 1962?

Mr. HOKE. From Dr. Winfield.

Mr. REDDAN. Did you file an application?

Mr. HOKE. I do not remember the formalities of how I filed it. This was a consultancy, if I remember right. There was a particular job to do and I submitted a form 57, of course, because that is the standard document of my qualifications, which is used, I believe, for consultancies as well as for regular hire.

Mr. HARDY. Tomorrow morning I think we will start off with Dr. Winfield, if you will be here, please, sir, and we will need some others, too. Mr. Reddan will be in contact with Mr. Grant to determine what other witnesses we will need.

We have held up some GSA people that I was unaware of. I think it would take only a few minutes to conclude this so perhaps we had better accommodate them so that they won't have to come back tomorrow.

Mr. Des Jardins, please come forward. Do you solemnly swear the testimony you will give in the matter before the subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

TESTIMONY OF GEORGE E. DES JARDINS, SUPERVISORY PROCUREMENT AGENT, NATIONAL BUYING DIVISION, GENERAL SERVICES ADMINISTRATION; LLOYD L. DUNKLE, DIRECTOR, NATIONAL BUYING DIVISION, FEDERAL SUPPLY SERVICE, GENERAL SERVICES ADMINISTRATION; AND CHARLES M. DINNEEN, DEPUTY ASSISTANT GENERAL COUNSEL, PERSONAL PROPERTY DIVISION, GENERAL SERVICES ADMINISTRATION

Mr. DES JARDINS. I do.

Mr. REDDAN. Please give your name and address to the reporter.

Mr. DES JARDINS. George E. Des Jardins, 4708 Macon Street, McLean, Va.

Mr. HARDY. We have two more chairs here, and in order to try to expedite this matter, let's get Mr. Dunkle and Mr. Dinneen up here at the witness table to be sworn too. Do you and each of you solemnly swear the testimony you shall give in the matter before the subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DUNKLE. I do.

Mr. DINNEEN. I do.

Mr. REDDAN. Mr. Des Jardins, did you give the reporter your position?

Mr. DES JARDINS. No. I am supervisory procurement agent, National Buying Division, General Services Administration.

Mr. DUNKLE. My name is Lloyd L. Dunkle, Director of the National Buying Division, Federal Supply Service, General Services Administration.

Mr. DINNEEN. Charles M. Dinneen, Deputy Assistant General Counsel, Personal Property Division, GSA.

Mr. REDDAN. I would like to ask one or two specific questions and one or two general questions. I will address them to the three of you and whoever wants to answer, please answer.

On this purchase of solar cells and electrical equipment from Hoffman Electronics, which was handled through GSA, Mr. Des Jardins, did you handle that matter for AID?

Mr. DES JARDINS. Yes.

Mr. REDDAN. Would you please tell the committee briefly the manner in which this came to you and what you did with it?

Mr. DES JARDINS. Do you want the dates?

Mr. REDDAN. If you have them readily available.

Mr. DES JARDINS. The matter came to GSA, National Buying Division, by memorandum of April 10, 1962, addressed to Mr. E. M. English, by Mr. Dreany, and forwarding an advance copy of the Project Implementation Order/Contract.

Mr. REDDAN. Was the Project Implementation Order/Contract already made out?

Did that Project Implementation Order/Contract indicate with whom you should deal in the purchase of these materials?

Mr. DES JARDINS. Page 2 of the advance copy, under "Special Provision," paragraph 1 reads thus:

> A contract is to be negotiated with the Hoffman Electronics Corp. in accordance with their proposal of March 13, 1962, for the fabrication and tests of solar powered battery recharging system.

Mr. REDDAN. Does the GSA have any discretionary power in a case like that with AID? In other words, can they negotiate with any other company or must they take the company designated?

Mr. DES JARDINS. Mr. Dinneen might speak to that.

Mr. DINNEEN. Under our agreement with the predecessor of AID, we had agreed to be bound by the statements made in the PIO/C. Ordinarily we would exercise no discretion whatsoever, lacking knowledge of any fault that may have occurred previously, of course.

Mr. REDDAN. As a general proposition, when you are acting as the agent for some executive branch agency in making purchases, do the Federal procurement regulations require advertising for bids?

Mr. DINNEEN. The basic policy under both Federal procurement regulations and the Federal Property and Administrative Services Act is advertising, of course, but there are some 15 exceptions named in both of these—both the statute and the regulation, one of which permits negotiation when otherwise authorized by law. In the Federal procurement regulations the Mutual Security Act is squarely named as one of those exceptions.

Mr. REDDAN. Do you know the basis for that exception?

Mr. DINNEEN. Well, I believe the basis derives from section 633 of their act. Previously it was title 22, United States Code, section 1793.

Mr. REDDAN. I was thinking more specifically of the justification for the exception. Is this exception put in there for the purpose of expediting procurement for projects abroad?

Mr. HARDY. I do not believe the witness should answer that question.

Mr. DINNEEN. I do not believe I should because it seems to me a matter of legislative intent.

Mr. REDDAN. I thought as General Counsel you might know.

Mr. DINNEEN. Off the record, I am not General Counsel.

Mr. REDDAN. In any event, this PIO/C came to GSA and it was processed in a ministerial manner?

Mr. GRIFFIN. For the enlightenment of those who do not work with these forms every day what is a PIO/C?

Mr. DINNEEN. A project implementation order.

Mr. DUNKLE. In common terms, it is a requisition.

Mr. REDDAN. Is the agreement with AID such that a mere statement of justification for sole source is sufficient to waive advertising and competitive bidding?

Mr. DINNEEN. I think so. The Comptroller General has recognized AID's fairly large authority—that is in 34 Comptroller General, I can give you the exact citation if you want.

Mr. HARDY. He might not call it such but it would be a mistake of Congress.

Mr. DINNEEN. I certainly would not call it that, Mr. Chairman. In any event, under section IX, of our agreement, the statement is made that "GSA is agent for ICA and in accordance with specific directives of ICA will arrange for acquiring and shipping commodities." We construe that to mean that we will follow the directions quite implicitly, but to repeat, so long as we have no knowledge of any preceding actions which might make us take a second look.

Mr. REDDAN. I do not know whether any of you gentlemen would have an answer to this question or not, but do you have any idea of the amount of procurement that you do for AID, or its predecessor agencies, in a year?

Mr. DUNKLE. Yes, sir. It averages around $30 million a year, sir. I believe the last year it was slightly in excess of that.

Mr. REDDAN. Is there any other agency which is authorized to exercise these exceptions to which you just referred?

Mr. DINNEEN. Many others have similar statutory authority, though perhaps not quite as broad. I think we have no other binding agreements to this precise effect, however, is that correct, Mr. Dunkle?

Mr. DUNKLE. That is correct. This is the only agency on which we operate on a directed source basis.

Mr. HARDY. In this kind of an instruction, actually you do not have very much to do, do you? What did you do? You were authorized to buy this thing from Hoffman. The specifications were all drawn. You did not have anything to do with that. You were supposed to negotiate. What could you negotiate other than the time of delivery?

Mr. DUNKLE. We did negotiate with Hoffman.

Mr. HARDY. What were you actually negotiating?

Mr. DUNKLE. The exact terms of the contract and to some extent the price.

Mr. HARDY. I do not know the basis on which you could negotiate price. You had no other source and it was not a cost-plus proposition, was it?

Mr. DUNKLE. No, sir.

Mr. HARDY. It certainly was not an incentive-type contract because they were only going to make this one, I presume.

Mr. DUNKLE. I would like to have Mr. Des Jardins explain the negotiation. He was familiar with it.

Mr. HARDY. Go ahead and tell us what you did. I cannot find out what you had to negotiate.

Mr. DES JARDINS. Along with the advance copy of the requisition there were attached copies of Hoffman's proposal of March 13, 1962.

Mr. REDDAN. They sent this——

Mr. DES JARDINS. Copies of the proposal were attached.

Mr. REDDAN. The unsolicited proposal, as it is called.

Mr. DES JARDINS. This is labeled "Unsolicited Proposal."

Mr. HARDY. Yes; it is.

Let's look at the title of this: "Unsolicited Proposal for Feasibility Study and Test of Performance of Solar-Powered Battery Recharging System." Are we talking about the same thing?

Mr. DES JARDINS. Yes, sir.

Mr. HARDY. Go right ahead.

Mr. DES JARDINS. This proposal is in some detail in that there is a cost breakdown supporting the various items and there is indicated a total cost of $27,250, with a supplementary paragraph which reads thus:

> Subitems (a) through (m) as outlined in items (1) through (3) are fixed costs. Items (n) through (q) of item (4) are subject to a variance from amounts indicated; however, in no instance shall the cost of supplying the proposed equipment exceed $30,000.

Mr. HARDY. So you had an opportunity to negotiate items (n) through (q)?

Mr. DES JARDINS. What we were interested in doing was negotiating for a specific package at a definite price.

Mr. HARDY. Do I understand from the language that you just read that this proposal says, we figure it is going to cost $27,250, but in no case will it cost more than $30,000.

Mr. DES JARDINS. $27,000—let me look to that again.

Mr. HARDY. That is the way I read that last page of the proposal cost breakdown.

Mr. DES JARDINS. The thing is that items (a) through (m) are actually subitems of items (1) through (3).

Mr. HARDY. What is the total value of items (n) through (q)?

Mr. DES JARDINS. The total value of items (n) through (q) is $4,990.

Mr. HARDY. $4,990. And in accordance with their statement, "In no instance shall the cost of supplying the proposed equipment exceed $30,000"—is that right?

Mr. DES JARDINS. What they are saying here is—

> Items (n) through (q) are subject to a variance from the amounts indicated—

namely, $4,990.

Mr. HARDY. They would be subject to some variance?

Mr. DES JARDINS. That is right.

Mr. HARDY. But it is always upward; is it not?

Mr. DES JARDINS. That is right.

Mr. HARDY. It is a variance upward. There isn't provision for variance downward, is there?

Mr. DES JARDINS. I would so consider it.

Mr. HARDY. They came up with an estimated cost of $27,250 and they have a guaranteed maximum of $30,000.

Mr. DES JARDINS. That is right.

Mr. HARDY. So that all you had to negotiate was $2,750; is that right?

Mr. DES JARDINS. That is essentially right.

Mr. HARDY. Where did you finally wind up in terms of your negotiated price?

Mr. DES JARDINS. Actually it wound up that we just about split the difference. We came up to $28,625.

Mr. HARDY. So then you had a possible saving, if they had just accepted the contract in blanket, you had a possible saving of less than $2,000. How much did it cost you to negotiate this contract, in time, et cetera?

Mr. DES JARDINS. I cannot put a figure on that.

Mr. HARDY. You could not possibly have saved more than $1,400, and so this is an exercise in futility?

Mr. DES JARDINS. Except in this case we were able to come up with a fixed price contract for a definite package.

Mr. HARDY. You had a fixed price contract for a definite package; he had already guaranteed you it would not cost over $30,000, so the only thing you saved, the only possible saving, was $1,350.

Mr. DES JARDINS. Not quite that.

Mr. HARDY. Tell me what it was.

Mr. DES JARDINS. The difference is this: That in setting up the kind of a contract that might be contemplated under such a proposal, it would involve an item-by-item audit of all these costs. In order to avoid administrative cost of the audit item by item it was deemed advantageous to set a specific flat price.

Mr. HARDY. I think that is probably right, but under the terms of his own statement here it could not have cost more than $30,000; is that right?

Mr. DES JARDINS. On the face of it, but you are forgetting the administrative costs and the audit costs.

Mr. HARDY. Administrative costs and audit costs?

Mr. DES JARDINS. That is right, cost of audit and administering the type contract entered into.

Mr. HARDY. It looks to me like this ministerial service you are performing for AID is being abused. I do not see why you should be called upon to negotiate this kind of a contract when all in the world you could possibly save on it is $1,350.

Mr. DES JARDINS. I do not agree with the $1,350.

Mr. HARDY. I do not know who will pay the rest of it unless somebody throws it away.

Mr. DES JARDINS. Audit cost would have been involved.

Mr. HARDY. You would only audit items (n) through (q).

Mr. DES JARDINS. No, the whole thing would have been audited because in items (1) through (3) there are some services involved.

Mr. HARDY. You came up with a fixed price contract instead of one that would have to be audited?

Mr. DES JARDINS. That is right.

Mr. HARDY. The only thing you had to do finally was determine whether or not you were getting what you bought. Somebody has to make that determination.

Mr. Griffin?

Mr. GRIFFIN. I would like to explore this: The statement was made that you handled about $30 million worth of purchases a year for AID. AID, as you interpret the statute and regulations, has this exemption under which they can direct that you buy on a negotiated basis rather than a bid basis. I am wondering to what extent this direction in this case, to buy on a negotiated basis, is unusual for AID in their dealings with your agency?

Do you have any idea, out of the $30 million a year, how much of it is bought in that fashion and how much is bought on a bid basis?

Mr. DUNKLE. I would say this: About half or better of the purchases we make for AID are in DDT, which is handled on a competitive bid basis. Many other items are purchased on a competitive bid basis and most of the buying is done in our regional offices, in the port areas. We do have a number of requisitions, PIO/C's directed to us with statements as to proprietary sources. I would say this is undoubtedly the most unusual one we have ever received.

Basically, the statement is used in connection with specialized equipment, standardization for parts and supplies and this type of thing which AID makes the determination based on our agreement and the statement appears on the PIO/C that they assume full responsibility for the adequacy of justification for the directed proprietary source. As to exact dollars, that we buy on this basis, I cannot say.

Mr. MONAGAN. Is it possible to get that figure?

Mr. DUNKLE. Yes, sir. We can get it. It will take us some time to research our records sir.

Mr. MONAGAN. How difficult would it be?

Mr. DUNKLE. Beg pardon?

Mr. MONAGAN. How difficult would it be to get this figure?

Mr. DUNKLE. It is not a tremendous job.

Mr. MONAGAN. I would like to ask for it.

Mr. HARDY. If it is not too much effort, if you will prepare that for us and submit it.

Mr. DUNKLE. We will submit it for the record.

(The material referred to follows:)

Total dollar value of purchases by General Services Administration for the Agency for International Development during fiscal year 1962: $37,082,000.

Dollar value of purchases of proprietary products and services based on AID statement of justification: $5,005,736.

Percentage relationship: 13.2 percent.

Mr. HARDY. Thank you very much.

Thank you, gentlemen. We will let the subcommittee stand adjourned to reconvene in this room at 10 a.m. tomorrow.

(Whereupon, at 4:20 p.m., the subcommittee adjourned, to reconvene at 10 a.m., Friday, August 10, 1962.)

AGENCY FOR INTERNATIONAL DEVELOPMENT CONTRACT OPERATIONS

(Office of Research, Evaluation and Planning Assistance Staff)

(Part 1)

FRIDAY, AUGUST 10, 1962

HOUSE OF REPRESENTATIVES,
FOREIGN OPERATIONS AND
MONETARY AFFAIRS SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10 a.m., in room 304 Old House Office Building, Hon. Porter Hardy, Jr. (chairman of the subcommittee) presiding.

Present: Representatives Porter Hardy, Jr., and George Meader.

Also present: John T. M. Reddan, chief counsel; M. Joseph Matan, counsel; Walton Woods, investigator; Charles Rothenberg, investigator; and Phyllis M. Seymour, clerk.

Mr. HARDY. The subcommittee will come to order.

This morning we will continue our inquiry into the operations of the Research, Evaluation, and Planning Assistance Staff.

At the close of the hearings yesterday we were considering certain aspects of a contract let to the Hoffman Electronics Corp. for solar cells to be used in connection with a boat trip in Surinam.

I had intended to start immediately into consideration of the contract between AID and the Warwick Manufacturing Co. for 1,000 23-inch transistorized television sets. However, there are one or two minor items in connection with the inquiry yesterday which I think we want to pursue and complete before we get into the television set matter.

Mr. Reddan, let us try to dispose of those as quickly as we can.

Mr. REDDAN. If we may have Mr. Dreany as the first witness.

Mr. HARDY. Mr. Dreany, do you solemnly swear the testimony you shall give in the matter before the subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DREANY. I do, sir.

TESTIMONY OF HARRY H. DREANY, DIRECTOR, INDUSTRIAL RESOURCES DIVISION, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. REDDAN. Will you please give the reporter your full name and address, sir?

Mr. DREANY. I am Harry H. Dreany, 4900 Cherokee Street, College Park, Md.

Mr. REDDAN. You are employed by AID?

Mr. DREANY. I am.

Mr. REDDAN. In what capacity, sir?

Mr. DREANY. I am Director of the Industrial Resources Division under the Assistant Administrator for Material Resources.

Mr. REDDAN. How long have you held that position?

Mr. DREANY. In this agency and predecessor agencies since about 1952.

Mr. REDDAN. Are you familiar with the Hoffman Electronics contract we were discussing yesterday?

Mr. DREANY. Yes, sir.

Mr. REDDAN. Did you have anything to do with that contract?

Mr. DREANY. Yes, sir. I issued a project implementation order to the General Services Administration to negotiate with Hoffman.

Mr. REDDAN. At whose direction did you do that, sir?

Mr. DREANY. At nobody's direction, I would say.

Mr. HARDY. You do not just draw them up on your own initiative?

Mr. DREANY. No. As I say, it is a part of the responsibilities which have been in effect delegated to me, to make this kind of determination. I would not initiate a project or initiate one of these things. It is always at the request of some of the——

Mr. HARDY. Maybe we used the wrong work. At whose request, instead of at whose direction?

Mr. DREANY. At the request of Mr. Fei.

Mr. REDDAN. Is Mr. Waters your superior?

Mr. DREANY. Yes, sir.

Mr. REDDAN. Mr. Chairman, there is a memorandum dated March 20, 1962, to Mr. Herbert J. Waters from Dr. Fei, the subject of which is "Proposal To Test the Performance of a Solar-Powered Battery Recharging Center." May this be put in the record as an appendix?

Mr. HARDY. Without objection, it will be appendix VII, p. 259.

Mr. REDDAN. I show you the memorandum, Mr. Dreany; is that what resulted in your issuing the PIO/C?

Mr. DREANY. Yes, this and subsequent discussions which I had with Dr. Fei and Mrs. Gulick.

Mr. REDDAN. Would you tell the committee just what that is?

Mr. DREANY. Yes. This is a request from Mr. Fei to Mr. Waters outlining a proposal to test the performance of a solar-powered battery recharging center, pointing out that REPAS is ready to underwrite this experiment and suggesting that the easiest way to obtain these supplies would be by a simple commodity purchase order "which I understand is issued under your office." This, of course, is not quite correct. I do not issue purchase orders, nor do I have contracting authority myself; but this I attributed to Mr. Fei's newness in the agency, and I subsequently discussed with him how we could implement it by PIO/C to the General Services Administration rather than having our office in effect issue the purchase order.

Mr. REDDAN. Does he indicate to whom the PIO/C should be directed; that is, the manufacturer?

Mr. DREANY. Yes; to Hoffman.

Mr. REDDAN. What does he say there? Just read that part.

Mr. DREANY (reading):

Hoffman's part in it is to fabricate and provide the hardware, including a shakedown test. Hoffman as producer of about 85 percent of silicone solar cells is a logical sole supplier.

Mr. HARDY. A logical sole supplier. Is there any other justification for selecting a sole supplier other than that he produces 85 percent of this?

Mr. DREANY. Not specifically, but, as I say, since it is an experimental project, it was obvious to me. In other words, it is not the kind of thing on which you would go out and ask for bids simply because it is not the ordinary shelf item.

Mr. HARDY. Do you not get bids on anything that is not an ordinary shelf item?

Mr. DREANY. Yes, we do.

Mr. HARDY. Of course you do. Of course all Government agencies do, if you can develop specifications, even performance specifications sometimes.

Mr. DREANY. That is correct. As a matter of fact, they have a relatively new technique, the two-stage proposal.

Mr. HARDY. Is there any limitation on AID with respect to reaching a decision to make procurement from a sole source?

Mr. DREANY. No, not that I know of.

Mr. HARDY. I have been through a lot of this with the military recently, as you may or may not know. There is a very definite procedure which has to be followed by the military in order to procure on a sole-source basis. It is your testimony that AID is not hampered by any such restrictions as the military is with respect to sole source?

Mr. DREANY. I believe that is right, although we are bound by the——

Mr. HARDY. You do not depart from normal Government practices with respect to securing competition wherever it can be done?

Mr. DREANY. No, sir. Wherever it can be done.

Mr. HARDY. Who makes the determination that it cannot be done?

Mr. DREANY. In this case, I did.

Mr. HARDY. I presume you had a pretty good reason for making that determination—personal knowledge of the industry.

Mr. DREANY. Yes, sir.

Mr. MEADER. Would you yield just a moment.

You say you made the determination to make a negotiated arrangement with Hoffman, but as I understand the reading of that memorandum from Dr. Fei, he directed sole procurement.

Mr. DREANY. He did not direct. He requested that it be done.

Mr. MEADER. Then he made the determination.

Mr. DREANY. All right. I am not trying to throw any responsibility off on Dr. Fei. In other words, if I had disagreed with his decision that Hoffman was the logical supplier, then I would have gone back to him and told him I was very sorry, that I would need further justification or authorization from the Administrator, but I did not disagree.

Mr. HARDY. Have you the authority to make that determination with respect to all procurements? Only the Secretary of Defense or the Secretary of an individual military service can make that determination with respect to military procurement. You are telling me

that you are not even the chief of your section and you have the authority to do that in AID? If so, maybe we had better change the law.

Mr. DREANY. I am not saying it. In other words, if it were a substantial amount of money, I would not do it without consultation with my superiors.

Mr. HARDY. Would you define the word "substantial" for me?

Mr. DREANY. This is a difficult problem.

Mr. HARDY. It sure is.

Mr. DREANY. I would say, as a rule of thumb, $500,000.

Mr. HARDY. That is an awful lot to me. That is more than substantial. Go ahead.

Mr. REDDAN. You say you did not disagree with this recommendation. Did you agree with it?

Mr. DREANY. Yes, sir.

Mr. REDDAN. You agreed there was justification?

Mr. DREANY. Yes, sir.

Mr. REDDAN. Where did you find the justification?

Mr. DREANY. In the unique nature of it and the fact that I knew that there was probably only one other manufacturer of solar cells, International Rectifier, and that they in themselves were primarily concerned with making cells for space use. So far as I know, they have made no terrestrial applications of the solar cells.

Mr. REDDAN. Did you look into this, or is this your own rationalization?

Mr. DREANY. No, I knew it at the time.

Mr. REDDAN. How did you know as of that date that International Rectifier would not be interested in this?

Mr. DREANY. I did not say they would not be interested in it. I said I knew they were manufacturers of solar cells.

Mr. REDDAN. How did you know they would not want to put in a bid on this?

Mr. DREANY. I did not know that.

Mr. HARDY. Did you know whether they were competent to do it? If they were competent and Hoffman was competent, why should they not be given an opportunity?

Mr. DREANY. There is an element of urgency in this, I was told. The rainy season was to start. On hindsight, I recognize that I could very well have gone out and written letters to International Rectifier, and so forth, and probably consumed a matter of 3 or 4 weeks, in effect, arriving——

Mr. HARDY. It is awfully easy in Government agencies to consume a lot of time, but there is also a telephone on your desk and you could at least have found out whether or not they had the competence to come up with a timely production.

Mr. DREANY. I was also told by REPAS that they had already contacted International Rectifier.

Mr. HARDY. About this procurement?

Mr. DREANY. Yes, about the project.

Mr. REDDAN. Who told you that?

Mr. DREANY. The people in REPAS. I believe it was Mrs. Gulick.

Mr. HARDY. Mrs. Gulick told you she had already contacted——

Mr. DREANY. That they had, that REPAS had.

Mr. HARDY (continuing). That REPAS had contacted International, and they could not do it on time?

Mr. DREANY. They had expressed no interest. I wouldn't say they could not do it.

Mr. HARDY. I think we shall have to get a confirmation of that. We should get Mrs. Gulick to testify about that in a few minutes. Let us get through with this.

Mr. REDDAN. Did you approve the price?

Mr. DREANY. Yes and no. In effect, I accepted the $30,000 figure and authorized GSA, in effect, to go to that figure as an outside figure. But their instructions, of course, were to negotiate and, in following their usual practice, they try to get the best price they can.

Mr. REDDAN. I show you a memorandum of, I believe, April 10, from you to GSA.

Mr. DREANY. Yes.

Mr. REDDAN. Is that the memorandum which you sent covering the PIO/C?

Mr. DREANY. This is an advance copy of the PIO/C, and this is a procedure which we ordinarily use when there is some urgency indicated. We send a copy in advance of the actual official reproduced copy, in order that GSA can immediately start on the action.

Mr. REDDAN. That is a short memorandum. Would you read it into the record, please?

Mr. DREANY (reading):

We are forwarding herewith an advance copy of subject PIO/C and two copies of specifications. A contract is to be negotiated with the Hoffman Electronics Corp. for a feasibility study and test of performance of a solar-powered battery recharging system. The Hoffman local representative is Mr. W. B. B. Lyons, 1625 I Street NW., Washington, D.C., telephone EXecutive 3-1862.

Mr. REDDAN. You had attached to that—what do you call it——

Mr. DREANY. An advance copy. It was typed copy. It would not constitute an official——

Mr. REDDAN. It is signed by you?

Mr. DREANY. Yes.

Mr. REDDAN. It is on the basis of that document that GSA proceeded; is that correct?

Mr. DREANY. Yes, sir.

Mr. REDDAN. Have you any other attachments there besides the PIO/C?

Mr. DREANY. Yes. There was a memorandum of discussion. I do not see it here. Not that I sent to GSA; no.

Mr. REDDAN. You did not send it to GSA?

Mr. DREANY. No. We sent a copy of the document which was discussed here yesterday, the unsolicited proposal from the Hoffman Electronics Co.

Mr. REDDAN. What is the other attachment, besides the PIO/C, which you have there? I understand that was a part of the document that you sent to the GSA.

Mr. DREANY. No. This is all the PIO/C. The document to which I refer was an attachment to this——

Mr. REDDAN. Would you refer to the typewritten part of the attachment which is marked "Page 2"?

Mr. DREANY. Yes.

Mr. REDDAN. Did you send that to GSA?

Mr. DREANY. Yes. This is page 2 of the PIO/C.

Mr. REDDAN. I see. All right, would you read the paragraph there that I have marked for you?

Mr. DREANY (reading):

The procurement of this equipment is necessary as proprietary items. Complete justification is available in MR/IRD. AID, as GSA's principal, is solely responsible for the adequacy of such justification. The head of the cognizant AID procurement activity or his designated representative has personal knowledge of the procurement of these items.

Mr. REDDAN. Who would that be?

Mr. DREANY. That would be me.

Mr. REDDAN. You have personal knowledge of the procurement?

Mr. DREANY. Yes.

Mr. REDDAN. And you have personal knowledge of the complete justification to which you have referred?

Mr. DREANY. Yes, sir.

Mr. REDDAN. What is the complete justification, and where do we find it?

Mr. DREANY. In effect, the justification is the request from Dr. Fei with the attachment thereto.

Mr. REDDAN. You construe Dr. Fei's memorandum as complete justification for negotiation with a sole source without any competitive bidding? Does that also, in effect, restrict the action of GSA in negotiation?

Mr. DREANY. I would not say it restricts them, no, because actually GSA has the privilege, under our agreement, of rejecting any PIO/C which we send to them, and if they think this is not a proper thing for GSA to do or that we have made an improper request, they will come back to me. Our relationships have been close enough——

Mr. HARDY. But they do not have any legal right to come back and question your instructions to procure sole source, do they?

Mr. DREANY. Well, yes, they certainly do.

Mr. HARDY. They are your purchasing agent.

Mr. DREANY. Right.

Mr. HARDY. If you give them instructions to buy an item from sole source, the only authority they have left, I think, is to negotiate within the frame of reference that you have provided them. Is that not correct?

Mr. DREANY. No, this is not correct. Their agreement provides that they can reject any specific request which we make of them.

Mr. HARDY. In other words, then, they are supposed to review your performance and see whether or not you know what you are doing.

Mr. DREANY. I would appreciate that service. If they think that I have made a mistake, I certainly would appreciate their calling it to my attention.

Mr. HARDY. You might appreciate it, but I doubt that they have any legal authority to do it. I do not know.

Mr. DREANY. I would think they did, under our agreement.

Mr. HARDY. I shall ask my GSA friend over there.

Mr. DES JARDINS. I am afraid that is a question Mr. Dineen would have to address himself to.

Mr. HARDY. You profess incompetence on that.

Mr. REDDAN. You say one of these urgency reasons was the weather conditions in Surinam, is that it?

Mr. DREANY. Yes.

Mr. REDDAN. How did you check on that?

Mr. DREANY. I accepted REPAS' statement on that.

Mr. REDDAN. Did they tell you that?

Mr. DREANY. Yes.

Mr. REDDAN. Who in REPAS told you that?

Mr. DREANY. Either Mrs. Gulick or Dr. Fei, I do not remember, on the telephone. But then I also know myself that they do have a rainy season down in South America. I have been through the Panama Canal many times.

Mr. REDDAN. Would you disagree with one of the parties who was supposed to go on this expedition, who was down there in Surinam, who wrote a letter on March 22 to Hoke telling him to delay this thing because of the rainy season?

Mr. DREANY. It is about to be delivered, August 15.

Mr. REDDAN. But this was a matter of so great urgency back there in March that you had to waive competitive bidding. You had to send this thing over. You could not even wait for the regular PIO/C. You had to get it over. This had to be done back there. Here is a letter saying, "Let us delay this because the rains are so bad we are likely to get into trouble."

(Witness examining document.)

Mr. DREANY. I would not disagree with them. They are the people who know the situation.

Mr. REDDAN. This is a letter addressed to Hoke from Cal Burgett, dated March 22, 1962, from Surinam. When Mr. Hoke gets on the stand, I shall have him identify it.

Mr. HARDY. Anything further with this witness?

Thank you very much, Mr. Dreany.

Mrs. Gulick, will you come up, please? Will you be sworn?

Do you solemnly swear the testimony you are to give in the matter before the subcommittee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mrs. GULICK. I do.

TESTIMONY OF MRS. FRANCES ANDERSON GULICK, RESEARCH SPECIALIST, RESEARCH, EVALUATION AND PLANNING ASSISTANCE STAFF, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. REDDAN. Please give the reporter your name and address.

Mrs. GULICK. Frances Anderson Gulick, 4702 De Russey Parkway, Chevy Chase, Md.

Mr. REDDAN. You are employed by AID in what capacity?

Mrs. GULICK. I am employed by AID as a research specialist in the Research, Evaluation, and Planning Assistance Division. I entered on duty about December 19, 1961.

Mr. REDDAN. You were here in the room and heard the testimony which preceded you?

Mrs. GULICK. I did.

Mr. REDDAN. Did you contact International Rectifier in connection with the electronic cells?

Mrs. GULICK. I did not contact International Rectifier personally, and I do not believe I gave the indication that I had. My own judgment in forwarding the memorandum suggesting that Hoffman be contacted was derived from the internal evidence of Mr. Hoke's correspondence with them. I think probably they were a little more frank with him than they might have been if we had given them an invitation to bid for Government money. The kind of indication they gave when they were writing informally to a private citizen was that they had a lot of trouble with the experimental panel they had tried. If they had that much trouble with what they tried with their own money, I wasn't really prepared to offer to let them make the same kind of errors with Government money. However, again, I did not contact them directly.

Mr. REDDAN. Mrs. Gulick, let us get back to International Rectifier. You say you did not tell Mr. Dreany that you had contacted International Rectifier. Is that so?

Mrs. GULICK. I did not tell him I had contacted them.

Mr. REDDAN. Did you tell him that anyone in REPAS had?

Mrs. GULICK. I believe I told him they had been contacted in the course of the development of this project and, as you will remember from the testimony yesterday, this project had a long history before REPAS undertook to sponsor it.

Mr. REDDAN. Did AID have anything to do with it at that time?

Mrs. GULICK. No.

Mr. REDDAN. Did Mr. Hoke ever show you the letter from International Rectifier where they expressed great interest in this if they could get someone to help finance it?

Mrs. GULICK. Yes. He also showed me the rest of the correspondence which indicated they had doubts about the previous experiment.

Mr. REDDAN. Was there other correspondence with them?

Mrs. GULICK. I believe you have those in your files.

Mr. REDDAN. I do not believe we do. Are they in Mr. Hoke's private files, or did they get into the agency files?

Mrs. GULICK. We have them in our agency files.

Mr. HARDY. Did we not ask for the whole file?

Mr. REDDAN. We did.

Mrs. GULICK. I believe you have that.

Mr. HARDY. Let us see what we have. Maybe we have them and did not recognize them.

Take your file down there, and see if she can help you find them, Mr. Matan.

(Off the record.)

Mr. REDDAN. We can explore this a bit later so we do not hold up the committee at this point.

I would like——

Mr. HARDY. Let me see where we are on these files.

Mr. REDDAN. She has not had an opportunity to go through them.

Mr. HARDY. We will have to clear up this matter right now. Hand this copy of the committee rules down there to Mrs. Gulick.

I want to call your attention, Mrs. Gulick, to the committee rules.

I do not know whether you are familiar with the rules. You are entitled to have advice of counsel if you want to have it, because you

are under oath, and the committee will ask you some questions here in a minute which we want you to be very careful in answering.

Mrs. GULICK. Sir, I have been as careful as I can be.

Mr. HARDY. I am sure you have, but I want to call your attention to the fact that you are under oath.

Mrs. GULICK. I knew I was under oath.

Mr. HARDY. I am required to remind you of it.

Before we proceed with that, Mr. Reddan, and this does not have anything to do with the point I just made, but it is your testimony that the documents to which reference was made earlier were in the files presented to the subcommittee. So, as far as you know, there has not been anything withheld in connection with this matter?

Mrs. GULICK. I have not seen the complete files the subcommittee has. I believe I can find the letter which refers to it in Mr. Hoke's files, and his testimony yesterday referred to a letter from International Rectifier in which they expressed their concern about the difficulty they had with the "Solar King"—a solar-powered electric automobile. This is in the record.

Mr. HARDY. You are pretty sure that was in the documents which we should have, anyway?

Mrs. GULICK. I do not know what documents the committee requested. I believe I could find that letter.

Mr. HARDY. Maybe we did not do it in this case, and if we did not, I want to fire somebody on my staff, but our usual procedure is to request every document that relates to a particular subject so we can determine whether or not it is relevant to our inquiry. If we did not do that this time somebody has slipped up. If that is the case, then this document, which apparently has some relevance, should have been made available.

I think maybe we will defer a study of the files we have until a little later so we can proceed.

We have another matter about which we should like to make inquiry. You may proceed, Mr. Reddan.

Mr. REDDAN. Mrs. Gulick, I would like to show you a memorandum for the files dated August 3, 1962. I ask you if you prepared that.

Mrs. GULICK. Yes, I prepared that.

Mr. REDDAN. What was the purpose of that memorandum for the files?

Mrs. GULICK. Mr. Rothenberg had called Dr. Fei to ask him about two items in connection with the National Geographic. Dr. Fei had asked me to provide Mr. Rothenberg with the background on this file. He had asked me to draw up a memorandum explaining what I had just told him as a basis for explaining this to Mr. Rothenberg. I drew up a draft prior to calling Mr. Rothenberg, and I talked to Mr. Hoskins, and Mr. Hoskins had me in a meeting in which we were discussing the problems and the various issues on the solar boat. Mr. Hoskins said Mr. Rothenberg had called him, and he would call Mr. Rothenberg and pass on the information to him. You will notice this does say "draft." I did not call Mr. Rothenberg personally. This represented an account or a memorandum of conversation I was prepared to engage in with Mr. Rothenberg.

Mr. HARDY. What we have is a document in your file which, although it says "draft," purports to reflect the details of a conversation which

you allegedly had with a member of the staff of this subcommittee and which conversation never took place; is that correct?

Mrs. GULICK. It is not in my files. The original was given to Mr. Hoskins, who passed it over to Mr. Rothenberg.

Mr. HARDY. It was in Mr. Hoskins' files?

Mrs. GULICK. Yes.

Mr. HARDY. As far as anybody reviewing that file would know, it was an authentic document which reflected an actual conversation which took place. Actually, it did not reflect any conversation at all. Is that correct? Is it a customary procedure in that office to write documents before an action and then put them in the files, whether or not the action ever took place?

Mrs. GULICK. No; this is not a customary procedure.

Mr. HARDY. This document really worries me. If that document had stayed in the files and we had not discovered it, it would have given the appearance that a member of the staff of this committee had approved this item. If that is not a self-serving approach to a matter of this kind, then I do not know. That a governmental employee should go to that extreme, unless there is a better explanation than I have thus far received, I just do not understand it.

Mr. REDDAN. Does that memorandum say you had talked with anyone else?

Mrs. GULICK. It says that I have talked with Mr. Deutschman.

Mr. REDDAN. Did you talk with Mr. Deutschman about this?

Mrs. GULICK. I talked with Mr. Deutschman, so far as I can recollect, on the 21st of June.

Mr. REDDAN. About this?

Mrs. GULICK. About our relations with the National Geographic. I subsequently sent him a copy of our letter to the National Geographic and raised with him the question of our discussing a paper with National Geographic with them.

Mr. HARDY. So, your testimony to this subcommittee is that your reference to a conversation with Mr. Deutschman relates to one that you had in the middle or latter part of June?

Mrs. GULICK. It is my recollection that I also had another telephone conversation with him earlier on the subject. I do not have the date of that.

Mr. HARDY. Then your memorandum was not intended to reflect the conversation you had with Mr. Deutschman following your discussions with members of this subcommittee staff.

Mrs. GULICK. Pardon?

Mr. HARDY. To me, the memorandum left the implication that you had had this conversation with Mr. Deutschman following discussions which had been initiated by members of this staff.

Mrs. GULICK. I also did that.

Mr. HARDY. You had a conversation with Mr. Deutschman before writing that memorandum and following the discussion with members of this subcommittee staff?

Mrs. GULICK. Yes. I was giving you the date of the first conversation which I had with him.

Mr. REDDAN. When was the second conversation?

Mrs. GULICK. The second conversation was on August 3.

Mr. HARDY. With Mr. Deutschman?

Mrs. GULICK. Yes.

Mr. REDDAN. Does it say you talked with anyone else, on the next page? You just refer to public information officer, I believe, at the bottom of the page.

Mrs. GULICK. The bottom of page 2?

Mr. REDDAN. Yes. You do not have a name; just a title.

Mrs. GULICK. Yes, former public relations officer. I did not talk with him myself.

Mr. REDDAN. What does it say there?

Mrs. GULICK (reading):

> John Hoke said earlier discussions with National Geographic had preceded AID sponsorship of this project, and the question of legality of receiving pay had been checked at that time with the former public relations officer who had said that regulations permitted payment under the circumstances contemplated; that is, private plus Army sponsoring of the project and the expedition.

Mr. REDDAN. You say you did not talk to that individual?

Mrs. GULICK. No.

Mr. REDDAN. Who did?

Mrs. GULICK. Mr. Hoke would have talked with him. It was Mr. Fred Blachly.

Mr. HARDY. Does that memorandum indicate you talked with him?

Mrs. GULICK. No.

Mr. HARDY. Our information from the National Geographic is in complete conflict with your testimony with respect to your conversations.

Mrs. GULICK. Have you asked me, sir, about my conversations with National Geographic?

Mr. HARDY. Let me correct that. Our information from Mr. Deutschman is in conflict with the information which you have given with respect to conversations with him. Is he here?

Mr. REDDAN. He is in the hospital.

Mr. HARDY. I wish you would try to refresh your memory—because I am afraid we are going to have a rather sharp conflict in testimony before we get through—and see whether or not you are certain that your recollection is correct. It has not been very long ago.

Mrs. GULICK. I have a memordandum in my files dated June 25 which was simply a covering memorandum, with the boxes "Per conversation" and "For your information" checked, sending him a copy of our letter of June 22 to the National Geographic, and a copy of the general outline of the proposal.

Mr. HARDY. Maybe that was like this one—a telephone conversation you intended to make and did not make. Can you be certain? You did not talk to Mr. Rothenberg.

Mrs. GULICK. I recollect quite clearly that I did not talk to Mr. Rothenberg. I recollect clearly that I did talk to Mr. Deutschman. That is all I can say.

Mr. HARDY. This was back in June that you are talking about—or July? What about in August?

Mrs. GULICK. June 21 is the date I talked to——

Mr. HARDY. How about since that time?

Mrs. GULICK. I recall talking to him at the time I was drafting these notes.

Mr. HARDY. You do recall a conversation with Mr. Deutschman about this matter in August?

Mrs. GULICK. On the date that I wrote this. I called him again to refresh my memory.

Mr. REDDAN. And the date of that was August 3, is that right?

Mrs. GULICK. August 3.

Mr. HARDY. Are there other copies of that draft memorandum that you have there?

Mrs. GULICK. There was one other carbon which I gave to Dr. Fei. It is not in our files.

Mr. HARDY. Dr. Fei, will you come up here, please, just a moment? Sit right over there, if you will.

Doctor, I do not believe you have been sworn. Maybe we had better get you sworn, too.

Do you solemnly swear the testimony you shall give in the matter before the subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Dr. FEI. I do.

Mr. HARDY. Have a seat, sir.

TESTIMONY OF DR. EDWARD C. FEI, ACTING DIRECTOR, RESEARCH, EVALUATION AND PLANNING ASSISTANCE STAFF, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. HARDY. Will you hand him that memorandum, please, Mrs. Gulick. Doctor, have you ever seen that memorandum before, or a copy of it?

Dr. FEI. Yes, I have.

Mr. HARDY. Have you a copy of it in your files?

Dr. FEI. I believe I do.

Mr. HARDY. Were you advised that that memorandum reflects conversations which never did take place?

Dr. FEI. Yes. I was called by a member of your staff by telephone, and he said, "Do you know about the relationships with National Geographic?" or words to that effect. I said, "Yes, I do. I recall writing a letter to National Geographic." This was in the testimony yesterday. He said, "Did you know Hoke was going to get paid for this?" I said, "No, I did not know." I asked, "Is that correct?" He replied, "That is my understanding." He said, "Did you know that National Geographic was asking for an exclusive on this?" I replied I did not. I think this would be helpful in terms of explaining what took place.

Mr. HARDY. I am interested in this memorandum solely, Doctor, and if that is what we are talking about, I hate to go around Robin Hood's barn so far, because we will not get back to the front entrance. But go ahead.

Dr. FEI. When he asked these questions, I said, "No, I do not." He said, "Will you check it out?" I said, "I certainly will check it out."

I immediately called Mrs. Gulick. I said, "I do not know of these things. What is the problem?" She explained it to me, to my mind a satisfactory explanation, which was simply: Problems are brought to me when they are problems. When they are not problems, I do not want to know about them. She said in her discussions with Mr. Hoke

and with Mr. Deutschman the problem of whether Mr. Hoke was to accept pay would follow the manual orders. So there was no problem there. Whether he should or should not accept pay was up to the manual orders.

Secondly, she explained to me that as far as the publicity or the exclusiveness, this was a problem that she had discussed with the public information people, and they had explained, as far as they were concerned, first of all, there was a misunderstanding of what exclusive meant, but that certainly in the National Geographic proposals it was all right; this does not preclude us using our own photo and technical information as we saw fit.

I said, "All right, since I did not know this, will you write this down as a memo for the files, and also now phone up this gentleman who called me." I have forgotten his name. "Will you please phone this gentleman up, explaining this?" She said, "All right, I will write up this memo in draft." I said, "All right, do this."

During the following day, I believe—I may be wrong by a few hours, but I think during the following day—all of this was occurring almost at the same time—we went to a meeting in Mr. Grant's office—I think it was Mr. Grant's office—and Mrs. Gulick was there. During the course of that meeting, before the end of it, Mrs. Gulick said—incidentally, I had told her, "Draft this, and before you telephone back to this gentleman on your staff, please contact Mr. Grant's office. Since they are handling everything, they should know everything that goes on."

At that meeting she told me, "I am not going to phone up this gentleman now because I have just talked with the General Counsel." We were all sitting around there. Before I got up to go, she said, "We have talked to him and he said he would be handling it." In other words, he would make the direct call. I said, "All right."

Mr. HARDY. Then you instructed Mrs. Gulick to write a memorandum on a telephone conversation before she made it?

Dr. FEI. No, I told her to write up a memo so that when she picked up the telephone to call she knew exactly and was straight in the story she told me exactly as she told it to me, and after she had checked this out with General Counsel, and after the phone call, she would redo the draft, including, I told her, "any more that developed in the process of your telephone conversation." He will ask questions, and you cannot know what questions he will ask you."

Mr. HARDY. This is the most preposterous thing I have ever heard.

Dr. FEI. This is the way of being sure everything is clear. I obviously told her she was to have this memo fully complete with any subsequent conversations on the telephone that she would have with your staff member. If he asked questions this should be reflected.

Mr. HARDY. If you have memorandums running all through files of AID on alleged telephone conversations that never took place they ought to be destroyed. I am surprised to find that you testify now that you knew that this memo referred to a conservation that didn't take place and you still have it in your file. It is a preposterous situation to me. It is just as misleading as anything could be. I am surprised about it.

Reference has been made to a meeting held in your office, Mr. Grant. Did you take minutes on that meeting?

Mr. GRANT. No, Mr. Chairman.

Mr. HARDY. Did you participate in it?

Mr. GRANT. Yes, sir.

Mr. HARDY. Did you hear this reference to this telephone conversation which didn't take place?

Mr. GRANT. Here this morning?

Mr. HARDY. I am talking about the testimony. Dr. Fei testified this took place in your office, if I understood correctly.

Mr. GRANT. I don't recall this as a subject in the meeting. We had a meeting, which I asked Mrs. Gulick, Dr. Fei, and Mr. Hoke to attend so that I could find out what this research contract involving the solar battery recharging centers was all about.

Mr. HARDY. You don't recall any conversation about a telephone call to members of this staff which took place while you were present?

Mr. GRANT. Mr. Hoskins, who assists me, did have conversations with Mrs. Gulick about that.

Mr. HARDY. Yes, because he is the man who made the phone call.

Mr. GRANT. He is the one who knows about that. I don't recall it.

Mr. HARDY. I am quite disturbed about a memorandum being in the files of an agency of a phone call which did not take place.

Thank you very much, Doctor.

Mr. Meader, do you have questions?

Mr. MEADER. I wanted to ask some questions about the approval of this project at all.

Mr. HARDY. Just one moment further, Dr. Fei and Mrs. Gulick.

Mr. MEADER. I want to preface my remark by saying I was not able to be here all the time yesterday. I had a conflict with hearings of the Judiciary Antitrust Subcommittee.

Dr. Fei, I would like to get certain things clear in my own mind, if I can, and it seems to me you are the most responsible person in this whole business. Are you the one who made decisions to undertake this project?

Dr. FEI. Yes, sir, I am.

Mr. MEADER. Just describe briefly what the project is and why you thought it would be useful to our AID program.

Dr. FEI. May I ask Mrs. Gulick to do this? She is my substantive officer in this area of developing research in this field, so she knows more of the technical aspects of this.

May I ask her to describe it? I would in effect be repeating what our discussions were over a period of time.

Mr. MEADER. But you take responsibility for it?

Dr. FEI. That is right.

Mr. MEADER. She had more detailed knowledge?

Dr. FEI. That is right. I cover different areas, all of which are under my jurisdiction. I had asked her to be responsible for developing research in this particular area.

Mr. MEADER. That is satisfactory to me.

Dr. FEI. Thank you.

Mrs. GULICK. When I came on duty in December of 1961, I think it was on the 19th, I was assigned the job of developing a research program on the problem of the shortage of power in rural areas. I was not supposed to cultivate projects but develop a program to solve

a problem. The problem was the shortage of power in the rural areas, not the cities but out in the villages where the big problem existed.

The first job was to find out what had been done in this field and for that purpose I did review the feasibility studies on the general engineering studies for big power projects in about 10 or 11 of our countries.

I also checked in with External Research Division, Department of State, to see what kinds of other collateral research was done. I had a collection of projects handed to me for evaluation as to whether or not these would help further an exploration of the problem.

Mr. Hoke's project was not among those. I did not have that at the beginning.

Mr. MEADER. Before you go further, so we can determine your capacity to evaluate rural power facilities, why don't you give us a brief biographical sketch, particularly your experience in and out of Government relating to your position?

Mrs. GULICK. I was an economist. I graduated in 1940. I got my master's in 1941 from Fletcher's School of Law in diplomacy. I have had about 12 years of experience as an intelligence research analyst inside the Government beginning in 1941 to 1945 with the research side of OSS and was with the Department of State. Most of that was concerned with economic analysis of development, postwar development problems of countries which since have become our underdeveloped countries.

I went back to graduate work again at Fletcher in the field of international diplomacy, and subsequently, after a tour of duty with my husband in Ireland, rejoined the Government in 1951, where I worked first in the Intelligence Branch of State, again doing research in support of technical administration projects and problems.

Second, in AID itself, in the first research and evaluation unit which had a short history of about 2 years, from 1953 through 1955.

Then I worked with the White House disarmament staff again as a research analyst from 1955 until 1958. There was another year in the Intelligence Branch in State, again doing research support on disarmament.

Following a tour of duty in Pakistan where my husband was assigned I came back to Washington and I applied for and was given a job at the beginning of the development of this program in research in problems of foreign assistance as authorized in the act of last year under title V.

My experience has not been that of a contracting officer but of an intelligence analyst. I have done in-house research.

I have been asked to solve problems and I did it, going first at the problem and then developing the answer myself.

Mr. MEADER. Perhaps we can shorten this a little bit by my stating that I was a little surprised that foreign aid funds were being used to develop and promote a speculative power source such as appears to be the case in this entire inquiry.

I had not realized that foreign aid was being used for that purpose. It might be something Atomic Energy, Space, or the military might do in their research contracts or grants, sponsor some programs of that kind, but it sort of shocked me to know that the AID funds were being used in this rather speculative endeavor.

Mrs. GULICK. Actually the interest in this project was a consequence of a general exploration of the problem of the shortage of power at the local level generally.

After looking at what inhibitants there were to it, and also what relationship it had to the effectiveness of our assistance, one of the aspects was that, frankly, for about a third of the countries there is simply an absolute absence of fuel, not merely high-cost fuel but there just is not enough fuel to go around. Pakistan is a case in point. There are 1,000 miles of desert and about all you have for fuel is cactus.

This is one of a series of projects which we have begun to get forward in exploring the nature of the problem. If you could find a simple way of capturing the power of the sun for small projects, small purposes, you could begin to bring to bear the contribution of energy way out in the areas where, if you wait for rural electrification to take place, 25 or 30 years from now, the problems of economic development will have simply gotten beyond us. I don't know whether this will solve it but this is one small part of the problem.

Mr. MEADER. I have no doubt about the importance of power sources for areas where power or fuel is not available in abundance. Of course, atomic energy is thought of as one means of providing power in areas which have no coal, oil, or where transportation costs are so high that to carry them to those areas would be prohibitive.

This kind of an undertaking appears to me as something that perhaps the National Science Foundation might do, perhaps the military might do. They have need for power in remote places as it affects their mobility.

I am somewhat shocked that AID funds are being used in this very speculative research activity.

Now I ask just how many people and how much money are we spending on this type of program?

You should answer that, I think, Dr. Fei.

Dr. FEI. Our whole approach to our research function is essentially this: We are trying to see in what way research can be brought to bear on the problems of development and our foreign assistance program. If what research can do is to tell us how we can in the long run cut short our assistance, save money in that way, or accelerate the development of the countries, this is our primary concern in AID. If we do research at all it should be justified on this basis.

Take the problem of power, of which you are well aware as to need.

Mr. MEADER. I didn't mean to get off on this. I thought I gave you both a good opportunity to justify this program. Now I am only trying to find out how many people and how much money is going into this type of research activity. How many people do you have in your Division?

Dr. FEI. We have a ceiling of 50.

Mr. MEADER. How long has it existed?

Dr. FEI. The staff slowly has been built up. The unit came into existence on December 29, 1961.

Mr. MEADER. And this is a program which only recently was authorized by legislation?

Dr. FEI. That is correct, it is in the authorization title V of last year when the AID was——

Mr. MEADER. You built up from nothing to 50 between what, the first of this year and now?

Dr. FEI. Many of these people that we have in my unit are people in the old ICA.

Mr. MEADER. I don't mean that. I mean the unit commenced the first of this year?

Dr. FEI. Formally the first of this year.

Mr. MEADER. In January, or about then. You built from scratch up to 50 in this unit in these 7 months?

Dr. FEI. Yes. When I came on board there were already people working on these problems. They were not formally a unit. They were formerly part of the old ICA in the Office of the Deputy Director for Program and Planning. I took over some of the staff.

Mr. MEADER. You said you had a ceiling of 50, or do you have 50 bodies?

Dr. FEI. We have a ceiling of 50.

Mr. MEADER. How many bodies do you actually have?

Dr. FEI. With one or two that are sort of in the works, they are due almost anyway, I have 49.

Mr. MEADER. You are very near your ceiling, then?

Dr. FEI. That is right.

Mr. MEADER. How much money do you have to spend a year?

Dr. FEI. This year we are requesting, we hope to use for fiscal 1963, $20 million.

Mr. MEADER. $20 million?

Dr. FEI. Yes.

Mr. MEADER. You mean 50 people can spend $20 million on research?

Dr. FEI. I don't know if 50 people can. We are hoping to pull this program up into even larger amounts because of the amount of research that is necessary to help us in our program.

Mr. MEADER. What are you aiming at in the way of number of people?

Dr. FEI. I am sorry; perhaps I——

Mr. MEADER. I mean in number of personnel.

Dr. FEI. We don't do the research inhouse.

Mr. MEADER. I understand that. You do some. Mrs. Gulick said she was a research specialist.

Dr. FEI. Before she joined my staff. We have a few people on the staff, and by and large we give contracts and grants to the research community to do the job.

Mr. MEADER. You say you are planning to expand. How many people do you expect to have? What expansion are you aiming at?

Dr. FEI. I would like to have double this number.

Mr. MEADER. You would like to have 100?

Dr. FEI. Yes.

Mr. MEADER. That is what you are aiming at for fiscal 1963, is it?

Dr. FEI. No, I am aiming at using a $20 million appropriation which would be used for research.

Mr. MEADER. How about your staff? That is what I was asking about.

Dr. FEI. I would like to build that up as rapidly as possible.

Mr. MEADER. And double it in fiscal 1963?

Dr. FEI. If it were possible I would like to do that.

Mr. MEADER. I don't know, Mr. Chairman.

Let me ask you this: Dr. Fei, do you know whether this program was fully explained to the Foreign Affairs Committee and to the Appropriations Committee?

Dr. FEI. To the best of my knowledge—since I came in here in November of 1961 I went back and read the testimony that was given in support of research in the AID reorganization.

Mr. MEADER. Would you be willing to supply this committee with the page number references to testimony, either before the Foreign Affairs Committee in connection with the authorization or before the Appropriations Committee in connection with the appropriations, and any reference in debate in either the House or Senate where this subject was fully discussed and approved by the Congress?

Dr. FEI. I will, sir.

Mr. HARDY. I have one more question of Mrs. Gulick. In that memorandum dated February 28, 1962, from you to Dr. Fei, reference to this proposed procurement, and I am reading one paragraph from it:

> If you agree, Hoffman can be asked to submit a formal cost estimate. This is the only company which is equipped to actually construct the panel within the specifications required by the proposal.

Can you tell me the basis for your making that second statement, that this is the only company which could meet specifications?

Mrs. GULICK. The basis for that again was my discussion with Mr. Hoke previously, on the basis of his letters between International Rectifier and between Hoffman.

Mr. HARDY. Do you have before you any communications which he had from International Rectifier which stated they could not meet these specifications?

Mrs. GULICK. No; I do not.

Mr. HARDY. Then the only basis that you had was Mr. Hoke's statement?

Mrs. GULICK. And the internal evidence of the letter I referred to in which they express doubts about the performance of their own solar unit. That was International Rectifier.

Mr. HARDY. Were you aware of Hoffman's doubts about their own solar unit which they had on their automobile?

Mrs. GULICK. Hoffman's on the automobile, sir?

Mrs. HARDY. I think Mr. Hoke testified to that.

Mrs. GULICK. That was International Rectifier's automobile. I was aware of that. As I say, this was the internal evidence on which I based this judgment.

Mr. HARDY. What evidence did you have that Hoffman was more competent to produce under these specifications than International? You had International's doubt about their own unit on the automobile. What evidence did you have that Hoffman could perform better?

Mrs. GULICK. Successful performance in completion of their contracts with the Government for solar cells and panels in outer space, the operation of equipment which they had in demonstrating the solar unit, largely the fact they were already in large-scale production and

so far as solar cells and panel work was concerned, this did not involve experimental work. The modular construction was experimental.

Mr. HARDY. Do you know whether International had satisfactorily completed any Government contracts for solar cells?

Mrs. GULICK. I did not.

Mr. REDDAN. Mrs. Gulick, I would like to show a letter addressed to Mr. John Hoke by the International Rectifier Corp. and ask you if that is the letter that you were talking about when you said International Rectifier could not build this solar panel.

Mrs. GULICK. I have read this letter. This is not the letter I was referring to.

Mr. REDDAN. Does that letter say they could not build the panel?

Mrs. GULICK (reading):

I have checked with our Afro-Power Division, and find we do not at this time have a large enough inventory of 5 percent cells to make your project possible in the near future.

Mr. REDDAN. But they were selling them. Read the next line.

Mrs. GULICK (reading):

Most of the cells are now sold to experimenters and hobbyists—

Mr. MEADER. That is hobbyists and not lobbyists, is it?

Mr. REDDAN. Mr. Hoke was asking them to donate about $20,000 worth of cells. Is that right?

Mrs. GULICK. He also asked Mr. Hoffman to do the same thing.

Mr. REDDAN. Will you tell me when he asked Mr. Hoffman to do that? You said he had been asking Mr. Hoffman. Did Mr. Hoffman donate $15,000 or $20,000 worth of cells?

Mrs. GULICK. No, sir.

Mr. MEADER. Up to now we are even, aren't we?

Mrs. GULICK. Yes, sir.

Mr. REDDAN. What does Hoffman have that International Rectifier does not have?

Mrs. GULICK. They were prepared to undertake development of it if they had finances. They had the inventory on hand.

Mr. REDDAN. They agreed to do that. I want to know why AID financed it if Hoffman would give it to them.

Mrs. GULICK. Hoffman was not prepared to do it from their own financing.

Mr. REDDAN. What does International Rectifier say about that? Did they say they would be very much interested if they could get only partial financing?

Mrs. GULICK (reading):

If you could locate some individual or agency to subsidize this cost in part, perhaps we could investigate the project further.

Mr. REDDAN. All they wanted was partial financing. Are you suggesting to this subcommittee that there is anything so complicated about putting a few solar cells together that International Rectifier is not competent to do that?

Mrs. GULICK. I am not suggesting that.

Mr. REDDAN. Are you suggesting they could not build it?

Mrs. GULICK. No, sir.

Mr. REDDAN. Are you suggesting they had no interest in it?

Mrs. GULICK. No, sir.

Mr. REDDAN. Then I am asking why you made the decision that there was only one company that could do it.

Mr. HARDY. I think the letter speaks for itself. It clearly indicates they felt they could do it and would do it if somebody would help finance it. I have a hard time seeing how in the world anybody could justify making a flat finding that Hoffman was the only one who could do it. I don't know whether Dr. Fei relied on this memorandum or not. I don't know whether he would feel called upon to testify as to the extent of his reliance on it because this memorandum was back in February.

However, this is certainly a confused situation.

Any further questions?

Mr. REDDAN. I have nothing further.

Mr. HARDY. Thank you very much.

Mr. MEADER. I would like to say that I am amazed we are spending taxpayers' dollars on a project of this kind by this agency.

Mr. HARDY. There are Government agencies in this field all the time with a background of experience and competence. So far as we have been able to determine there has been practically no cross-checking with the other agencies which should have interest and competence in this. I asked if there was any conversation on this yesterday.

Mr. Hoke, will you come back up, please?

FURTHER TESTIMONY OF JOHN L. HOKE, COMMUNICATIONS RESOURCES SPECIALIST, COMMUNICATIONS RESOURCES DIVISION, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. HARDY. You have been previously sworn, Mr. Hoke?

Mr. HOKE. Yes, sir.

Mr. REDDAN. You testified yesterday concerning a trip you took to the Hoffman plant in Los Angeles in February of 1962.

Mr. HOKE. Yes, sir.

Mr. REDDAN. And you were there, I believe you testified, from the 12th up to the 16th?

Mr. HOKE. I actually arrived in the city on the 11th.

Mr. REDDAN. At that time you were a contract employee with AID?

Mr. HOKE. A consultant.

Mr. REDDAN. And you were off the payroll of AID on the 12th, 13th, and 14th?

Mr. HOKE. Yes, sir.

Mr. REDDAN. The payroll records showed that you were paid on the 15th and 16th although you were in California at that time.

Mr. HARDY. On the 15th, he testified yesterday.

Mr. REDDAN. On the 15th you were in California in connection with this trip to the Hoffman Co. but you were paid, the payroll records show, by AID funds on the 15th as well as on the 16th.

Mr. HARDY. I think the testimony was clear yesterday. If this is not accurate——

Mr. REDDAN. I want to be sure that is the situation.

Mr. HOKE. I returned to Washington at 6 a.m. on the 16th. I was paid for a day's work on the 15th, the last day of my stay in California.

Mr. REDDAN. My recollection is that you carried with you out to California on that trip a letter to the Hertz Co. saying you were employed as a consultant by Hoffman?

Mr. HOKE. I did carry such a letter.

Mr. REDDAN. You picked up the Hertz car at the airport and used it?

Mr. HOKE. Yes, sir.

Mr. MEADER. This was paid by a Hoffman consultant?

Mr. REDDAN. A letter addressed to Hertz authorized Mr. Hoke to charge the car to Hoffman.

Mr. HARDY. No, no. The letter said he was an employee and was entitled to the discount which Hoffman employees got. Is that right?

Mr. HOKE. That is what the letter in effect said, that I was a consultant for the Hoffman Corp. This letter was written by a Mr. Jablonski, I believe, who assumed that I was. I am not sure why he said it. The fact remains that I was not a consultant for them.

Mr. REDDAN. Here is the letter.

Mr. HARDY. It was read into the record yesterday.

Mr. MEADER. You say you were not a consultant for the Hoffman Co.?

Mr. HOKE. No, sir.

Mr. MEADER. Did you have any authority of any kind from the Hoffman company, in the nature of an employee or any relationship of any kind with the company?

Mr. HOKE. No, sir.

Mr. HARDY. They paid your expenses out there.

Mr. HOKE. They paid my expenses but not for my time, for which I did not receive payment in either case.

Mr. MEADER. If you were not their employee or consultant or agent of any kind, what business did they have in paying your travel expenses and providing you a car in the manner that any employee of Hoffman would have?

Mr. HOKE. Why they used the terminology in the letter is their concern.

Mr. MEADER. Never mind the letter. If you were not performing those services for Hoffman and were not their consultant, employee, or agent of any kind, why did the Hoffman Corp. pay your travel and provide you with a car in the same manner they would provide one for one of their own employees? Do you know?

Mr. HOKE. Yes. Mr. Hoffman wrote a letter requesting that I come out. He indicated in that letter that he did not expect me to pay my own way because it is expensive.

Mr. HARDY. Let me see if I can help. This is part of what we covered yesterday.

Actually you were going out there to discuss with Hoffman the possible financing by Hoffman of your trip. Is that right?

Mr. HOKE. That is right. They knew——

Mr. HARDY. To discuss prospective employment?

Mr. HOKE. Not employment but the conducting——

Mr. HARDY. They were going to pay you $1,500 a month.

Mr. HOKE. Of course, if I were to work on that thing. At that time they were the only people involved. The question of AID's participation had not come up.

They felt I could not bear the cost of this and offered to do it. They were aware, also, that the Government could not pay it because it was not Government business, so I took——

Mr. REDDAN. You say this was not Government business? You went out there in February to discuss with Hoffman their financing of the trip? You didn't go out there for technical reasons?

Mr. HOKE. I went out there for technical reasons and the question of getting support for this venture. At this time the only people who had expressed interest in some form of support were the Army Research Office who had encouraged me to submit a proposal, but at this time financing for the venture in the sense of building this craft had not taken place.

I had just returned to the rolls of AID in the capacity of a WAE consultant.

In order to go out there to discuss this with them, since it came up after I had joined the rolls, actually very shortly after, I had to naturally leave. I could not go as a Government person because it was not a Government matter. I just did not get paid for the days. I took leave, as it were, for the days that I had anticipated discussing this subject with the Hoffman people.

Mr. REDDAN. Have you ever acted as a consultant for Hoffman?

Mr. HOKE. Not in the sense that I was paid. I don't know whether consultant means you are paid or not.

Mr. REDDAN. I don't, either.

Mr. HOKE. I have not been a consultant either in the sense of being paid or in the sense of representing them, paid or not.

Mr. REDDAN. Have you ever been employed by them in any capacity?

Mr. HOKE. No, sir.

Mr. REDDAN. Did you ever take another trip to Los Angeles after this?

Mr. HOKE. Yes.

Mr. REDDAN. When was that?

Mr. HOKE. June 11 to the 13th I was in California, this time as an AID representative concerned with some technical matters concerning the development of the solar recharging sytsem.

Mr. REDDAN. You were not there in any capacity as an employee, representative, or consultant, whatever else you might call it, with Hoffman?

Mr. HOKE. No, sir.

Mr. REDDAN. You were on the regular payrolls of AID at that time?

Mr. HOKE. Yes, sir.

Mr. HARDY. AID paid your travel expense?

Mr. HOKE. Yes, sir.

Mr. REDDAN. How did you travel?

Mr. HOKE. They paid my travel expense on per diem and air fare. They did not pay for the ground transportation out there. I was provided an automobile, a Hertz automobile, by the company in this case.

In this case they apparently telephoned and made the arrangements.

Mr. HARDY. They paid Hertz directly?

Mr. HOKE. No, I paid Hertz when I left. They reimbursed me for my payment to Hertz.

Mr. HARDY. Why did they provide you with an automobile?

Mr. HOKE. Well, I don't know if you are familiar with Los Angeles but transportation in and around Los Angeles County is not something you do by cab.

Mr. HARDY. I have traveled on Government per diem and Government per diem does not include taxi fares and that sort of business at a point of destination. Wouldn't the use of a for hire car or the use of taxis be permissible as an addition to the Government expense account?

Mr. HOKE. The travel orders specified taxis for use in and around, I believe. Since I don't know the language if you have a copy of the travel order you can read it. They did provide for taxis, but I was not in Los Angeles. I was in El Monte, and I felt if they were willing to provide an automobile that this was perfectly justifiable. I did not claim it on my Government expense.

Mr. REDDAN. Where did you pick up the car?

Hr. HOKE. At International Airport in Los Angeles.

Mr. REDDAN. On your arrival?

Mr. HOKE. On my arrival.

Mr. REDDAN. And you had it with you during your entire stay?

Mr. HOKE. That is right.

Mr. REDDAN. You turned it back in at the airport?

Mr. HOKE. That is right.

Mr. REDDAN. You used that in connection with all of your official travel?

Mr. HOKE. Yes, sir.

Mr. REDDAN. You made no claims for any other reimbursement for travel?

Mr. HOKE. That is right.

Mr. HARDY. I have a little trouble understanding why Hoffman Electronics should be paying for the travel cost in Los Angeles, in and around Los Angeles, for an AID employee on AID business.

Mr. HOKE. The question of whether or not I should I did not give thought to at the time. The question of my purpose and their purpose was pretty clear. They said they were used to using this system in the interest of people getting around faster because apparently, according to them, travel in Los Angeles is not easy. It is a peculiar place and it is different from other cities. When you go from one point to another you may go miles and miles.

Mr. HARDY. Is there not authority for the use of rental cars in Government transportation when you have justification for it, if you can show by comparative costs it is cheaper? Certainly GAO gives permission for that.

Mr. HOKE. To rent a car?

Mr. HARDY. Yes; do they not?

Mr. HOKE. I am not aware of it. I am sorry I didn't ask.

Mr. HARDY. If on a comparative basis you can go at less expense you can use any kind of transportation, I believe. Is that not correct?

Mr. HOKE. I don't know this, sir. I am sorry that I am not aware of the manual on it.

Mr. HARDY. Regulations may not permit it. I don't know.

Mr. HOKE. I genuinely don't know and didn't concern myself with the problem at the time.

Mr. HARDY. I have trouble understanding why you should accept a for-hire car from Hoffman to do AID's business. Unless you were doing business for them——

Mr. HOKE. I was not doing business for them and did not feel it was improprietous to pay for it.

Mr. REDDAN. I show you a copy of a check dated July 13 from Hoffman Electronics payable to you and ask you if you received this.

Mr. HOKE. Yes.

Mr. REDDAN. Did you cash it?

Mr. HOKE. I did.

Mr. REDDAN. For what purposes did you receive that money?

Mr. HOKE. Reimbursement for the rental of a Hertz car on the trip we are talking about.

Mr. HARDY. Did you file with Hoffman a copy of a bill to pay Hertz?

Mr. HOKE. I am sorry.

Mr. HARDY. How did you——

Mr. HOKE. I kept the Hertz receipt and mailed it to Mr. Ted Hoffman.

Mr. HARDY. It was on that basis they made payment?

Mr. HOKE. That is right. I will confess the reason I did not use this method was that in this case it took 3 months to collect this bill because it went through—I don't know what kinds of channels they have but they were 3 months settling the earlier expenses.

Mr. HARDY. With the Hoffman Co.?

Mr. HOKE. That is right. I felt it was smarter to just send them the Hertz receipt directly to Mr. Hoffman so he could attend to it. I don't know why the earlier expense record took so long to clear.

Mr. REDDAN. One more question, Mr. Hoke, and I wish you would think very carefully about it. Did you charge AID for transportation to and from the airport in Pasadena?

Mr. HOKE. On that trip I don't know.

Mr. REDDAN. How many trips did you make?

Mr. HOKE. Two.

Mr. REDDAN. You didn't charge them on the first time.

Mr. HOKE. That is right. On the second trip I filed a per diem account. I don't know whether I included a cab fare or not. Yes, I did put a limousine fare down. I put it at both ends.

Mr. REDDAN. Did you have the limousine follow you?

Mr. HOKE. No, sir; I did not take a limousine.

Mr. REDDAN. How did you get there?

Did you use a limousine or not?

Mr. HOKE. I did not. I used a car. I delivered it the same way.

Mr. HARDY. That is all.

Mr. HOKE. What was the amount involved, as a matter of interest?

Mr. REDDAN. Five dollars each way.

Mr. HOKE. I am sorry; I am derelict there.

Mr. REDDAN. I have no further questions.

Mr. HARDY. Thank you, Mr. Hoke.

Let us take a 5-minute break.

(Recess taken.)

Mr. HARDY. Let the committee come to order.

Mr. Winfield, will you come up, please?

Do you solemnly swear that testimony you shall give in the matter before the subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Dr. WINFIELD. I do.

TESTIMONY OF DR. GERALD F. WINFIELD, CHIEF, COMMUNICATIONS RESOURCES DIVISION, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. HARDY. Proceed, Mr. Reddan. We have in previous hearings had the benefit of your background?

Dr. WINFIELD. You had a partial one.

Mr. HARDY. Do you have more you would like to add to it?

Dr. WINFIELD. I would like to because the other time I just picked up in relation to that particular matter.

Mr. REDDAN. You are still Chief of the Communications Resources Division?

Dr. WINFIELD. That is right.

Mr. HARDY. Go ahead and give us a little better picture if you can add to it.

Dr. WINFIELD. I am Gerald F. Winfield, 5714 Virginia Avenue, Falls Church, Va.

Thirty years ago this month I went to China as the head of a department of biology, in a college of science, and as a lecturer in public health in a college of medicine under the Presbyterian Mission Board.

For the next 10 years I worked in those capacities in the villages, and in doing instructional work in China.

During the war I became the director of the United Nations Picture News Office, Office of War Information in Chunking, China. Eleven years ago I joined this program, first as a consultant in China, in Canton, and then a year later I joined the staff in Vietnam. I was in Vietnam about 7 months and was transferred to Burma for 2½ years, and since 1953 I have been back in Washington in this series of relationships.

Mr. HARDY. Thank you.

Go ahead, Mr. Reddan.

Mr. REDDAN. Doctor, I would like to direct your attention specifically to a contract which was let by AID at the end of the fiscal year 1962 with the Warwick Manufacturing Corp. for 1,000 23-inch transistorized black and white television sets in the amount of $400,000.

Did you participate in the background of the development of this contract?

Dr. WINFIELD. Yes, I did.

Mr. REDDAN. Would you tell the committee just briefly the background which led up to this contract?

Dr. WINFIELD. Well, the background——

Mr. REDDAN. Incidentally, this was signed by Dr. Fei?

Dr. WINFIELD. Yes. The background of this whole thing reaches back some years. I don't think you want all of that. We have been following the development of the technology and the need for the use of television overseas for about the last 7 years.

We did a study last spring, in 1961, of what would be involved in putting television into isolated communities in underdeveloped parts of the world, if we were going to do it with standard tube sets. We discovered the cost of relatively large generators and maintenance problems made this very difficult and unfeasible.

We than began to focus in on hoping that the state of the art in relation to transistorization, would make it possible for us to solve this problem much more expeditiously and much cheaper, so in October of last year I held a meeting with the Electronics Industries Association here in Washington at their headquarters and outlined to them the need that AID has for moving into the transistorization of television reception.

Mr. REDDAN. When was this, Doctor?

Dr. WINFIELD. It was on October 12, 1961.

Mr. REDDAN. Had you had any contact with the television manufacturers relative to this program prior to that time?

Dr. WINFIELD. Not on an organized basis. We had had contact with various individual ones who had come in to see us and with whom we had been in contact and discussed various problems.

Mr. REDDAN. Did you have any contact with any of them prior to that meeting in the fall of 1961, with any television manufacturer, relative to their interest in a television educational program, transistorized?

Dr. WINFIELD. We had had contact with Motorola. About that time they had forwarded to us a transistorized receiver for our inspection.

Mr. REDDAN. All right, go ahead.

Dr. WINFIELD. As a consequence of this meeting with the Electronics Industry Association, they put out a circular to the industry pointing out the nature of our kinds of needs and, as a consequence of that, the Warwick Manufacturing Co. brought a receiver model of a receiver in for us to examine.

Mr. REDDAN. Did you have correspondence with them prior to the time they brought that receiver in to you?

Dr. WINFIELD. I am not sure that there was any correspondence. I believe there was a telephone call with Mr. Rider on my staff. There may have been correspondence. I am not sure. It was following the meeting that they had made contacts with us and brought in their receiver for us to see.

We examined their receiver and were impressed with its qualities. We asked——

Mr. REDDAN. Of what did your examination consist?

Dr. WINFIELD. The examination consisted of my examining it and of Mr. Harold Walcoff, of the Army Signal Corps, examining it.

Mr. REDDAN. When you say "examining it," what was done?

Dr. WINFIELD. In this case, it meant that we watched it operate. I watched it operate. I don't know what all examinations Mr. Walcoff made. I watched it operate. We opened the back of the chassis and looked at the organization, the arrangement of the equipment, and the way it was put together.

Mr. HARDY. Are you an expert on that kind of business, Doctor?

Dr. WINFIELD. No, sir; I am not an engineer in this sense. I was looking at it from the point of view of ease of access, arrangement of components, and these kinds of factors.

Mr. REDDAN. Where did this examination take place?

Dr. WINFIELD. It took place in the offices of the Sears Co.

Mr. REDDAN. Where?

Dr. WINFIELD. On I Street. I do not know the exact address. It is approximately across the street from the Army-Navy——

Mr. REDDAN. How long did the examination take?

Dr. WINFIELD. One afternoon.

Mr. HARDY. In other words, you gave it just about the same kind of examination an individual would give if he were looking to buy a set for himself.

Dr. WINFIELD. Yes, that is about right.

Mr. REDDAN. All right, sir.

Was the set in production?

Dr. WINFIELD. No, sir.

Mr. REDDAN. Was this a prototype?

Dr. WINFIELD. This was a prototype.

Mr. REDDAN. A hand-built job?

Dr. WINFIELD. Yes.

Mr. REDDAN. Go ahead.

Dr. WINFIELD. Then through the spring months——

Mr. REDDAN. This was when?

Dr. WINFIELD. Let's see. I believe it was on the 30th day of October or approximately then, the last day of October or the first day or two of November.

Then during the spring, I constantly was looking at and trying to find what was going on in this whole area. I was busy with a number of other things, but I did have a chance to talk with a number of representatives of manufacturers. The Westinghouse group came in. The GE group came in. Several others. Every time anybody in this field came near or around, I talked about our need for a transistorized receiver.

Mr. REDDAN. How many did you need?

Dr. WINFIELD. I came to the conclusion, as we studied and developed for this project, that we could possibly use about 1,000.

Mr. REDDAN. When did you reach that figure of 1,000?

Dr. WINFIELD. I discussed with my own people and worked with my own people that set up the project that this procurement is a part of, and came to the conclusion, on the basis of the need to field test in a number of countries and the size and nature of the field test that ought to be carried out to quickly determine how this particular piece of equipment would react and stand up in a wide variety of circumstances, that we needed to get into 5 or 6 countries with around 200 receivers each.

Mr. REDDAN. How did you arrive at the 1,000, the even number there? Did you know where you were going to put these receivers?

Dr. WINFIELD. Not exactly, no, sir; because one of the purposes of this whole approach to research and development is to try to get ready to move further forward in the solution of basic problems than we can by going through all of the different steps seriatim.

Mr. REDDAN. Are you engaged in research, Doctor?

Dr. WINFIELD. No, but this procurement is a part of a research project.

Mr. REDDAN. This originated in the communications media office, is that correct?

Dr. WINFIELD. Yes, sir.

Mr. REDDAN. Is there any reason it is in research, other than the fact that they had funds to finance it?

Dr. WINFIELD. Yes; there is a reason that it is in research other than the fact that they have funds. Of course, the dominant fact is that this is a research project. It has in it research on four important elements. The first is the equipment itself, including the equipment and the power supplies to go with it, because the objective of this whole approach is to get a capability to get out into the isolated community where there is already a television signal but where there is no capacity to receive television.

Mr. REDDAN. Is that a normal function of the Communications Resources Division, or is it properly a function which would be the concern of REPAS?

Dr. WINFIELD. Normally our office is charged with the problem of developing new methods of dealing with, or new combinations of existing methods to improve, the effectiveness of communications and the use of communications in training and teaching.

Mr. REDDAN. The application of communications, is it not, Doctor? It is not the development.

Dr. WINFIELD. Yes; development is as much a part of our responsibility as application.

Mr. REDDAN. Is there an overlap, then, with what REPAS is supposed to do? I thought they were supposed to be the research section of AID.

Dr. WINFIELD. They control the research, but many of the operating units, as Dr. Fei said yesterday, are the origin of the problems that need to be solved which are presented to REPAS for consideration. We have a responsibility and an ongoing responsibility to improve the effectiveness of the agency's ability to move knowledge to people on a worldwide basis, and in the exercise of this responsibility we generated during the winter and spring months of this year the realization that transistorization of equipment and advances in low wattage power supplies would make it possible for us to design a research program which would make it possible for us to considerably extend the effectiveness of our programs overseas. So, we made a proposal to REPAS that such a project be started.

Mr. REDDAN. This was an educational project, was it not? You are trying to get television receivers used in educational programs abroad. Is that not it?

Dr. WINFIELD. Educational in the broad sense of both community education and schoolroom education, yes, with a very strong emphasis on community education in this case.

Mr. REDDAN. Have you any figures on the number of people you would want to reach with an educational program?

Dr. WINFIELD. Yes. If you want to raise the question of the problem of how many people there are to be reached, who need to be reached as a matter of undergirding the needs of economic and social development in these countries, as of the present moment there are about 350 million children of school age in the 80 countries that we work with, of whom less than 100 million are in school, and 250 million are not in

school. The problem of expanding school education to take care of these needs is one of the most acute problems that the whole free world has. On the other side, there are about 500 million adult illiterate people in these same populations who——

Mr. HARDY. So you are thinking now in terms of a worldwide proposition. AID is going to eliminate this dire need for education among the school-age children and adults in all of these countries?

Dr. WINFIELD. No, sir. I am simply saying that this is the problem——

Mr. HARDY. I hope the United States does not have to carry that whole load by itself.

Dr. WINFIELD. No, sir.

Mr. HARDY. If you are thinking there will be enough money appropriated by the Congress to finance all of this business in AID, I am afraid you have a disappointment coming.

Dr. WINFIELD. I know this is the case, sir.

Mr. REDDAN. Your main area of concern is the education of the people in communications media?

Dr. WINFIELD. That is right, using the communications processes, all of them, for the development of the ability to move knowledge and information to the peoples of these countries so they can use that knowledge and begin to build their own solutions to their basic problems.

Mr. REDDAN. In this particular case, you are concerned primarily with the use of television as a tool?

Dr. WINFIELD. That is right. This project is designed for the purpose of our developing the know-how to advise the governments how they should use their resources in expanding their television operations as they are inevitably going to expand them in the course of the next number of years.

Mr. HARDY. I would like to get back for a moment to the four facets which you said there were to this research.

Dr. WINFIELD. Yes, sir.

Mr. HARDY. The first one, I believe you said, was the determination as to whether the equipment itself was satisfactory. Is that correct?

Dr. WINFIELD. The development and field testing of equipment, combining new techniques in the equipment and the power supplies for the equipment, so we could actually be able to carry out effective work.

Mr. HARDY. You surely do not need 1,000 prototypes in order to make that determination. As a matter of fact, from the standpoint of determining the capability of the equipment itself, you do not have to have very many. In anything I know of, we do not go to such a grandiose scale to determine the satisfactory performance of equipment.

Now let us get to the other fields of research and see why you needed 1,000.

Mr. REDDAN. Could I ask him one more question, Mr. Chairman, prior to that?

Mr. HARDY. Surely. Go ahead.

Mr. REDDAN. Did your agency make any study to determine how many of these 500 million people who need education live within the

area of the television signal in areas which are supplied with normal power sources?

Dr. WINFIELD. Yes. We have data on this subject.

Mr. REDDAN. How many live in areas where you can use regular power sources?

Dr. WINFIELD. I can't give you an exact estimate on this, but I can tell you that there are now 4½ million television receivers in operation in these countries that are dependent on the use of conventional power sources. These receivers are receiving signals from 157 transmitters, and this covers a fairly large number of people.

Mr. REDDAN. Does the Agency have any figures on that which would indicate how long it will take them to educate the people that they can reach through normal television sets before they would have to worry about transistorized sets in the remote areas?

Dr. WINFIELD. No.

Mr. REDDAN. Would it be a full-time job for many years to come?

Dr. WINFIELD. This is an area in which the countries themselves can buy, out of existing markets, the equipment and are doing this in increasing quantity, and which we can do in conjunction with them. This does not need a research effort as such to determine. At the same time, I am sure that a conservative estimate is that there are at least 50,000 communities that have no electric power supply that are already in these existing transmission areas. The purpose of this research was to address itself to this problem, because it is also a part of the problem of reaching an adequate proportion of the population of these countries to help them begin to raise their standards of living.

Mr. HARDY. Over in that territory, what is the range of satisfactory reception from a transmitter?

Dr. WINFIELD. It depends on the transmitter. Relatively small transmitters——

Mr. HARDY. Take the best one.

Dr. WINFIELD. Taking the best one, it is 100 to 150 miles radius.

Mr. HARDY. For a 150-mile radius, you get satisfactory reception?

Dr. WINFIELD. In some places, yes, if you are able to locate your antenna high enough.

Mr. HARDY. You had better get them to working over here. I think the FCC could utilize some of that to improve the transmission of the stations we have.

Dr. WINFIELD. You said "the best." The normal ranges are 50 and 60 miles.

Mr. HARDY. Do you know of any transmitter in the whole United States that would give you satisfactory reception for a 150-mile radius? If you do, I do not.

Dr. WINFIELD. No, I do not think there is one of that sort, although the repeater transmitters that are being used out in the West do end up providing a signal at very low cost at some of these distances and at satisfactory levels.

Mr. REDDAN. That is a rebroadcast, however.

Dr. WINFIELD. With a very simple repeater transmitter, which now has been developed to the point that the cost of putting in repeater transmitters is very low. The normal transmission range——

Mr. REDDAN. Are you referring to a translator?

Dr. WINFIELD. Yes, a translator, transmitter translator.

Mr. REDDAN. A transmitter, as I understand it——

Dr. WINFIELD. They are two kinds of things. There is a repeater transmitter, and there is a translator. The normal ranges here in the United States are 50 to 60 miles.

Mr. REDDAN. Where is this best one located that you mentioned, which has a range of 150 miles?

Dr. WINFIELD. I do not know. I was saying that it is possible to have located a transmitter high enough up——

Mr. HARDY. You mean you have come in here with a research program, buying all these TV sets, and you do not even know whether or not you have a range that will adequately serve them with reasonably satisfactory reception?

Dr. WINFIELD. Yes, sir, in our books right here in the room with us, we have maps with the drawing out of the present known radiation areas of a fairly large number of transmitters that are on the air overseas, and these transmitters have under their normal reception signal right now something on the order of 35,000 to 50,000 communities that have no electric supplies in them. So, there is right now under transmission signals that exist in the countries overseas a very large number of communities that could receive educational and instructional television with their present existing transmitters and do it quite adequately. There are at least 80, something over 80, new transmitters that are being projected that will be installed in these same countries before the end of this coming year. So, the number of transmitters and the number of communities where no power supplies exist but where people need to be educated is going up very rapidly.

Mr. REDDAN. When were these maps prepared, Doctor?

Dr. WINFIELD. We have actually drawn out the maps since the end of the fiscal year. We were aware——

Mr. REDDAN. After you bought the television sets.

Dr. WINFIELD. Yes, sir. But we were aware of the basic facts that the maps reveal, before we put the map studies in.

Mr. REDDAN. You really did not have to draw them, did you?

Dr. WINFIELD. It is useful to do so.

Mr. REDDAN. All right. Go ahead, sir.

Dr. WINFIELD. You want to know the other components in the research.

Mr. HARDY. If they are not any more impressive and substantive than the one we have heard up to now, I do not know whether we ought to explore them. Maybe we should, just to complete the picture. The point I was trying to make a moment ago is that, first of all, I have a hard time understanding why you need 1,000 sets to determine whether or not the set itself would be satisfactory. Go ahead with the others now.

Dr. WINFIELD. It is not just the set, Mr. Chairman. It is the set plus its power supply, plus the logistics and management of the factors that are related to its maintenance and servicing.

There is no question that the clear problem we are up against, if we are to make some kind of breakthrough in community educational area so we can begin to teach enough people to have some rapid effects on raising standards of living, is to get out into these other communities. One of the key problems in these communities is the problems of the logistics of the management of the power supplies and the

maintenance of the equipment in position in the areas. So, the second part of this study and one of the major reasons that we need a larger number of receivers is that we do want to study carefully and in detail what kind of supporting organization for maintenance and repair is required.

Mr. HARDY. Will you tell me, first of all, how you determined that it takes 200 sets in a country to determine the logistic requirements, and how you determined that you have to have five countries in the beginning on something as nebulous as this.

Dr. WINFIELD. The basis on which we choose the four or five countries is that we want to hit the climatic and the social and organizational conditions in a series of countries. So, rather than doing this kind of research seriatim, we would get data that would make it possible——

Mr. HARDY. So if you have a mistake, you can have a nice big one instead of a series of little ones.

Dr. WINFIELD. This is a risk we assumed, Mr. Hardy.

Mr. HARDY. You sure did.

Dr. WINFIELD. We believe it is a risk that is worth assuming, because we believe that the present state of the art and our background experience in this area with respect to other types of equipment that we have maintained in the field in various places do give us a background against which we can legitimately take the risks that are involved in this kind of test.

Mr. HARDY. I will not argue with your use of the word "legitimate," because I think we have given you in this legislation a lot more rope than you ought to have. Anyway, we have done it.

Dr. WINFIELD. You asked for the bases——

Mr. HARDY. Let us have the other two.

Dr. WINFIELD. The other two are, first, the programing that is involved in making this medium more effective in terms of the teaching of agriculture and these kinds of subjects which are particularly important in the development of the productivity and the capacities of these people to solve their own problems; and the final one, the evaluation of this educational process with respect to the problems of the transfer into the culture and the particular situations of the individual countries. All of these things, tied together into a package, represent a legitimate effort——

Mr. HARDY. I am not going to get into the legitimacy of that one.

Dr. WINFIELD. Represent an effort to move ahead in this area so 3 years from now or 4 years from now we would be in a position to make very firmly based, experimentally demonstrated recommendations to the host governments that we are cooperating with and other governments that are not participating in this study, as to how they had best employ their resources in the development of instructional television.

Mr. HARDY. I wish we had a few people who had the commonsense to hold down our dreamers into realistic bounds.

Mr. MEADER. Did it ever occur to you that one of the best things we could do for these people is to shield them from television?

Dr. WINFIELD. Yes, I think this has occurred to me, sir, in terms of shielding them from some kinds of television; but also, I would

like to say that there is a growing understanding on the part of the leaders of many of the countries that we are dealing with that they must harness instructional television effectively if they are to get their job done.

Mr. MEADER. Let me see if I understand this. You are buying 1,000 transistor television sets at a cost of how much?

Dr. WINFIELD. About $400,000.

Mr. MEADER. The purpose of this expenditure of funds by AID is to do precisely what?

Dr. WINFIELD. It is to set up a research program in five countries, in 1,000 communities, to study the problems, first, of the equipment and its power supplies——

Mr. MEADER. I got those four elements. Suppose this all turns out very well and you know how to develop the equipment, how to maintain it, how to program and evaluate, what are you going to do then? Are you going to buy sets in the hundred thousands and scatter them around the face of the earth? What are you going to do then?

Mr. HARDY. It is his job to bring this stuff to everybody in these backward countries. He has really taken on a big job. Did you not hear a while ago, 500 million people?

I am worried. I do not know how we are going to do it. You have given me a job here now, because I have to help pay for this.

Mr. MEADER. Furthermore, how are you going to control what goes out over these television sets and whether they get Communist signals? Is that part of your evaluation?

Dr. WINFIELD. The technical problem in relation to Communist signals is such that as of the present time there is not much likelihood of receiving signals from behind the Iron Curtain, if this is what you mean by "Communist signals."

Mr. HARDY. If the gentleman will permit, if you want to talk about where you get Communist signals you get them from many places besides from behind the Iron Curtain. You get them from Cambodia and from Egypt. Is that right?

Mr. MEADER. You might get a few from Cuba.

Dr. WINFIELD. Not outside of Cuba.

Mr. HARDY. If you get a 150-mile radius to a Cuban station they can put a set in Venezuela, perhaps. It would be a little far.

Dr. WINFIELD. This would be a little far.

Mr. HARDY. Over water you might get better reception.

Dr. WINFIELD. You can do 80 to 90 miles over water without too much difficulty.

Mr. MEADER. You might get Surinam.

Dr. WINFIELD. This is certainly a risk. I would like to point out, though, that the opposite risk is that the very foundations of the Communist revolution in the underdeveloped countries is much more located in the bypass rural areas than it is anywhere else, that the Chinese revolution and the Cuban revolution both were generated in exactly these kinds of situations.

Mr. HARDY. I would be more impressed by that if you people who have been operating this aid program showed a little more progress in uprooting this Communist influence.

Dr. WINFIELD. There is a real complicated and difficult problem.

Mr. MEADER. A highway goes two ways. If you can get this equipment scattered around in all the hinterlands of the underdeveloped areas, the Communists can use that just as well as we can unless we know how we are going to control what goes out over that signal, and when we start doing that we are invading the sovereignty of these nations we are supposed to be trying to help.

Dr. WINFIELD. That is right. I think there is a wide range in which we can exercise a considerable influence over what is done over these channels of communication by making available to these people the kind of instructional materials, the kind of work we should do with them to help them solve their basic problems.

Mr. MEADER. Another thing occurs to me, Dr. Winfield: Are you not barging into the bailiwick of USIA in this program?

Dr. WINFIELD. No, sir; I don't think so. The framework of our program is instructional. Of course, it will be true that as the receivers get into communities there will be noninstructional material broadcast through the systems. This will happen. It is already happening and it will continue to expand in these countries.

One of the things we are very much hoping to do through this kind of research is to demonstrate to the peoples of the countries that there is another very valid and important use for television in the whole instructional area, in the teaching of agriculture, in the teaching of mechanics, in the teaching of home improvements, and other things of this sort.

Indeed, this is much of the origin of this entire effort, rooted in the work we have been doing for the last several years on the development of some new kinds of simplified teaching processes which are largely based on pictorial approaches so that we can reach illiterates in spite of the fact they cannot read and write. This is one of the things which television can do. It can communicate and teach effectively without first requiring that people have to learn to read and write.

The cost of trying to get literacy education to the peoples of these countries will be enormous. This is one of the ways in which this cost can be reduced.

Mr. HARDY. Now you are going to provide this literacy education for these people. How are you going to assure that the free world will be able to utilize that instead of the Communist world?

Dr. WINFIELD. This cannot be guaranteed.

Mr. HARDY. It sure can't. As a matter of fact, we have actually carried out programs of education and have taught many people how to read and write only to find the main thing they read is Communist propaganda. Is that right?

Dr. WINFIELD. That is correct.

Mr. HARDY. It sure is.

Dr. WINFIELD. What I said a while ago, however, was not that we were necessarily going to teach the people to read and write but that we would teach them through television without teaching them to read and write. Teach them agriculture, homemaking, and ways of improving their own abilities to produce and raise their own standards of living.

Mr. HARDY. How will you be able to control the sort of material that goes out over your telecasts?

Dr. WINFIELD. We will not be able to control entirely the material that goes out over the telecast.

Mr. REDDAN. Can you control it at all?

Dr. WINFIELD. We can control it only in that for the experimental setup we are talking about here for this particular program we will have agreements with the individual country where the experiment goes in, that the hours we are putting into this experiment do the things we have to do.

Mr. REDDAN. Do you have these agreements?

Dr. WINFIELD. No, sir, we haven't these agreements.

Mr. MEADER. You will get an agreement about program content?

Dr. WINFIELD. About program content for the research part of the community instructional part of this program. This is not program content for everything. This is program content——

Mr. MEADER. If you can control it you will do a better job than we can do here for television.

Dr. WINFIELD. We cannot control all of it and there is no way to control all of it. What I am saying is that I feel sure we can negotiate agreements for the purposes of this research, for the hours and the subject with which the research is concerned. There we will have agreement.

Mr. HARDY. Have you negotiated any such agreement?

Dr. WINFIELD. No, sir; not yet.

Mr. HARDY. But you are confident you can?

Dr. WINFIELD. Yes.

Mr. HARDY. You mention the hours which will go into this research project. What do you contemplate in terms of hours per week?

Dr. WINFIELD. I would suppose that in most situations we will start off with 2 hours a day, 3 hours a day, and perhaps build up by the time we work through the program to the point where we might have as many as 5 or 6 hours a day on the instruction.

Mr. HARDY. These television stations will provide 2, 3, to 5 hours a day of their operating time for your program?

Dr. WINFIELD. Yes, sir. Many of these stations in these countries are owned by the governments. The governments are seeking ways in which to do exactly this sort of thing. I believe we have a high probability of being able to find five countries without any difficulty that would, in exchange for cooperating in this program, would be glad to make it possible for certain of these transmitters to be operated in this way.

Mr. HARDY. You have not already picked the five countries?

Dr. WINFIELD. No, sir; we have to go and negotiate with the countries and find out which ones are the ones.

Mr. HARDY. Then you don't know whether you will get all of the climatic conditions that you had found desirable in your planning.

Dr. WINFIELD. We don't know that we will get that. We cannot guarantee we will get all of them but we feel, as a matter of fact, a great deal of confidence that our problem, once we have this set and the operation in so that we can go and negotiate with the countries about it, our problems will not be finding five countries but it will be restricting the program to five countries because so many of them are going to want to cooperate with us in it.

Mr. HARDY. Let me return to a point we were on a few moments ago. What is the normal broadcast day of these television stations?

Dr. WINFIELD. Many of the stations that are on the air in underdeveloped parts of the world are on the air for 5 to 7 to 10 hours a day.

Mr. HARDY. You figure you will get from a fourth to a half of their total broadcasting time, or are you expecting to get them on the air more hours?

Dr. WINFIELD. One or the other. It would vary in different countries and in different situations.

Mr. HARDY. You are certainly ambitious in that regard.

Suppose you get an increase, and you get 5 hours more from a station that is already on 10 hours . You will have 5 hours for the program, and perhaps 10 hours might be Communist inspired. You have no control over that.

Dr. WINFIELD. That is right.

Mr. HARDY. Then you might have a Communist-inspired operation that will be twice as long as yours.

Dr. WINFIELD. This is theoretically possible. I don't think it is highly probable.

Mr. HARDY. I wish there were probabilities as good in some of the other things we discussed.

I would like to explore the costs. You have $400,000 involved here for these sets.

Dr. WINFIELD. Yes.

Mr. HARDY. Do you have procurement already established for the power sources to operate these sets?

Dr. WINFIELD. No, sir. We have budgeted for the 1963 part of the program to provide for that part.

Mr. HARDY. This will require solar cells mostly?

Dr. WINFIELD. No, sir. There may be one or two centers——

Mr. HARDY. You have a squirrel running around the cage for some of this?

Dr. WINFIELD. The major portion of it will be gasoline generators.

The next portion of it, one of the important portions of it, will be wind charges.

We have design work going on a play yard merry-go-round that will generate enough——

Mr. HARDY. We are on that right now.

Dr. WINFIELD (continuing). That will provide both a place to play, a means of play for the children, and will pick up from muscular energy a sufficient amount of electricity to operate one of these receivers.

There is a whole set of new bicycle-mounted muscle generators.

Mr. HARDY. Can you operate them off static electricity?

Dr. WINFIELD. If you had the right accumulators you probably could.

Mr. HARDY. You have a lot of these feline critters in the jungle. If you get somebody to rub them you can generate these. Maybe Mr. Hoke has another use for the three-toed sloth.

Mr. REDDAN. How much are the power generators to run these sets going to cost you?

Dr. WINFIELD. The budget for the generators runs—the charging devices are budgeted at $315,000.

Mr. REDDAN. 350 or 315?

Dr. WINFIELD. 315.

Mr. REDDAN. That gets it up to $715,000. Does this include antennas?

Dr. WINFIELD. There are batteries, antennas, and spare parts in addition which have to be calculated in.

Mr. REDDAN. How much will that be?

Dr. WINFIELD. The entire materials budget on this section is $700,000-plus, I believe.

Mr. REDDAN. $715,000 without the spare parts.

Dr. WINFIELD. Let me sort this out.

Mr. HARDY. A boat trip is just chickenfeed in connection with the rest of this.

Dr. WINFIELD. $729,500 is our estimate for the equipment including an engineering contract for evaluation, planning of the supplies, fitting them together to make it possible to test several different types of solutions to this problem and actually operate the 1,000 communities.

Mr. HARDY. The newspaper articles refer to animals running around in a cage. How many of those are you planning to use?

Dr. WINFIELD. None, sir.

Mr. HARDY. Where did that idea come from? Was that yours?

Dr. WINFIELD. No, sir. The idea was an order-of-magnitude statement that for some types of radio reception you can generate enough electricity with this kind of an arrangement.

Mr. HARDY. You have seen these little things, a squirrel running around in a cage. I saw one when I was a boy.

Dr. WINFIELD. That is right.

Mr. HARDY. I have now come to the conclusion that all the squirrels are not in a cage and in the trees.

Dr. WINFIELD. Well, sir, it is possible. The quantities of energy that are required for radio reception and for the use of a whole series of other kinds of equipment, such as record players, tape recorders, and so on, is now small enough that it is possible to power them with very small quantities of energy.

Mr. HARDY. An old treadmill reduced to a small scale.

Dr. WINFIELD. Or a larger sized treadmill.

Mr. REDDAN. Doctor, have you made provisions for servicing these sets?

Dr. WINFIELD. Yes, the plan involves as part of the field testing of the operation itself that there be a servicing organization. This is one of the parts of the plan itself.

Mr. REDDAN. How many communities will you have?

Dr. WINFIELD. We are planning for 1,000.

Mr. REDDAN. How many servicemen are you going to have for TV?

Dr. WINFIELD. It will depend entirely on the distance between the communities, the methods——

Mr. HARDY. Have you not programed that? Don't you know what your anticipated personnel requirements will be?

Dr. WINFIELD. Only in general terms. These are some of the things that have to be worked out in terms of the specific country and

the specific area to be covered and can be worked out in detail only when we move in for that purpose.

Mr. HARDY. If you tried to sell me a project like that, or anybody in business, you certainly would be up a tree.

You have a program that will involve a substantial personnel requirement and you have no notion of what it will cost.

Dr. WINFIELD. We have been in conversations with the Peace Corps about this matter and we think there will be no difficulty in developing with the Peace Corps plans and Peace Corps personnel will be made available for these functions, including working with the testing of the subject matter that comes across the receiver.

Mr. HARDY. Peace Corps personnel do not cost the taxpayers as much as AID personnel but there is a cost involved.

Dr. WINFIELD. Yes, sir.

Mr. HARDY. I do think that the Administrator of AID should be expected to be able to tell the Congress of the United States, this committee, and the American people what will be the total cost of this project on which you are working now. You are placing orders for something where you have no idea at all of what the estimated cost will be. You are running way off the deep end and you have no idea where you are going and you are hoping it will work, and if the thing is a $2 or $3 million waste I suppose you people in AID have gotten used to it and it means nothing to you. It means something to me.

Dr. WINFIELD. It means a great deal to me, too, Mr. Hardy.

Mr. HARDY. Then you should have a more definitely worked out program before you place contracts for $400,000 worth of TV sets.

Mr. MEADER. Dr. Winfield——

Mr. HARDY. Dr. Fei signed this contract and authorized it, and I am surprised he has no more business judgment than to do that.

Mr. MEADER. Can you give me a good reason why you could not have taken 10 of these sets and tried them in 1 country rather than starting out with 1,000 and trying them in 5?

Dr. WINFIELD. Ten sets in one country would not have answered any of the questions except whether the set will work. We can determine that the set will work before we accept delivery from the manufacturer, because this is written into the contract. We are not going to pay a penny for these sets until they are delivered against the inspection standards.

The problems are not whether the set will work.

Mr. MEADER. You said the only thing to be shown by putting 10 sets in 1 country is that the sets would work. You have just continued by saying you will be sure the sets work whether you ever put them in any country, you will not accept them until they do.

Putting 10 sets in 1 country has nothing to do with whether or not the set works. I refer to your making these evaluations and your research.

Dr. WINFIELD. Yes.

Mr. MEADER. I see nothing that has to do with the set working.

Dr. WINFIELD. You are not going to teach anything through it if it does not work.

Mr. HARDY. Mr. Winfield already eliminated the first of his four points.

Dr. WINFIELD. No, sir.

Mr. HARDY. He says he is not going to accept a set unless it works You know it will work before you ever get it. He has to have $400,000 worth of this stuff to carry out the other three parts of the project.

Dr. WINFIELD. Which includes finding out what kind of breakdown problems there will be in the set. We will know that the set works.

Mr. HARDY. This is as screwy a proposition as I have ever run into.

Dr. WINFIELD. How the climatic factors will determine, what the maintenance problems are, and so on. These are the things we want to get into, and we have to have a considerable number of sets operating in an area before you get much knowledge of how long and what kinds of problems will be involved in maintaining the power sources and in maintaining the sets themselves.

This is the research which is capable of saving the countries we are working with millions and millions and millions of dollars if we can get them——

Mr. MEADER. Why do your research on so huge a scale that you will have to multiply your staff? If you are going to get Peace Corps people, some sociological worker, he won't know the first thing about television sets and what is wrong with them.

To take 1,000 sets and spread them around in five countries, to make any kind of an evaluation of how it is functioning or operating, will require you to just multiply your personnel nobody knows how many times.

If you start it off in a modest way, do your original testing in a limited number of sets, you could encompass that without huge expenditures in evaluation personnel.

It seems to me this is starting off on a scale which is just bound to wind up with great expenditure and completely fail before you are through with it.

Dr. WINFIELD. I cannot agree with you, sir.

Mr. HARDY. Of course not. You would not have promoted it otherwise.

I want to raise a question as to the urgency of this particular contract for the procurement of these 1,000 sets.

In a memorandum dated June 12, 1962, to Mr. Matthew M. Flattery; and, without objection, we will put the entire memorandum in the record as appendix VIII, p. 259; you said:

> An urgent requirement has been established for the purchase of 1,000 transistorized special 23-inch television receivers employing fiscal year 1962 REPAS funds in the amount of $400,000 * * *.

You have not established an urgency to me today. Maybe you have a basis for it, more than you have provided here. Who established the urgency to you?

Dr. WINFIELD. I established the urgency in discussion and in an evaluation of the total problem we are up against. I still believe it is an urgent matter.

Mr. HARDY. Did you document it?

Dr. WINFIELD. In what sense?

Mr. HARDY. In any sense. Who knows it is urgent except you? You said in this memorandum it was urgent. What have you, in the way of documentation, to support your finding that it is urgent? You have not established it to me. I think it is the biggest foolishness I

have seen in some time, to procure 1,000 of them. That is what I am talking about.

Dr. WINFIELD. Yes, sir.

Mr. HARDY. You sure have not established it to me. If you have any basis to establish it I would love to see it—unless it is this, and I will continue with your memorandum:

> In accordance with cover letter, attachment No. 1, $400,000 is available for this procurement and moneys must be obligated by June 30, 1962 * * *.

Is that the urgency, because your money would expire if you did not spend it before June 30?

Dr. WINFIELD. This was a factor of urgency, certainly.

Mr. HARDY. That answers it.

Dr. WINFIELD. There still is, sir, a tremendously urgent need for us to break out and get going with new ways to handle this terrific educational problem of the world.

Mr. HARDY. I don't think anybody would disagree with you. The world needs education. We need it here. I need education on what produced the urgency to you in this case.

I am afraid you are not going to be much more successful in educating me on that than you are likely to be in this TV program you have worked out.

Anything further, Mr. Meader?

Mr. MEADER. I have nothing further.

Mr. HARDY. Mr. Reddan?

Mr. REDDAN. That is all.

Mr. HARDY. The subcommittee stands adjourned until further call of the Chair.

AGENCY FOR INTERNATIONAL DEVELOPMENT CONTRACT OPERATIONS

(Office of Research, Evaluation and Planning Assistance Staff) (Part 1)

WEDNESDAY, AUGUST 15, 1962

HOUSE OF REPRESENTATIVES,
FOREIGN OPERATIONS AND
MONETARY AFFAIRS SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to adjournment, at 10 a.m., in room 304, House Office Building, Hon. Porter Hardy, Jr. (chairman of the subcommittee) presiding.

Present: Representatives Porter Hardy, Jr., John S. Monagan, George Meader, and Robert P. Griffin.

Also present: John T. M. Reddan, chief counsel; M. Joseph Matan, counsel; Walton Woods, investigator; Charles Rothenberg, investigator; and Phyllis M. Seymour, clerk.

Mr. HARDY. Let the subcommittee come to order.

This morning we continue with our study of the Research, Evaluation and Planning Assistance Staff of the Agency for International Development. We will devote particular attention to some of the contracts of that branch and examine the economy and efficiency of that operation.

When we suspended on Friday afternoon, Dr. Gerald F. Winfield, Chief of the Communications Resources Division, was on the stand and we were discussing with him the nature of the "urgent requirement" which, according to his memorandum of June 12, 1962, to Mr. Matthew Flattery, of REPAS, justified the purchase of 1,000 23-inch transistorized television sets.

One of the things we want to explore this morning is the question of the urgency which justified the allocation of funds such a short period of time before the fiscal year ended.

Dr. Winfield, will you come back up to the stand please, sir. You have previously been sworn, I believe.

Dr. WINFIELD. Yes, sir.

Mr. HARDY. Mr. Reddan.

FURTHER TESTIMONY OF DR. GERALD F. WINFIELD, CHIEF, COMMUNICATIONS RESOURCES DIVISION, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. REDDAN. Dr. Winfield, do you have your file with you there?

Dr. WINFIELD. Yes, sir.

Mr. REDDAN. Do you have before you a copy of your memorandum of June 12, 1962, to Mr. Flattery?

Dr. WINFIELD. June 15, 1962, yes.

Mr. REDDAN. June 12, 1962.

Dr. WINFIELD. Pardon me. Yes, sir.

Mr. REDDAN. In that memorandum, do you suggest that this contract be let to any one particular company?

Dr. WINFIELD. Yes, sir.

Mr. REDDAN. What company was that?

Dr. WINFIELD. Warwick Manufacturing Co. in Chicago, Ill.

Mr. REDDAN. Is there any requirement that you have to meet under procurement regulations, and AID regulations, before you can negotiate with a sole source?

Dr. WINFIELD. Yes, sir.

Mr. REDDAN. Had those situations been met in this case?

Dr. WINFIELD. Not when this was written.

Mr. REDDAN. What was the justification for your requesting a sole source in this particular case?

Dr. WINFIELD. Well, it was my unclearness as to procedures at this point. I did not understand what had to be done and this was a request to the proper people to start telling me this, and I got the answer back.

Mr. HARDY. This wasn't the first time you had been involved in procurement, was it, Dr. Winfield?

Dr. WINFIELD. I am not——

Mr. HARDY. You had been with the Agency for a long, long time.

Dr. WINFIELD. I am just trying to think if I had ever been involved in this kind of procurement.

Mr. HARDY. I am not asking for this kind of procurement; this is a rather unusual one even for me. I was just wondering whether in the course of your rather long employment with the Agency there wouldn't have been some basis on which you would have been expected at least to be familiar with the procurement regulations?

Dr. WINFIELD. Well, I wasn't sufficiently clear on this one.

Mr. HARDY. Thank you.

Mr. REDDAN. Had you atempted to——

Mr. MEADER. May I inquire: You subsequently learned what steps had to be gone through, didn't you?

Dr. WINFIELD. Yes, sir.

Mr. MEADER. What were those?

Mr. HARDY. I think we are going to get to those in a minute. I think it might be desirable, in view of the fact that we are talking about specific language in the memorandum, to have that language in the record at this point. Read what it says.

Mr. REDDAN. This is quite a lengthy one.

Mr. HARDY. We don't have to read the whole memorandum. Read the part relating to the suggestion that there be a sole source.

Mr. REDDAN. Would you read the last paragraph on page 3 of your memorandum, Dr. Winfield?

Dr. WINFIELD. The last paragraph?

Mr. REDDAN. Read the last two paragraphs.

Dr. WINFIELD (reading):

The Warwick Manufacturing——

Mr. REDDAN. The last two paragraphs, page 3.

Dr. WINFIELD (reading):

To summarize, many manufacturers have been contacted. Both Motorola and G.E. demonstrated commercial but inferior equipment for the job needs and showed no interest in further developing their equipment. RCA, Sylvania, Westinghouse, and others, after conferring on the program with Agency personnel, have not responded in any way. Only the Warwick Manufacturing Corp. has already developed equipment of the type required and has shown the interest necessary in making this program a success. After more than 18 months' effort in communication with many manufacturers, only one, the Warwick Manufacturing Co., is qualified to our standards.

Mr. HARDY. Now, Mr. Reddan, I don't want to interrupt your line of questioning, but I do want to come back to these two paragraphs and I want to explore each step in there; and I want to know who is responsible for the decisions that were made; who participated in this 18 months business that Mr. Winfield has just testified to; who made the decision that only the specific company was competent to perform. I think there are a good many statements made in there, statements set forth as fact, and we want to explore them and determine whether they are statements of fact or whether they may be based on somebody's rather haphazard incompetent judgment.

Mr. REDDAN. You finished that one paragraph. Now will you read the next paragraph, please?

Dr. WINFIELD (reading):

It is recommended that the purchase order and/or contract written to the Warwick Manufacturing Corp. should incorporate both AID specifications and the complete technical proposal of the supplier involved.

Mr. REDDAN. To follow along with the chairman's suggestion, perhaps we should explore these things right now.

You say many manufacturers had been contacted. How many qualified television manufacturers are there in the country, Mr. Winfield?

Dr. WINFIELD. Are there in the country?

Mr. REDDAN. Yes, sir.

Dr. WINFIELD. I think there are 20-some-odd.

Mr. REDDAN. In the last paragraph on the first page of that memorandum to Mr. Flattery, did you give him the number?

Dr. WINFIELD. I am not sure. Yes, there are 25 major manufacturers.

Mr. REDDAN. Did you contact 25, all the major manufacturers?

Dr. WINFIELD. No, sir.

Mr. REDDAN. How many did you contact, sir?

Dr. WINFIELD. We contacted—at this point we had contacted quite a number. I don't know the exact number.

Mr. HARDY. What was the nature of your contacts with them prior to this time?

Dr. WINFIELD. First, we had sent out the notice of our interest to the industry.

Mr. REDDAN. How did you do that, sir?

Dr. WINFIELD. Through the meeting with the industry on the 12th of October. That was put in the record last week, sir.

Mr. REDDAN. That was what sort of a meeting?

Dr. WINFIELD. That was a meeting with the Electronics Industry Association.

Mr. REDDAN. You made a speech there?

Dr. WINFIELD. I made a statement there. There was a report from there and it was circulated to the industry talking about our general interest in this whole area of developing transistorized television reception.

Mr. REDDAN. The Electronics Association disseminated the information; AID did not?

Dr. WINFIELD. That is right.

Mr. HARDY. What part did you play in the dissemination of that information—you or anybody in AID?

Dr. WINFIELD. I didn't send out letters to——

Mr. HARDY. What did you do? You didn't do anything. You made a speech at the meeting.

Dr. WINFIELD. Yes.

Mr. HARDY. Isn't that all you did actually in connection with advising the members of the industry about AID's interest and what you planned to do?

Dr. WINFIELD. And I checked with them and they circularized, and put out the circular; and that the circular had gone out to the industry reporting our interest.

Mr. HARDY. What did that circular say?

Dr. WINFIELD. The circular said that AID was interested in developing—knowing what the industry was doing in transistorized receivers.

Mr. HARDY. That was an industry circular?

Dr. WINFIELD. Yes, it was an industry circular.

Mr. HARDY. It had no official standing except from the industry asssociation itself?

Dr. WINFIELD. That is right.

Mr. HARDY. What followup did you make?

Dr. WINFIELD. I had a whole string of meetings with people who came into my office from Westinghouse, for example, and several others, along during the spring, and on every occasion I talked about our interest in this area.

Mr. HARDY. Generalized, rather than specific?

Dr. WINFIELD. That is right. Because at that stage I was seeking to find out who was in this business and who had capability in it.

Mr. REDDAN. I show you there a Thermofax copy of a letter put out by—what is the name of that association?

Dr. WINFIELD. Electronic Industries Association.

Mr. REDDAN. Is that the industry of which you spoke?

Dr. WINFIELD. Yes, sir.

Mr. REDDAN. Is that the medium through which they sent out the information you are talking about?

Dr. WINFIELD. Yes.

Mr. REDDAN. Did they send out any other notice besides that one?

Dr. WINFIELD. No, sir.

Mr. REDDAN. What is the date of that, sir?

Dr. WINFIELD. This is October 18, 1961.

Mr. REDDAN. It is a letter addressed to whom?

Mr. WINFIELD. "To Members: EIA, Consumer Products Division, AM–FM Broadcast Equipment Section, TV Broadcast Equipment Section of Industrial Electronics Division.

Mr. REDDAN. Are you familiar with the content of that letter?

Dr. WINFIELD. Yes.

Mr. REDDAN. Do they set forth what the specifications are, what the requirements are with respect to TV specifications?

Dr. WINFIELD. No, sir; not in specific terms. They list the general operating characteristics that we were looking for.

Mr. REDDAN. What was that, sir? Tell us what is in that letter with respect to AID requirements for TV sets?

Dr. WINFIELD. What is here says:

> While ICA is willing to revert to windmills or windchargers for power where possible or would accept the farm-type generator of 25 years ago as a power supply, it spoke of 21-inch or 24-inch transistorized television receivers form community listening viewing centers.

This communication was based on the fact that ICA hoped this receiver would be maintenance-free for a period of from 5 to 10 years.

This is the material that indicated we were interested in this kind of a receiver. And in later sections it suggests that they get in contact with us.

Mr. REDDAN. That is members of the industry?

Dr. WINFIELD. Yes.

Mr. REDDAN. Did any of the industry get in contact with you?

Dr. WINFIELD. Yes. Warwick got in contact with us.

Mr. REDDAN. Who was the first one that got in contact with you?

Dr. WINFIELD. Following this, Warwick; Motorola had been in contact with us some time previous to this.

Mr. REDDAN. Motorola had been in contact with you before this?

Dr. WINFIELD. They had been in contact with Mr. Rider in my office.

Mr. REDDAN. On page 2 of your memorandum of June 12 to Mr. Flattery, you state:

> The sequence of actions taken by this office in this program are listed as follows:
>
> January 1, 1961–September 1961, efforts were begun to discuss receiver needs with many leading manufacturers such as Motorola.

Dr. WINFIELD. Yes.

Mr. REDDAN. What did you do on January 1, 1961, or the nearest date thereafter?

Dr. WINFIELD. In the spring of the months before that we had been in contact with manufacturers on tube sets as well as transistorized sets. We had meetings with Timco and other groups of this sort, because during this period of time we were again trying to get a feel of what was going on.

Mr. REDDAN. When were these meetings held, and who attended? Is there any record of those meetings in the files of AID?

Dr. WINFIELD. I would have to go back and look at diaries and calendars to find out specifically that out of the meetings with Timco——

Mr. REDDAN. With who?

Dr. WINFIELD. Timco.

Mr. REDDAN. Who is Timco?

Dr. WINFIELD. Ling Electronics.

Mr. REDDAN. Is that an American firm?

Dr. WINFIELD. Yes, in Texas.

Mr. REDDAN. Is that one of the major television manufacturers in the country?

Dr. WINFIELD. They manufacture televisions. They were particularly interested in tube sets, and we worked with them a long time on the problems of developing a tube set that would operate directly off of a generator.

Mr. REDDAN. All right. But when did you start with any company on this transistorized set that you are now discussing, transistorized television?

Dr. WINFIELD. The first specifics were in the exchanges that happened with Motorola.

Mr. REDDAN. Did you initiate those?

Dr. WINFIELD. No. Motorola initiated those particular ones.

Mr. REDDAN. Had AID given any consideration to such a program prior to that time?

Dr. WINFIELD. We had thought about it and discussed it among ourselves.

Mr. RENNAN. Was it made a matter of record in the agency?

Dr. WINFIELD. No.

Mr. REDDAN. Is there any way we can find out when this was discussed, where it was discussed, and who was present and what determinations were made?

Dr. WINFIELD. Well, at this stage we were simply exploring the general field to see what was available, what could be done.

Mr. HARDY. In order to better understand what you were doing you were involved here not only in trying to find television sets that would be of a size and character that would be adaptable to use in these communities, you were also involved in some technical considerations. There was a question as to how it would perform and some rather intricate technical considerations of utilizing different kinds of power supply?

Dr. WINFIELD. That is right.

Mr. HARDY. Who were the technical experts in ICA that were considering this? Did you have people that were experienced in this field?

Dr. WINFIELD. Mr. Rider had had some background for this, and we talked our problems with people in the Signal Corps. Mr. Rider had a number of contacts and talked these kinds of technical problems.

Mr. HARDY. Who is Mr. Rider?

Dr. WINFIELD. Mr. Rider was then my radio and television officer. He is now assigned to duty in Nigeria.

Mr. HARDY. I wanted to see if I could understand what technical competency ICA had at these conferences with these television manu-

facturer representatives. I understand Mr. Rider was your principal technician, your principal technical expert; did he sit in on all of these conferences?

Dr. WINFIELD. No. The conferences—I'm not quite clear which stage you are talking about.

Mr. HARDY. I am talking about through this whole thing, when you were calling in these people to discuss the development of a television set that you could use for the purposes you had in mind. Certainly it wouldn't be like going out and buying something off the shelf somewhere. It is an entirely different proposition, and although I understand you have been in communications for a long time and you may be an expert in this field yourself—I don't know—but if you had nothing more than a layman's contact with it, I would think maybe you were over your head.

Dr. WINFIELD. I knew the characteristics we needed in the equipment.

Mr. HARDY. You might get over the characteristics you needed in the equipment as far as performance is concerned; but in order to comprehend the technical aspects in the discussions with these technical representatives of these manufacturers, you would have to be pretty good to know whether they were giving you a song and dance.

I have been through this myself a little bit, having been a distributor for things of this kind, but I would certainly lack competence to deal with experts if I were negotiating and spending a lot of money.

I am just trying to understand what expertise you had to support you.

Dr. WINFIELD. I had called on Mr. Walcoff, of the Signal Corps, to make examinations of some of this equipment.

Mr. REDDAN. What specifically did you ask him to examine?

Dr. WINFIELD. I asked him to examine the effectiveness of the equipment and how it worked.

Mr. REDDAN. What equipment?

Dr. WINFIELD. He saw both Warwick equipment and Motorola equipment.

Mr. REDDAN. That is the equipment you asked him to test?

Dr. WINFIELD. Yes.

Mr. REDDAN. Did you send the Motorola set over to the Signal Corps for testing?

Dr. WINFIELD. Yes, sir.

Mr. REDDAN. How long did they have it?

Dr. WINFIELD. They had it for a number of weeks.

Mr. REDDAN. Testing it?

Dr. WINFIELD. Yes.

Mr. REDDAN. How long did they have the Warwick set?

Dr. WINFIELD. They didn't have the Warwick set.

Mr. REDDAN. They didn't give that the same test they gave the Motorola set?

Dr. WINFIELD. No, sir.

Mr. REDDAN. Why not?

Dr. WINFIELD. Because this was a research model that we didn't have control of to give to them.

Mr. HARDY. Who tested the Warwick set?

Dr. WINFIELD. No one.

Mr. HARDY. So you bought it without testing?

Dr. WINFIELD. Yes, sir.

Mr. HARDY. Now we are really getting into something. You placed an order for $400,000 worth of television receivers on no more competence of its performance than you possessed?

Dr. WINFIELD. Yes, sir.

Mr. HARDY. You sent the Motorola over to an expert, but you didn't send the one you bought?

Dr. WINFIELD. Yes, sir.

Mr. HARDY. Typical Government procurement.

Mr. REDDAN. You saw the Warwick set?

Dr. WINFIELD. Yes, sir.

Mr. REDDAN. You saw the same one you bought? Do the sets you have purchased meet the same specifications of the set you saw?

Dr. WINFIELD. There have been some changes.

Mr. REDDAN. The set that you saw was a hand made prototype?

Dr. WINFIELD. That is right.

Mr. HARDY. But you couldn't even send it over to the Army, the Signal Corps, for its evaluation. You were not permitted by the manufacturer; is that correct?

Dr. WINFIELD. No, I didn't do it, sir. This is a mistake that I——

Mr. HARDY. You said you didn't have control over it.

Dr. WINFIELD. That is right.

Mr. HARDY. Does that mean you were not permitted to do it?

Dr. WINFIELD. No——

Mr. HARDY. You didn't think it was necessary. You thought you were enough of an expert on television, on technical performance, that you didn't need the Signal Corps' help; is that what you mean?

Dr. WINFIELD. Yes, this is what happened.

Mr. REDDAN. To come back to your memorandum of June 12, Dr. Winfield, I notice you state here in the last two paragraphs, again, that:

> Only Warwick Manufacturing Co. has already developed equipment of the type required and has shown the interest necessary in making this program a success.

Is that true, sir?

Dr. WINFIELD. At that time, they were the only ones that had a 23-inch set in existence.

Mr. REDDAN. Did they have it in production?

Dr. WINFIELD. No, sir; I knew they did not have it in production.

Mr. REDDAN. Was it fully developed at that time?

Dr. WINFIELD. It was operational.

Mr. REDDAN. Was it fully developed, sir?

Dr. WINFIELD. I don't know what you mean by fully developed. It was not——

Mr. REDDAN. Those are your words:

> Warwick had developed this receiver on their own money.

For instance, you say that in the preceding paragraph, and in the paragraph you read, you say Warwick has already developed the equipment.

Now I ask you, what do you mean by developed?

Dr. WINFIELD. Well, that they had an operational piece of equipment for demonstration and that they were in a position to tool for its manufacture.

Mr. REDDAN. Were you ever advised at any time by Warwick that the set might not be fully developed?

Dr. WINFIELD. I am not sure what you mean by fully developed.

Mr. REDDAN. I have an internal memorandum of Warwick dated May 7, 1962, in which Mr. Trukenbrod—do you know him?

Dr. WINFIELD. Yes, sir.

Mr. REDDAN (continuing). Writes to Mr. Rymer, and he says in the second paragraph of this memo:

I did some checking on meeting of May 2 with engineering and R. & D.

What is R. & D.?

Dr. WINFIELD. Research and development in their plant.

Mr. REDDAN (reading):

I get the strong impression that engineering thinks the model is not fully developed and that there are some problems, including regeneration.

Now did they ever discuss that with you?

Dr. WINFIELD. No, sir.

Mr. REDDAN. In your memo of June 12 to Mr. Flattery you also say:

Warwick had developed this receiver on their own money.

What did you mean by that, sir?

Dr. WINFIELD. That the Government would not have to pay for the development of it.

Mr. REDDAN. There would be no research and development charges to the Government?

Dr. WINFIELD. That is what I had understood.

Mr. REDDAN. Is that a fact? Are there any research and development charges in this contract which was let to Warwick?

Dr. WINFIELD. I don't know whether that is true or not.

Mr. REDDAN. Did you ever discuss this with the negotiator?

Dr. WINFIELD. Discuss it with the negotiator?

Mr. REDDAN. Did you discuss this with AID negotiators, Mr. Daughtridge specifically?

Dr. WINFIELD. On the research and development aspects of it?

Mr. REDDAN. Yes, sir.

Dr. WINFIELD. I knew there was development in it necessary for tooling and manufacture.

Mr. HARDY. Tooling and manufacturing is not development. Certainly you know the difference.

Dr. WINFIELD. This is what I was understanding by what we were talking about at the time, what is in the contract.

Mr. REDDAN. Do you know whether or not the proposal as submitted by Warwick contained an item of approximately $130,000 for research and development?

Dr. WINFIELD. I don't know it; no, sir. I know it now.

Mr. REDDAN. Would you be surprised to find that now?

Mr. HARDY. A $400,000 contract has been let. You said the television set had already been developed with Warwick's money, but you are not aware of the fact that that proved to be untrue. You are not aware of the fact that your negotiator permitted more than 25

percent of the total contract to go into an item of research and development. You are not familiar with that?

Dr. WINFIELD. No, sir.

Mr. REDDAN. In your memorandum to Mr. Flattery, on page 3, paragraph 3, you state that:

> Warwick had developed this receiver on their own money as a product but determined not to market it as production would be small in the American market. So close did the receiving unit demonstrated meet requirements that only very slight work was needed to provide a completely satisfactory unit.

Now is that correct, sir?

Dr. WINFIELD. This is what I believed.

Mr. REDDAN. Is it your understanding that that is a correct statement as of now?

Dr. WINFIELD. Apparently I was in error when I wrote this.

Mr. REDDAN. What led you to that error? Where did you get the information which you were passing on to Mr. Flattery?

Dr. WINFIELD. It was what I had understood to be the case from my discussions with the Warwick people.

Mr. REDDAN. You had this understanding from your discussion with Warwick people?

Dr. WINFIELD. This is what I had understood.

Mr. REDDAN. Who specifically?

Dr. WINFIELD. Well, Mr. White, and Mr. Trukenbrod.

Mr. REDDAN. Mr. White?

Dr. WINFIELD. Yes.

Mr. REDDAN. And they told you that this met your specifications with very slight minor changes?

Dr. WINFIELD. No, sir. I was referring to the fact that they had developed it with the hope of marketing it and decided not to market it.

Mr. REDDAN. That was just a lead in the sentence that I was reading. What I am interested in is this statement of yours:

> So close did the receiving unit demonstrated meet requirements that only very slight work was needed to provide a completely satisfactory unit.

Now I want to know where you got that information, how you reached that conclusion?

Dr. WINFIELD. This was my judgment.

Mr. REDDAN. Based on what, sir?

Dr. WINFIELD. Based on my looking at and studying the equipment.

Mr. REDDAN. Looking at the picture?

Dr. WINFIELD. Looking at the piece of equipment.

Mr. HARDY. Are you an expert on the insides of a television set?

Dr. WINFIELD. No, sir. This is an error in judgment.

Mr. HARDY. You were over your head in this, weren't you, Dr. Winfield?

Dr. WINFIELD. Yes, sir; it looks like I was.

Mr. REDDAN. Are you familiar with the memorandum which Mr. Smith wrote on July 2, with respect to the condition of the set and what would be needed to bring it up to AID specifications?

Dr. WINFIELD. Which one is this?

Mr. REDDAN. Memorandum of July 6, 1962, page 3, Mr. Smith's memorandum.

Dr. WINFIELD. Page 2 of the memorandum?

Mr. REDDAN. Page 3. Actually, it is a chronology. Top paragraph, do you see that there?

Dr. WINFIELD. Yes, sir.

Mr. REDDAN. Would you read that, please, that first paragraph?

Dr. WINFIELD (reading):

Visit to Warwick by radio and TV office to coordinate on receiver manual production and assure successful relationships and production startup. This is extremely important in that although the receiver is developed in the most basic sense, considerable development and design effort is to be achieved on the power problem, environmental problems, chassis layout, and simplicity problems.

Mr. REDDAN. Did you ever discuss that with Mr. Smith?

Dr. WINFIELD. Yes, sir.

Mr. REDDAN. Do you agree with Mr. Smith's statement there?

Dr. WINFIELD. That there was further work to be done in the ruggedization and tropicalization, and adjustment of connections on the power supplies and so on, yes.

Mr. REDDAN. Do you think that accords with your statement in your memorandum of June 12 to Mr. Flattery?

Dr. WINFIELD. Yes; I think that it accords in the sense that these were further developments that had to be made that any set would have to have to put in for our special needs overseas.

Mr. HARDY. How do you know that, you didn't check any other sets, did you?

Dr. WINFIELD. Yes; we had checked the Motorola set. It is not tropicalized; it does not have the right power supply. It is not arranged for standing up to the environmental factors of fungus and this sort of thing.

Mr. HARDY. That is a set that was checked for you by the Signal Corps; is that right?

Dr. WINFIELD. That is right.

Mr. HARDY. What kind of report did they give you on that set? Did they make a written report?

Dr. WINFIELD. They made a written report that got lost. I have been in contact with them and they are getting us a new copy of it.

Mr. HARDY. How long has it been lost? Did you ever get it?

Dr. WINFIELD. I am not sure that we ever did get it. We got a verbal communication of its contents.

Mr. HARDY. When did that test take place?

Dr. WINFIELD. It took place in January.

Mr. HARDY. In January of 1962?

Dr. WINFIELD. Yes, sir.

Mr. HARDY. And you don't know that you ever received the written report that the Signal Corps made. When did they give you a telephonic report on it?

Dr. WINFIELD. In January, I think. This was relayed to me through one of my staff people.

Mr. HARDY. So actually you have no personal knowledge whatever of what the Signal Corps found except what somebody told you, and somebody that was not even associated with the Signal Corps; is that correct?

Dr. WINFIELD. Yes, sir.

Mr. HARDY. You have never seen, to the best of your knowledge, the written report which was prepared by the Signal Corps, is that right?

Dr. WINFIELD. That is right.

Mr. HARDY. Who in your office reported to you verbally on the telephone conversation with the Signal Corps?

Dr. WINFIELD. I am not entirely clear who it was.

Mr. HARDY. Do you know that anybody did?

Dr. WINFIELD. Yes.

Mr. HARDY. In retrospect?

Dr. WINFIELD. Yes——

Mr. HARDY. What did they tell you?

Dr. WINFIELD. They told me that the Signal Corps report indicated that the power supply—that the receiver was inoperable on batteries during the time that it was with the Signal Corps; that there was trouble with the stability of the picture that cleared up periodically, indicating that there were components that were not functioning properly; that in general, on line current, the received operated well, gave a reasonably good picture; that the Signal Corps criticized it for its size and the location of the speaker in terms of its use for educational purposes.

Mr. HARDY. Is this your recollection of what somebody told you back in January?

Dr. WINFIELD. January or February, along in there; yes.

Mr. HARDY. You can remember all this detail, but you don't know who told you?

Dr. WINFIELD. No; I am not entirely sure through whom it was relayed to me.

Mr. HARDY. But you are entirely sure that this is the report they gave you?

Dr. WINFIELD. Yes.

Mr. HARDY. You have a good detailed memory on some of these things, but it falls down on others.

When did you ask the Signal Corps to furnish you a copy of their report?

Dr. WINFIELD. Recently.

Mr. HARDY. Meaning what?

Dr. WINFIELD. Meaning within the last week.

Mr. HARDY. You mean since Friday?

Dr. WINFIELD. Yes.

Mr. HARDY. It must have been Friday afternoon or Monday or Tuesday. What I am getting at is you really haven't had time to get it, have you?

Dr. WINFIELD. No, sir.

Mr. HARDY. Maybe we can help you get it.

Mr. Reddan, ask the Signal Corps to get us a copy over here by this afternoon. I don't know why you have been so long getting it; it ought not to be hard.

Mr. REDDAN. Who in the Signal Corps did you deal with?

Dr. WINFIELD. Mr. Walcoff?

Mr. REDDAN. Is that Harold Walcoff?

Dr. WINFIELD. Yes, sir.

Mr. HARDY. When did you talk to Mr. Walcoff?

Did you talk to him personally?

Dr. WINFIELD. Yes, sir.

Mr. HARDY. When did you talk to him?

Dr. WINFIELD. Yesterday.

Mr. HARDY. It took you a long time to remember that.

Did Mr. Walcoff tell you there was no report, no written report?

Dr. WINFIELD. No; he told me there was a written report.

Mr. HARDY. Then we better get Mr. Walcoff up here right fast, because he told us there wasn't any. Maybe he is going to get one right quick, if there isn't any; I don't know how he would have had it. I never heard of anything much more haphazard than this. Get hold of him right away and see if we can get him up here this morning.

You know, Mr. Winfield, I wish you would be a little more responsive. Now, I asked you when you asked for this report. You knew you had asked for it yesterday and you said within the last week. You didn't say anything that wasn't true, but I tell you the truth, why you want to beat around the bush so bad, I don't know. We are not the smartest people in the world, but we are going to try to pin these things right down.

Dr. WINFIELD. I had asked for this before this, too, by telephone.

Mr. HARDY. When?

Dr. WINFIELD. A week or so ago. Mr. Walcoff has not been in the same office.

Mr. HARDY. Go ahead.

Mr. REDDAN. The chairman asked you who gave you the information that was relayed to AID by the Signal Corps. Was it Mr. Hoke?

Dr. WINFIELD. He gave me part of it. I am not sure. I am sure I got some from other sources, and I am not clear.

Mr. HARDY. You had more than one person in your office that was keeping in touch with the Signal Corps on this matter?

Dr. WINFIELD. Mr. Hoke called after he got the equipment back and found the same difficulties with the batteries. He called the Signal Corps to find out if they had had the same difficulties, and got from someone, I am not sure whom, a report that they had this just in relation to this one item of the battery, but I had also had, and this is what I am not clear about through what source I had also had reports about the difficulty on the stability of the image and some of these factors before I talked with Mr. Walcoff recently.

Mr. REDDAN. Who did you get that information from?

Dr. WINFIELD. I don't know.

Mr. REDDAN. Signal Corps?

Dr. WINFIELD. It came from the Signal Corps——

Mr. HARDY. Directly to you?

Dr. WINFIELD. No, not directly to me, relayed to me by someone in my staff, and I am not sure when or whom.

Mr. HARDY. I would like to tie that down. Who on your staff had the responsibility for discussing this matter with the Signal Corps?

Dr. WINFIELD. Directly?

Mr. HARDY. I don't know how else to get it. Maybe you got it third or fourth hand. Let's see if we can understand what the facts are, Mr. Winfield. I don't want to lead you down any blind alleys or anything else, but that is what you are trying to do to me.

Dr. WINFIELD. No, sir, I am simply trying to understand how to respond, how to be responsive to your questions.

Mr. Reilly served through a period of time after Mr. Rider left. Mr. Reilly served a period of time in my office, and handled these relationships.

Mr. REDDAN. Directly with the Signal Corps?

Dr. WINFIELD. I do not know how much contact or directly——

Mr. REDDAN. Do you know whether he had any contact with the Signal Corps?

Dr. WINFIELD. I am not absolutely sure whether he had any contact with them about the television receiver. We were also being concerned with some radio receivers at the same time and I simply am not clear. I do not want to state that which is not true.

Mr. HARDY. That is why I am trying to find out who else in your office had the responsibility to handle these things, and would have been in a position to give you the information which you have, in detail, given us. You have given us a lot of detailed information about the Signal Corps findings, but you can't remember who gave it to you, and that to me is a little difficult to comprehend, and so I wanted to find out who in your office had a responsibility for information in this area.

Dr. WINFIELD. Mr. Reilly would have been the person through that period of time. I am not entirely clear whether any of this information came to me through Mr. Rider before he left, because I am not——

Mr. HARDY. If he didn't give it to you, where else would it have come from?

Dr. WINFIELD. I don't know. I am frankly not clear——

Mr. HARDY. You must have somebody in your office who did have responsibility in this area, who was getting this information and passing it on to you.

Dr. WINFIELD. No, but I am just not sure how it came through to me. It has been so long ago.

Mr. MEADER. Mr. Chairman; how many people do you have working for you?

Dr. WINFIELD. I don't have many; 35, all together.

Mr. MEADER. Thirty-five. And one of them is Mr. Hoke?

Dr. WINFIELD. Yes.

Mr. MEADER. You know some of this information came through him?

Dr. WINFIELD. Yes.

Mr. MEADER. He might have been the sole source of information?

Dr. WINFIELD. He might have been, I am not sure.

Mr. HARDY. I believe Mr. Reilly is in the room. Come up, Mr. Reilly.

(Whereupon, Mr. Reilly was duly sworn.)

TESTIMONY OF JOHN E. REILLY, PUBLIC AFFAIRS ADVISER, AFRICAN-EUROPEAN REGION, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. HARDY. Mr. Reilly, you have heard Dr. Winfield testify. Did you have any responsibility in connection with these TV sets?

Mr. REILLY. Yes, sir.

Mr. HARDY. Did you have anything to do with the examination of the Motorola set by the Signal Corps?

Mr. REILLY. Yes, sir; I had a conversation with them.

Mr. HARDY. What was the nature of your conversation?

Mr. REILLY. I wanted to find out what their evaluation of the set was while they had it in their possession. It was a telephone conversation; there was nothing in writing. I believe the man I talked to was named Richardson. I called for Mr. Walcoff, and he was not there, so I asked if anyone could give me any information on the Motorola set, and he said, "Yes, we can't make it operate on batteries." He said, "There are some other little things that we can talk about, but the principal thing was that we couldn't make it operate on batteries," which was one of the main things we were interested in.

Mr. REDDAN. Couldn't they make it operate on battery or couldn't they get the battery to recharge?

Mr. REILLY. They couldn't get it to operate on the battery.

Mr. HARDY. You got that information from Mr. Richardson?

Mr. REILLY. I believe it was Richardson.

Mr. HARDY. Can you tell us when you got that information?

Mr. REILLY. I will have to guess. I think it was sometime in April.

Mr. HARDY. You don't have any record. What did you do with the information after you got it?

Mr. REILLY. I went to Mr. Hoke and said the Signal Corps reports that this set will not operate on battery. I had not seen the set prior to that time.

Mr. REDDAN. Excuse me, Mr. Reilly. Where was the set at this time?

Mr. REILLY. The set was in the Communications Resources Division.

Mr. HARDY. It had come back from the Signal Corps?

Mr. REILLY. Yes, sir.

Mr. REDDAN. Do you know how long it had been back?

Mr. REILLY. I do not.

Mr. REDDAN. What prompted you to go to the Signal Corps to get the report?

Mr. REILLY. I believe it became necessary to give Motorola an answer as to what our thinking was about the set.

Mr. REDDAN. How long had AID had the set?

Mr. REILLY. I don't know. It was there when I got there. I was only in that division a few months.

Mr. HARDY. You say you went to Mr. Hoke and gave him the information which you had gotten from the Signal Corps?

Mr. REILLY. Yes, sir. I said the Signal Corps reports this set will not operate on the battery.

Mr. HARDY. And he had not previously received that information?

Mr. REILLY. I don't know, sir.

Mr. HARDY. He hadn't told you about it?

Mr. REILLY. No, sir.

Mr. HARDY. Did you also convey that same information to Dr. Winfield?

Mr. REILLY. I believe it came up in a conversation during that time. I don't know that I went directly and made a formal report. I might have. It came up in a matter of conversation.

Mr. HARDY. You are pretty sure of that?

Mr. REILLY. Yes, sir.

Mr. REDDAN. Did you try the set?

Mr. REILLY. Try the Motorola?

Mr. REDDAN. Yes, sir.

Mr. REILLY. I plugged it in, and——

Mr. REDDAN. What happened?

Mr. REILLY. It operated on regular conventional power.

Mr. HARDY. You didn't try to operate it on batteries?

Mr. REILLY. I didn't. I turned it over to Mr. Hoke and told him what the Signal Corps reported, and he said he would look into it, and then came back and reported to me the answer which we made to the Motorola people. He said: "In fact it does operate on battery, but it is so very complicated that I don't wonder that the Signal Corps probably thought it did not operate on the battery." We didn't know whether the battery might be dead.

Mr. HARDY. In other words, the Signal Corps said it wouldn't operate on batteries at all, but Mr. Hoke made it work on batteries, so that demonstrated incompetence of the Signal Corps.

Mr. REDDAN. Mr. Reilly, do you know whether this is a production model that Motorola is marketing publicly at this time?

Mr. REILLY. No, sir, I do not know.

Dr. WINFIELD. I can answer. It is a production model they were marketing to the public.

Mr. REDDAN. And none of the sets worked on batteries?

Dr. WINFIELD. They only gave us one set. This may be an idiosyncracy of this particular set. We were a little surprised when Motorola took our report to them as calmly as they did.

Mr. HARDY. I overlooked a very essential item, Mr. Reilly. I failed to get you to give your name, title, and address to the reporter. Will you do that, please?

Mr. REILLY. Yes, sir. It is John E. Reilly. I am now the Public Affairs Adviser for the African-European Region of AID. I live at 3883 North 30th Street, Arlington, Va.

Mr. REDDAN. Dr. Winfield, do you have a copy of Mr. Reilly's letter of April 26, 1962, to the Motorola Television Co.?

Dr. WINFIELD. Yes, there is a copy.

Mr. REDDAN. Would you let him read that, please, for the record.

Mr. HARDY. Will you read it please, sir, Mr. Reilly?

Mr. REILLY. Yes, sir. It is addressed to Mr. Edwin W. Lasher, vice president, Motorola Overseas Corp., 4545 West Augusta Boulevard, Chicago 51, Ill.

DEAR MR. LASHER: Thank you for your letter of April 20, 1962, regarding the Motorola all-transistorized TV receiver. We tested it quite extensively with an eye to any future possibilities for the foreign aid programs. We also sent it to the U.S. Army Signal Corps for testing and comments.

Perhaps the principal finding in our evaluation was that the charging circuit, necessarily designed to favor a battery that is somewhat delicate as regards overcharging, is much too sophisticated to allow field expedient repair. During the time the set was with us for evaluation and also at the Signal Corps, it was inoperable on battery. After going into the set we found the cutout relay shuts down too soon so that the battery never assumes full charge. Upon consulting the manual the adjustment procedures proved much too complicated for even U.S. oriented do-it-yourself homeowners and we feel this would present an insurmountable problem for the foreign nationals in the underdeveloped countries.

In all other respects the model is beautifully constructed and performs exceptionally well. We are still interested in the possibilities of using battery-operated transistorized TV sets in oversea programs.

We appreciate the opportunity of testing your set and are returning it to you. Thank you for your interest in our oversea programs.

Sincerely yours,

JOHN E. REILLY,
Radio-TV Officer, Communication Resources Division.

Mr. REDDAN. Mr. Reilly, you say you found the cutout relay shuts down too soon. How big is a cutout relay and what does it cost to replace it?

Mr. REILLY. I don't know, sir, I have no technical or engineering training. I took this information from Mr. Hoke. When I reported to him that the Signal Corps said it would not operate on batteries, I asked him to look into it and see if this is true, and this is what he reported to me.

Mr. REDDAN. Dr. Winfield, do you know how serious it is to have a defective relay in a set? Is that a minor matter or a major matter?

Dr. WINFIELD. It is a minor matter. This particular feature of the situation was simply one of several that caused me to feel, and I still feel, that the Motorola set as now manufactured would not be wise for us to send it overseas in our program.

Mr. REDDAN. Did you ever give Motorola any specifications?

Dr. WINFIELD. No, sir.

Mr. REDDAN. Did you ever ask Motorola for a 23-inch set?

Dr. WINFIELD. No, sir.

Mr. REDDAN. Mr. Chairman, I have here a memorandum to Mr. Kunze from Dr. Winfield, dated June 21, 1962. May this be put in the record as an appendix?

Mr. HARDY. Without objection, it will be appendix IX, p. 261.

Mr. REDDAN. In your memorandum to Mr. Kunze on June 21, did you give that as one of the reasons for turning Motorola down?

Dr. WINFIELD. I gave him the reason that they didn't have one as——

Mr. REDDAN. Page 3 of your memorandum of June 21 to Mr. Kunze, paragraph 2.

Dr. WINFIELD. Page 3, paragraph 2.

Mr. REDDAN. Before we go any further, since this is the first time we have discussed this memorandum, it is from you to Mr. Kunze, dated June 21, 1962. What was its purpose, sir?

Dr. WINFIELD. For the purpose of justifying a sole source procurement.

Mr. REDDAN. What did you say in that second paragraph on page 3?

Dr. WINFIELD. This simply cites the attachment, which was to this document. It says——

Mr. REDDAN. It refers to the letter which Mr. Reilly just read?

Dr. WINFIELD. That is right. Letter of April 26, 1962, Motorola, rejecting a receiver submitted for evaluation due to complexity and lack of ability to operate on battery. Also receiver had only a 19-inch screen size. Those are the factors, complexity, much more than lack of ability to operate on the battery. The kind of battery was also, it was not stated to Motorola, but this was not in the letter, but in our thinking, the 18-volt battery is not the battery on which we could operate successfully overseas.

Mr. HARDY. You never did tell Motorola that, but you told Warwick, I take it?

Dr. WINFIELD. Yes, we told Warwick earlier on that we wanted to be sure that we had 12 volts.

Mr. REDDAN. When did AID prepare specifications for this set?

Dr. WINFIELD. Specifications for what set?

Mr. REDDAN. The 23-inch transistorized television set of which you bought a thousand?

Dr. WINFIELD. We put specifications into the PIO for negotiation.

Mr. REDDAN. What was the date of that, sir?

Dr. WINFIELD. On June 12, is it?

Mr. REDDAN. That is right, June 12. When did you receive the specifications from Warwick for the same set?

Dr. WINFIELD. I am not sure what the date on that document is.

Mr. REDDAN. Would you look it up, please, sir?

Dr. WINFIELD. Their proposal is dated June 11.

Mr. REDDAN. Does that contain the specifications for the set?

Dr. WINFIELD. It contains specifications, yes, sir.

Mr. REDDAN. For what?

Dr. WINFIELD. For their set.

Mr. REDDAN. Is there any material difference between the specifications which they submitted on the 11th and the specifications which AID drew up on the 12th?

Dr. WINFIELD. There are some changes.

Mr. REDDAN. I said any material differences.

Dr. WINFIELD. No, they are not large.

Mr. REDDAN. Are they significant?

Mr. HARDY. What is the nature of them? If there are changes, what are they?

Dr. WINFIELD. I would have to ask Mr. Smith to give you the changes.

Mr. HARDY. Who prepared the specifications for AID?

Dr. WINFIELD. Mr. Smith wrote them under my direction.

Mr. HARDY. Who is Mr. Smith?

Dr. WINFIELD. He is the new radio and television officer that joined my staff on the 8th of June.

Mr. HARDY. Did you tell him what changes to make in the Warwick specifications?

Dr. WINFIELD. No, sir.

Mr. HARDY. Didn't you in effect hand him specifications for the set that Warwick had sent in to you on the day before and say, "Prepare the PIO/C including these specifications with certain changes"?

Dr. WINFIELD. Yes, sir.

Mr. HARDY. What changes did you tell him to make?

Dr. WINFIELD. Changes that related to increasing the specifications on ruggedization and tropicalization.

Mr. HARDY. What is the nature of that kind of change, Mr. Winfield?

Dr. WINFIELD. To insure that a set is capable of withstanding climatic and other conditions overseas.

Mr. HARDY. Now are they performance specifications—

Dr. WINFIELD. They are production specifications.

Mr. HARDY. Did you tell them what kind of ruggedization they would have to provide?

Dr. WINFIELD. Yes.

Mr. REDDAN. Was it the absence of those things which were included in your turndown of Motorola?

Dr. WINFIELD. It was part of those. The main basis on which I made the judgment to not use the Motorola receiver was that it is a compact portable receiver which is deliberately designed against the needs of the American market.

Mr. REDDAN. It is designed to American standards?

Dr. WINFIELD. No, designed to the needs of the American domestic market, primarily. It is a set that is, because of its portability, it is very compact. It is very hard to work with and to maintain and repair. It is designed primarily to run off of line current, not primarily to operate off of battery.

Mr. REDDAN. Just a moment, Mr. Winfield. What is the basis for these statements that you are making? Did you ever discuss these problems with anybody?

Dr. WINFIELD. No, this is the basis of my judgment for it.

Mr. REDDAN. But where do you get this information; for instance, that it was designed not to operate off a battery?

Dr. WINFIELD. I didn't say it wasn't designed to not operate off a battery.

Mr. REDDAN. You said it wouldn't operate off a battery.

Dr. WINFIELD. I said it was designed primarily to operate off of line current.

Mr. HARDY. I don't know what you mean by that, but I have here a picture of a Motorola set which may or may not be the same one that you had; it is one of these little advertising pamphlets, and it emphasizes that you don't have to plug it in, so, obviously, if you haven't seen that before, maybe you should have had this.

Dr. WINFIELD. It is designed to be plugged in for 10 hours to charge a battery, and then you can take the whole set off and operate it according to the claim of the literature, up to 6 or 6½ hours on battery. I was simply stating a while ago the basis of my judgment on why I was then sure, and I am still sure, that it would not be wise for us to build the program that we are working on on this present Motorola set.

Mr. HARDY. I wouldn't want to give you the suggestion that it would be wise for you to buy any particular set, Motorola or any other, but I am disturbed by what appears to be your complete indifference toward permitting anybody else to come up and offer you a set, a competitive set, the kind that you wanted. I am very distressed to observe that having had the Motorola set to test for a period of time, you apparently didn't even give them an opportunity to meet your requirements; you didn't even call attention to the things which you didn't like about their set.

Now I don't know, maybe we are going to find out about this before we get through, but I have gotten the impression from certain other manufacturers that you weren't interested in getting anybody else to offer a set, and I wonder why you wanted to give it to Warwick.

Dr. WINFIELD. I am not and have never been uninterested in giving other groups a chance to work on what we need work done on.

Mr. HARDY. Did you ever tell Motorola the deficiencies which you found in their set and ask them to give you a set that would meet your requirements?

Dr. WINFIELD. No, sir.

Mr. HARDY. Of course, you didn't. Did you do that with anybody except Warwick?

Dr. WINFIELD. I talked with Westinghouse and GE. GE brought a set in and demonstrated it to me.

Mr. HARDY. You just said, "That won't do."

Dr. WINFIELD. No; I said it was closer to what we needed than the Motorola set. It was on 12 volts. It was also a portable with a 19-inch screen. I urged them to look at whether or not they could make it into a 23-inch-screen receiver, and to tell me whether they wanted to make a proposal in that direction.

Mr. REDDAN. When was this?

Dr. WINFIELD. This was on—I met with GE on—I met with a group of GE people on May 9 and talked with them extensively about our need in this area. At this point, I did not know that we were going to be able to actually do a procurement this year. And I asked them what they knew about a transistorized set and what they could do with one.

On the 31st of May, Mr. Van Goisen, and a technician of GE, brought a 19-inch transistorized TV in and demonstrated it to me. We talked in considerable detail as to the problems they would have in making it into a 23-inch set. They said they were interested, they would take it back to their principals, to their company, and determine whether or not the company in fact was ready to make a proposal for producing a 23-inch set, and about 10 days later, Mr. Van Goisen called me and told me that they were not interested in it.

Mr. HARDY. Did you tell him how many sets you planned to procure?

Dr. WINFIELD. Yes. I told him——

Mr. HARDY. Had you decided at this time—I understood you to say a moment ago, you didn't know you were to be able to make the procurement this year.

Dr. WINFIELD. At the time I was reporting back in April, when we wrote the letter, when Mr. Reilly wrote the letter to Motorola, we didn't know.

I am not clear, I am not absolutely sure that I did tell them of the number to GE. I certainly told them that we were moving in this direction, that we hoped to move in this direction, and asked him what would be involved in doing it, and I talked to him about the Warwick set.

Mr. REDDAN. Did you tell him it was imminent, that there was any urgency?

Dr. WINFIELD. Yes. I told him it was urgent.

Mr. REDDAN. Did you tell him there was any deadline to meet?

Dr. WINFIELD. Yes. I told him if we were going to have a proposal, that we could operate with, we would have to have a fairly prompt one.

Mr. REDDAN. How soon is fairly prompt?

Dr. WINFIELD. I don't know what I said to him exactly.

Mr. REDDAN. Did you get a letter dated May 25, 1962, from General Electric, from Mr. H. E. Smith, manager, Marketing Technical Products Operation?

Dr. WINFIELD. Yes; I think so.

Mr. REDDAN. Do you have it with you?

Dr. WINFIELD. Here it is; yes.

Mr. REDDAN. Will you read the second paragraph of that letter please, sir?

Dr. WINFIELD (reading):

The subject of transistorized radio and television receivers with extremely low powered requirements is certainly intriguing and one where our company may well be able to make some considerable contributions. I am sorry that we did not have more time to discuss our large-screen television projector, but perhaps it is good to save some topic for future meetings.

Mr. REDDAN. Is there any letter besides this which suggests that GE is not interested in this program?

Dr. WINFIELD. No; because following this, on the 31st of May, they sent their sales manager and their technician in with their 19-inch prototype. Mr. Smith was speaking about not having more time to discuss the 23-inch receiver at the time of our meeting, not more time in which to produce it, and as a consequence of this meeting, Mr. Smith was the head of a delegation of a group of 8 or 10 people from GE who came in to see me—as a consequence of this, a few days later on May 31, they brought in the 19-inch receiver which they had put together.

Mr. HARDY. What was the price of that set they brought in?

Dr. WINFIELD. They didn't give me a price.

Mr. HARDY. Did you ask them?

Dr. WINFIELD. No; because I wasn't interested in a 19-inch portable.

Mr. REDDAN. Did you tell them you were interested in a 23-inch portable?

Dr. WINFIELD. Not a 23-inch——

Mr. REDDAN. 23-inch transistor.

Dr. WINFIELD. 23-inch console.

Mr. REDDAN. Did they say they couldn't produce it?

Dr. WINFIELD. No; they didn't say they couldn't produce it. I said would you go back and prepare me a proposal to produce it and in 10 days they called me and said we have decided not to provide you with a proposal.

Mr. HARDY. They still didn't know how many sets you were going to want; is that right?

Dr. WINFIELD. I am not sure, Mr. Hardy, whether at that point I think they did know how many sets I was going to want. It was along during this time——

Mr. REDDAN. How did they know how many sets you wanted?

Dr. WINFIELD. In talking, I spent a whole afternoon——

Mr. REDDAN. Did you tell them how many sets you wanted?

Dr. WINFIELD. I think I did, sir, but I just——

Mr. REDDAN. Is there a memorandum of the conversation?

Dr. WINFIELD. No, sir.

Mr. REDDAN. Who else was present?

Dr. WINFIELD. I am not sure who else was present.

Mr. HARDY. No minutes were kept of that meeting; no memoranda written on it at all?

Dr. WINFIELD. No. We have been so understaffed we haven't been in a position——

Mr. REDDAN. When did you make a determination to give this contract to Warwick? I want the first determination.

Dr. WINFIELD. I'm not sure. The process I personally was going through all down this period of time.

Mr. REDDAN. How early did you first discuss with Warwick the possibility of negotiating a contract with them?

Dr. WINFIELD. Perhaps as early as the 18th of April.

Mr. HARDY. You discussed with them negotiating a contract in April?

Dr. WINFIELD. I may have.

Mr. HARDY. And at that time you hadn't even had any consultation with General Electric about theirs?

Dr. WINFIELD. That is right.

Mr. HARDY. And at that time, if you had advised Motorola that you were not satisfied with their set, it had just been done. I don't recall the date. What was that date?

Dr. WINFIELD. That was later.

Mr. HARDY. So you had, in effect, told Warwick that you were considering a negotiated contract with them before you had even eliminated Motorola, or at least advised them that it had been eliminated.

Mr. REDDAN. Had you given consideration—excuse me.

Mr. HARDY. I want to see if I am correct on that; is that accurate?

Dr. WINFIELD. Mr. Hardy, I was operating all through this period of time in the personal belief that the 23-inch receiver and the characteristics that it had was the only one in existence that would meet our requirements.

Now, it is obvious in looking back over this that I was in error and that I handled the situation badly from bad judgment.

Mr. HARDY. Let's go back. I am very much concerned about the decision that was made to go into a negotiated procurement and the process by which it was done. Any governmental employee that undertakes this kind of procurement without full justification is violating all of the basic concepts of Government procurement.

I am distressed to find the things that we are finding in this particular situation. We had testimony awhile ago about the submission of the Motorola set to the Signal Corps. I don't remember the dates, but I believe you indicated it was sometime in the fall of 1961; is that correct?

Dr. WINFIELD. It may have been in December, they certainly had it in January of this year.

Mr. HARDY. They had it in January of this year?

Dr. WINFIELD. Yes.

Mr. HARDY. Do you, or Mr. Reilly, know when that set came back from the Signal Corps?

Dr. WINFIELD. Late January, I think.

Mr. REILLY. I do not know.

Mr. HARDY. Late January. And Mr. Reilly, when did you first become aware of its presence in AID.

Mr. REILLY. About the time that it became necessary to make this answer to Motorola.

Mr. HARDY. Who is Mr. L. G. Haggerty?

Dr. WINFIELD. L. G. Haggerty?

Mr. HARDY. Is he with Warwick Manufacturing?

Dr. WINFIELD. I don't know. Is he the president?

Mr. HARDY. Have you had any conversations with him directly that you recall?

Dr. WINFIELD. He was scheduled to come in and see me along earlier in the year for, oh, I don't know, sometime in April or May, in March, March or April, I don't know what the date is.

Mr. HARDY. Were E. S. White and W. K. Trukenbrod the representatives of Warwick?

Dr. WINFIELD. Yes, sir.

Mr. HARDY. And you had a meeting with them on January 3, 1962, is that correct?

Dr. WINFIELD. January 3?

Mr. HARDY. That is right.

Dr. WINFIELD. I am——

Mr. REDDAN. That is when you listened to their set, isn't it?

Dr. WINFIELD. That was on November, either November 30 or December 1, 2, or 3, I'm not sure.

Mr. HARDY. I am going to read you a paragraph from a memorandum from Mr. White and Mr. Trukenbrod to Mr. Haggerty.

Dr. WINFIELD. Yes.

Mr. HARDY. And it refers to the January 3 visit to Washington. Now, that, I presume, is the date on which they brought the set in for examination. Do you have anything that would indicate when this occurred?

Dr. WINFIELD. It may have been. I was under the impression, I went back and searched my calendar, and I was under the impression that the meeting was in November, late November. I don't believe it was as late as January 3. If you have documentary evidence there, then that fixes the date.

Mr. HARDY. I don't like to use documentary evidence taken from the files of the Warwick people, if it doesn't corroborate your documentation.

Dr. WINFIELD. I had a meeting in that area. I went back and found, looked at my calendar and found a note on October 30, that Mr. White of Warwick Manufacturing had called and I was under the impression that I had seen the set in November. Now, I could be wrong about the date, and I am not sure whether—I don't recall having a January 3 meeting.

Mr. HARDY. You have nothing in writing about this visit?

Dr. WINFIELD. No, sir.

Mr. HARDY. Well, Warwick does.

Dr. WINFIELD. Yes.

Mr. HARDY. Nobody prepared anything for the files so that there would be any record of what went on, is that right?

Dr. WINFIELD. That is right.

Mr. HARDY. Well, let me read you a paragraph from this memorandum:

Dr. Winfield felt that it was not probable that the State Department would embark on a large-scale television adult education program this fiscal year because of political as well as other considerations. Among these reasons was the basic reorganization of the AID Division within the State Department. However—

and I want you to listen to how they construe your remarks—

However, following the enthusiasm with which he received the Warwick presentation, he said—

and this is attributed to you—

there may be a possibility of a negotiated bid from us this fiscal year for a small test in an appropriate foreign country.

He talked in terms of 200 to 400 transistorized TV's, different power sources, different batteries and antenna sources.

Do you recall that conversation?

Dr. WINFIELD. Yes, I was beginning to formulate the concept of what we needed to move ahead to.

Mr. HARDY. So on January 3, you told them that you would consider a negotiated contract with them for a sole source procurement. Now, that is the key to the whole thing, Dr. Winfield. How in the world anybody that has been with the Government as long as you have doesn't have any more respect for procurement regulations than that, I don't understand. That is what is bothering me at this juncture. January 3, the day they brought the set in apparently for the test. Unless you have something that will clearly indicate a better documentation than this, how can we accept it other than as accurate?

Dr. WINFIELD. Well, I don't know, sir.

Mr. MEADER. Dr. Winfield, do you dispute what the chairman read to you? Do you say that didn't happen or isn't so, or do you agree it is so?

Dr. WINFIELD. I don't have any reason to say that it is not true that there was the possibility of this kind of a discussion. I certainly don't recall it. I certainly understand that the only basis on any kind of a sole source thing that could be done would be that they had a unique piece of equipment. I thought at that point they did have a unique piece of equipment, that it represented a move forward in this whole area and if I said something in this direction——

Mr. HARDY. The thing that amazes me is that in January you suggested a negotiated contract with them at the very time you were having the Signal Corps test the set of another manufacturer, indicating that you had already decided to eliminate that manufacturer before you even got a report from the Signal Corps.

Don't you understand the kind of a situation that you have created?

Dr. WINFIELD. Yes sir, I am beginning to understand it.

Mr. REDDAN. The specifications for AID were drawn on June 12, I believe you said, Doctor.

Dr. WINFIELD. Yes, sir.

Mr. REDDAN. In your memorandum of the same date, June 12, to Mr. Flattery, on page 2, you refer to specs required; did you not?

Dr. WINFIELD. This is the 15th?

Mr. REDDAN. This is June 12, your memorandum to Mr. Flattery, page 2, paragraph 2.

Dr. WINFIELD. Page 2?

Mr. REDDAN. Yes, sir, paragraph 2.

Dr. WINFIELD. Paragraph 2 begins:

The requirements——

Mr. REDDAN. That is right, "requirements of our program," and so forth. Now, in the middle of that paragraph, it refers to the television sets and says:

They must be able to operate—

and so forth. Do you see that sentence?

Dr. WINFIELD (reading):

They must be able——

Mr. REDDAN. Go ahead and read the rest of that paragraph.

Dr. WINFIELD (reading):

They must be able to operate it in almost any environment of heat, cold, humidity or other adverse conditions. They must, with only minor change be able to operate on either American or CCIR standards. They must employ transistorized, modular construction, be light weight and much more simple to operate than American television sets. Complete specifications on Agency requirements are provided as attachment 3.

Mr. REDDAN. Was it written into AID specs that these sets must be completely transistorized?

Dr. WINFIELD. Well, as completely transistorized as it is possible to transistorize.

Mr. REDDAN. Is there a vacuum tube used in this set?

Dr. WINFIELD. There is one vacuum tube, I understand.

Mr. REDDAN. Is it of modular construction?

Dr. WINFIELD. This set is not of modular construction.

Mr. REDDAN. You mean the sets you purchased are not of modular construction?

Dr. WINFIELD. That is right.

Mr. REDDAN. If that was a requirement on June 12, why wasn't modular construction written in as a requirement?

Dr. WINFIELD. This paragraph is stating the——

Mr. REDDAN. It says "they must." These are the things that they must have. Did you talk to Mr. Smith about these requirements when he wrote up AID specifications?

Dr. WINFIELD. On modular construction factor?

Mr. REDDAN. Yes, among other things.

Dr. WINFIELD. Yes; we have discussed modular construction a number of times. I am not sure that we talked about it in terms of those specific specs.

Mr. REDDAN. My understanding is, Doctor, that the specifications were written by Mr. Smith under your direction?

Dr. WINFIELD. Yes.

Mr. REDDAN. And on the day that they were written up, you wrote a memorandum to Mr. Flattery saying that modular construction is a must. Now, I am just wondering why that didn't get into AID specifications, since you felt so strongly about it.

Dr. WINFIELD. This is simply an inconsistency.

Mr. REDDAN. It says it must be simple, more simple to operate than American television sets. Are these sets you bought more simple to operate than American television sets?

Dr. WINFIELD. They have the simplest controls possible.

Mr. HARDY. That is a broad statement. If you are speaking from a technical standpoint, I don't know whether you are competent to make that observation or not.

Dr. WINFIELD. They have quite simple controls.

Mr. REDDAN. The same as American sets?

Dr. WINFIELD. The same as on many American sets, yes.

Mr. REDDAN. It says:

They must operate on either American or CCIR standards.

What is meant by that?

Dr. WINFIELD. CCIR standards are the European standards, 625 lines.

Mr. REDDAN. What does CCIR mean, sir?

Dr. WINFIELD. It is Committee On—I am not sure exactly what it spells out to, it is the Committee on Standards that works with International Telegraphic Union, ITU, that has set up the standards under which——

Mr. REDDAN. What is the difference between CCIR standards and the American standards?

Dr. WINFIELD. We have a scan rate of 525 lines.

Mr. REDDAN. How many?

Dr. WINFIELD. 525 lines, and they have——

Mr. REDDAN. How many frames?

Dr. WINFIELD. We have 35 frames, I believe. I am not sure of the frame numbers.

Mr. REDDAN. What does CCIR have?

Dr. WINFIELD. They have a different frame number and different scan number, 625 lines for scanning.

Mr. REDDAN. Any higher than that?

Dr. WINFIELD. Not on CCIR standards.

Mr. REDDAN. Are there any other television stations in the world that broadcast greater than 625 lines?

Dr. WINFIELD. Yes, the British—there are the British standards and French standards are on higher scan lines. But both British and French standards are gradually being dropped out on a world wide basis, in favor of American standards and CCIR standards.

Mr. REDDAN. Do American sets, made with American standards, receive CCIR standard broadcasts?

Dr. WINFIELD. No, not without modification.

Mr. REDDAN. Do the 1,000 sets you purchased operate on either American or CCIR standards?

Dr. WINFIELD. They operate, the ones that we have purchased here operate on American standards.

Mr. REDDAN. To what extent does that limit their use throughout the world?

Dr. WINFIELD. Well, this limits them to about 20-some-odd countries that have American standards.

They are modifiable at minor effort to make them CCIR.

Mr. HARDY. But aren't most sets modifiable?

Dr. WINFIELD. Yes, sir.

Mr. HARDY. So that is not a real point one way or the other with respect to this set, is it?

It is capable of being modified?

Dr. WINFIELD. Yes, well——

Mr. HARDY. So is ours.

Dr. WINFIELD. Yes; that is right.

Mr. REDDAN. Do you plan to modify these sets?

Dr. WINFIELD. If we put them into any country that required CCIR standards, they would have been modified at the time the decision to go in that country was made by changes that could be introduced at relatively minor cost at the time they are finally assembled.

Mr. HARDY. Did Warwick give you a cost figure on making those modifications, or is that another matter subject to negotiation?

Dr. WINFIELD. It is finally subject to negotiation.

Mr. HARDY. So you don't have any firm price on what it would cost, even during the process of manufacturing?

Dr. WINFIELD. No, not at this stage.

Mr. REDDAN. By the way, Doctor, how much are you paying for these per unit?

Dr. WINFIELD. $372, I believe.

Mr. REDDAN. Is it $390? What is the total contract price?

Dr. WINFIELD. The total contract price including overseas packing and the manuals is $400, but as I understand it, the price is $372 for the set.

Mr. MATAN. That includes $17 item for packing, doesn't it?

Dr. WINFIELD. Yes.

Mr. MATAN. And that is to be negotiated down, is it not?

Dr. WINFIELD. Well, the $400 includes the item for packing.

Mr. REDDAN. That is right, so you are paying $390 a unit.

Dr. WINFIELD. I don't think we are paying $390 a unit. We are paying for them at $372 a unit, that the packing——

Mr. REDDAN. I have before me here a document from your files that gives a breakdown of costs of this contract. Would you look at this and tell us what the total figure is at the bottom of the left-hand column?

Dr. WINFIELD. $390,000 is what is written here.

Mr. REDDAN. $390,000, and that is the final figure that was arrived at by the negotiators?

Dr. WINFIELD. Yes; I believe that that does include the packing.

Mr. REDDAN. That is right; it does, sir. And that is for 1,000 sets?

Dr. WINFIELD. Yes.

Mr. REDDAN. And that figures out roughly to $390 a set.

Dr. WINFIELD. Yes; including packing.

Mr. REDDAN. How much for the packing?

Dr. WINFIELD. The details on that, I am not—the negotiators handled it.

Mr. REDDAN. You have a letter of June 29, 1962, from the Warwick Manufacturing Co., addressed to the Department of State?

Dr. WINFIELD. Yes; there is one here, I think.

Yes, sir; I have it here.

Mr. REDDAN. The second paragraph of that letter, does that tell you what the packaging costs will be?

Dr. WINFIELD. Yes; the first paragraph says:

> We wish to advise you that in establishing a unit price of $390 for item 1 (receiver) in the above contract, there was included the sum of $17.50 for export packaging and crating (waterproof triwall outer carton per Federal specification—

and so on.

> This sum was based upon a telephone estimate received by us.

You have communicated with Mr. Joseph Caleti of the General Services Administration who has informed you that the packaging and crating costs per the above specifications will be between $7.75 and $9.75 per unit.

Mr. REDDAN. Taking those figures, then, what do you say that these sets cost you per unit?

Dr. WINFIELD. Well—

We hereby agree, pursuant to article 11 of the schedule of the subject contract, to amend the subject contract so that the unit price of item 1 shall be reduced by an amount equal to the difference, if any, between the price so to be paid by us for such packaging and crating and the $17.50 referred to above.

So take $17.50 away from $390——

Mr. REDDAN. No; you take $7.75 away from $17.50. If they are going to charge you between $7.75 and $9.75 per unit, that is the figure you subtract to find out how much they are going to take off packaging costs.

Dr. WINFIELD. I don't see that is what this says, sir. I mean they say, "We hereby agree"——

Mr. REDDAN. Are they going to charge for packaging?

Dr. WINFIELD. Yes.

Mr. REDDAN. How much?

Dr. WINFIELD. They say we hereby agree to do it at less than $17.50 by whatever this differential is.

Mr. REDDAN. Approximately $10.

Dr. WINFIELD. Yes.

Mr. REDDAN. All right.

Dr. WINFIELD. So this would make your $390 figure drop to $380, and therefore, you take your packing, if you want to get the cost of the set, you take this packing charge, and this gets you back to the $372——

Mr. REDDAN. That means you get your packaging for nothing, if you did that. With your packaging at $17.50 a set, it is going to cost you $390?

Dr. WINFIELD. That is right.

Mr. REDDAN. They are going to reduce the cost of that packaging by about $10?

Dr. WINFIELD. Right.

Mr. REDDAN. Which brings the cost of your set to $380?

Dr. WINFIELD. That is right.

Mr. HARDY. That is the set, including packaging.

Dr. WINFIELD. Set including packaging.

Mr. HARDY. So you are winding up with $380 per set including packaging?

Dr. WINFIELD. Yes.

Mr. HARDY. Now we know what we are talking about.

Mr. REDDAN. No, sir; with—excuse me, you are correct.

Dr. WINFIELD. Sure; it is right.

If you take the seven-something off, it comes back to my $372.

Mr. REDDAN. You are so right.

Dr. WINFIELD. I am glad to be right about something.

Mr. REDDAN. Had you gotten figures from any other companies on 23-inch transistorized television sets?

Dr. WINFIELD. No, sir.

Mr. REDDAN. You haven't? Haven't you been quoted figures by any other companies?

Dr. WINFIELD. On a 23-inch set?

Mr. REDDAN. Yes.

Dr. WINFIELD. No, sir; not that I know of.

Mr. REDDAN. Isn't Mr. Smith in your shop?

Dr. WINFIELD. Yes.

Mr. REDDAN. Doesn't he report to you what comes in? He hasn't reported to you receiving any quotations, any figures at all, on 23-inch television sets?

Mr. HARDY. Recently?

Dr. WINFIELD. Well, he has reported conversation from Motorola, yes, that quoted something in this area. I didn't understand what you were getting at. I have not received any written quotations from anybody.

Mr. HARDY. As a matter of fact, you didn't request written quotations from them. Didn't you do most of your solicitation by telephone?

Dr. WINFIELD. Yes; I am sorry, I just misunderstood what Mr. Reddan was saying.

Mr. REDDAN. What figures did they quote you?

Dr. WINFIELD. You will have to ask Mr. Smith for the details.

Mr. HARDY. You are not advised of that?

Dr. WINFIELD. He spoke to me about it yesterday after the telephone conversation, but I don't remember the details.

Mr. HARDY. Is Mr. Walcoff here?

(No response.)

Mr. MEADER. Dr. Winfield, I was intrigued by the quotation from a memo that the chairman read you a few moments ago, a memo of January 12, 1962, on letterhead of Warwick Manufacturing Corp., interoffice correspondence, from Mr. E. S. White and W. K. Trukenbrod to Mr. L. G. Haggerty. And the paragraph he read, started this way: "Dr. Winfield felt"—this is a report of a conversation of January 3, when these two gentlemen called on you, as I understand it.

> Dr. Winfield felt that it was not probable that the State Department would embark on a large-scale television adult education program this fiscal year because of political as well as other considerations.

What did you have in mind by making that statement?

Dr. WINFIELD. The only thing that I had in mind was not in terms of big political [laughter]——

Dr. WINFIELD (continuing). But little political, internal political, political.

Mr. MEADER. Could you enlarge on that, "little political, political," so I know what goes on within the State Department?

Dr. WINFIELD. Simply that what the relationships and feelings of people within our agency and within the relationships of what we were working with.

Mr. MEADER. You mean there was a lot of opposition to engaging in this adult education program, within your agency?

Dr. WINFIELD. Yes; I mean that there were a good many questions about it in various people's minds.

Mr. MEADER. You don't regard 1,000 television sets as a large program then; that is a pilot program?

Dr. WINFIELD. This is a pilot program.

Mr. MEADER. May I continue on that memorandum just a moment. There is another interesting passage in there, which the chairman didn't read. This memorandum, which is a two-page memorandum, winds up with the following paragraph:

> In addition the value of developing firm contacts with AID in terms of our future international business plans needs to be considered. Many major competitors will be actively soliciting foreign business in the AID program. We believe that Warwick can make a full exploration of the possibilities.

Can you shed any light on the reference to developing firm contacts with AID?

Dr. WINFIELD. No, sir; I don't know what the writer of the memorandum had in mind. I suppose that what he meant was that he wanted to keep in touch with people in the Agency. A great many companies do.

Mr. HARDY. I think it raises a question in my mind as to how firm was his contact with you. I don't know what the "firm" means, either.

Dr. WINFIELD. I don't, either.

Mr. HARDY. Since apparently he was talking pretty much about the relationship with you.

Mr. MEADER. Here is another memo of April 20, 1962, from Mr. White to Mr. Haggerty, regarding a meeting with AID officials in Washington on April 18, 1962.

> Conclusion: Warwick still appears to have the inside track as of this time. A decision on how AID will proceed with the transistorized TV project may be forthcoming within the next 30 days.

Do you have any comment on that statement by Mr. White?

Dr. WINFIELD. Well, at this stage, we were beginning to be able to see that there might be the possibility of starting this research project.

Mr. HARDY. I think that refers to April 18, the same date that you referred to earlier?

Dr. WINFIELD. Yes; that is right.

Mr. REDDAN. There are several references in the file indicating that you were trying to sell this television program, or these television sets, to the Agency on a policy basis. What does that mean?

Dr. WINFIELD. Well, the agency is constantly involved in determining policy in relation to the whole area of television. I don't——

Mr. REDDAN. Were you trying to sell this to the Agency on a policy basis and, if so, what does that mean?

Dr. WINFIELD. Sell what, Mr. Reddan?

Mr. REDDAN. The idea of buying a thousand 23-inch transistorized television sets?

Dr. WINFIELD. The idea of starting out this program, which I have been concerned about and have been working on for a long time, which included the use of 1,000 sets, is certainly one of the things that I was working at, have been working at for 5 years to determine when and where such a project should be undertaken for the benefit of the U.S. Government and the American people.

This is a policy problem, as to whether it is going to be a research project. I was constantly working with the business of trying to keep track of what the policy should be.

Mr. HARDY. We are going to have to stop very shortly, as I think there are two or three things that we should conclude before we break for lunch.

Mr. Reilly, I believe we are through with you for the moment. Thank you.

I think, Mr. Winfield we might just as well interrupt your testimony again. We may need you again this afternoon, but there are three witnesses here that I would like to have now, at least to get them sworn all at one time, so we can try and dispose of the specifics.

(At this point, the following persons were sworn by the chairman: Walter E. Smith, Television and Radio Officer, Communications Techniques Branch, Communications Resources Division, Agency for International Development; Edward E. Kunze, Chief, Contract Services Division, Office of Program Support; Robert Daughtridge, Contract Specialist, Contract Services Division; and Harold Walcoff, Electronic Development Technician, U.S. Signal Strategic Communications, U.S. Signal Corps.)

TESTIMONY OF HAROLD WALCOFF, ELECTRONIC DEVELOPMENT TECHNICIAN, U.S. SIGNAL STRATEGIC COMMUNICATIONS, U.S. SIGNAL CORPS

Mr. REDDAN. Would you please give your name and address to the reporter, Mr. Walcoff?

Mr. WALCOFF. Mr. Harold Walcoff, 10516 Tenbrook Drive, Silver Spring, Md.

Mr. REDDAN. And where are you employed?

Mr. WALCOFF. U.S. Signal Strategic Communications.

Mr. HARDY. For the Signal Corps of the U.S. Army?

Mr. WALCOFF. Yes, sir.

Mr. REDDAN. In what capacity, sir?

Mr. WALCOFF. Electronic development technician.

Mr. REDDAN. As civilian or military?

Mr. WALCOFF. Civilian.

Mr. REDDAN. You have brought up here this morning a document entitled "Subject: Evaluation of Motorola Transistorized Television Receiver, Model 19PI–IU 'Astronaut.' "

Did you prepare this, sir?

Mr. WALCOFF. Yes, sir.

Mr. REDDAN. When did you prepare it?

Mr. WALCOFF. Just recently.

Mr. REDDAN. How recently?

Mr. WALCOFF. Yesterday.

Mr. REDDAN. At whose request?

Mr. WALCOFF. Well, let me qualify that. A document similiar to this was prepared, but I understand that the State Department didn't receive it.

Mr. HARDY. How do you know a document similar to that was prepared? Don't you keep copies?

Mr. WALCOFF. Oh, yes.

Mr. HARDY. If the document was prepared, where is the copy?

Mr. WALCOFF. I couldn't find a copy.

Mr. HARDY. You don't know whether you had one or not?

Mr. WALCOFF. Oh, yes, I know one was put in for typing. To the best of my knowledge it left the Agency.

Mr. HARDY. The original left the agency, but the Agency didn't keep a copy?

Mr. WALCOFF. Like I say, I am on detached service, with Defense Communications——

Mr. HARDY. I am not concerned with that, but I am trying to understand what happened to the copy. If the Agency doesn't keep copies of a document, I want to know about it; if the Army slipped up on this kind of a proposition, then I want to ask the Secretary to give us an explanation. Mr. Vance, I am sure, would be delighted to come down and do that.

Mr. WALCOFF. To the best of my knowledge; I haven't had a chance to check with my agency, I was told to come up here in front of this committee right away, and I didn't check to see if there was a copy there, so I just prepared this.

Mr. REDDAN. You prepared this today?

Mr. WALCOFF. Yes.

Mr. HARDY. I thought you said you prepared this yesterday.

Mr. WALCOFF. Well, just rough notes; and today I had the girl type it up.

Mr. HARDY. When did you prepare it, Mr. Walcoff?

Mr. WALCOFF. Today——

Mr. HARDY. You prepared this since our phone call this morning?

Mr. WALCOFF. No. In view of your phone call I understood——

Mr. HARDY. You understood—you expected that you were likely to be called?

Mr. WALCOFF. Yes, I did. And I wanted to make sure I had——

Mr. HARDY. Who told you that you were likely to be called?

Mr. WALCOFF. Mr. Woods said I might be called.

Mr. HARDY. You have been sitting on the anxious bench for a couple of weeks then, because Mr. Woods talked to you about a couple of weeks ago, didn't he?

Mr. WALCOFF. I don't believe it was that long.

Well, I thought there was a copy already in the State Department. I thought this was already—they already received the copy, and then I found out to the contrary.

Mr. HARDY. That is contrary to the information Mr. Woods gave me. I don't want to have to put Mr. Woods on the stand and get him to swear to what you reported to him, but I will do it if it becomes necessary. And I don't want to get in a position here where we are going to have witnesses testify in conflict under oath. I call your attention to the fact that you are under oath, and if you want somebody to advise you, feel perfectly free to have an attorney come and advise you. Show him a copy of the committee rules, because I don't want to get into a conflict situation here, and it looks like we may be headed in that direction. Get him a copy of the committee rules and give him time enough to look at it. Call his attention to the section there that stipulates his rights.

Have you had an opportunity to examine the committee rules, Mr. Walcoff?

Mr. WALCOFF. Yes, sir.

Mr. HARDY. It disturbs me considerably to have a witness come in and testify contrary to information that he has previously given an investigator of the committee.

Now I ask you again: the document you brought in here this morning, you prepared that this morning; is that correct?

Mr. WALCOFF. That is correct.

Mr. HARDY. And you prepared it from notes that you made when?

Mr. WALCOFF. Some notes that I made when I was investigating—or the evaluation of this receiver.

Mr. HARDY. Do you have those notes with you?

Mr. WALCOFF. The only notes I have, I might have thrown them away——

Mr. REDDAN. When did you make the notes, Mr. Walcoff?

Mr. WALCOFF. These notes were made when I found out I was going to appear in front of the committee. I called my office to find out if this thing has been sent out. And to the best of their knowledge it has been sent out. And I don't know if they investigated completely on where that copy is.

Mr. HARDY. Isn't it true you told Mr. Woods that there was no written report made?

Mr. WALCOFF. I wasn't sure whether there was or not, frankly. I might have said that, that I wasn't sure. This is 6 or 7 months past.

Mr. HARDY. That is all right.

Mr. WALCOFF. I am sure now, sir, because I spoke to my supervisor and he indicated that report was sent out.

Mr. HARDY. Then it is not of your knowledge, but of your supervisor's knowledge that you are testifying about a report?

Mr. WALCOFF. Yes, that a report was sent. I gave him the report, similar to what you have there, to be typed and sent out.

Mr. REDDAN. You prepared the report?

Mr. WALCOFF. Yes.

Mr. REDDAN. And you gave it to your supervisor?

Mr. WALCOFF. I gave it to my girl for typing, yes.

Mr. REDDAN. And what did you prepare the report from?

Mr. WALCOFF. From some notes that I must have thrown out.

Mr. HARDY. When did you throw them away? This morning, after you wrote this up?

Mr. WALCOFF. Yes.

Mr. HARDY. That is a rather strange situation, Mr. Walcoff. If you kept notes from the time you examined this set until this morning, and then throw them away after you prepare this.

Mr. WALCOFF. A lot of this I could remember, too, sir.

Mr. HARDY. I want to know about the notes that you had.

Mr. WALCOFF. There are a few notes I made about the intermittent jitter that appeared on the set, and the others——

Mr. HARDY. How did they get away from you since this morning?

Mr. WALCOFF. I might have just thrown them away. Maybe they are still here.

Mr. REDDAN. Where do you think you threw them? Maybe they are still there.

Mr. WALCOFF. Probably in the wastebasket.

Mr. HARDY. Which wastebasket?

Mr. WALCOFF. I gave them to the girl to type up. Wait a minute. I'm sure they are not in here now.

Mr. HARDY. You don't have the notes from which you prepared this memorandum?

Mr. WALCOFF. Not now. I must have thrown them away.

Mr. HARDY. Where were they, Mr. Walcoff? Where did you get them this morning?

Mr. WALCOFF. I made these notes up during—well, the notes that I made up were my findings of this receiver.

Mr. HARDY. When did you make them? At the time you tested the receiver?

Mr. WALCOFF. Yes.

Mr. HARDY. Where did you keep them from that time until this morning?

Mr. WALCOFF. I had them in this file.

Mr. HARDY. You had them in the files, and this morning you took them out and threw them away?

Mr. WALCOFF. After they were typed.

Mr. HARDY. You didn't want the committee to see your original notes?

Mr. WALCOFF. That wasn't the intention, sir.

Mr. HARDY. If you kept them all this time and then threw them away as soon as you prepared a memorandum, we don't know whether it is authentic or not. Whose hide are you trying to save, if anybody's?

Mr. WALCOFF. I am not trying to save any hide. I have no irons to burn.

Mr. HARDY. I don't see why you would. I don't know why you come in here with this kind of testimony.

Mr. WALCOFF. I tell you frankly, I didn't know I was going to be called today.

Mr. HARDY. You don't require a lot of notice. You ought to be prepared to testify from information that you have at any time.

Mr. WALCOFF. I didn't realize you had to keep notes.

Mr. HARDY. You did keep them, you said?

Mr. WALCOFF. I had some notes, yes; and the rest I have had in what I recall from testing.

Mr. HARDY. Let's retrace your steps.

Who typed this document up?

Mr. WALCOFF. The girl in our office.

Mr. HARDY. What is her name?

Mr. WALCOFF. She is a new girl in our office. I can't remember offhand.

Mr. HARDY. What office is this?

Mr. WALCOFF. DCA, Defense Communications Agency.

Mr. HARDY. Too bad I didn't have you down testifying before the Armed Services Committee.

Mr. REDDAN. What was the room number?

Mr. WALCOFF. 3265.

Mr. REDDAN. Did you have the notes when you dictated?

Mr. WALCOFF. I gave her the notes and she typed them.

Mr. HARDY. You gave her the notes?

Mr. WALCOFF. Yes.

Mr. HARDY. And you don't know her name?

Mr. WALCOFF. I can get you the name, yes.

Mr. HARDY. I don't think we are going to wait very long to find out about her, because we are going to start tracking her down right now.

Mr. Woods, get on the telephone and let's get this young lady's name.

Who is your superior over there in DCA, where this memo was typed up?

Mr. WALCOFF. Mr. Jim Tillery. Colonel Tillery.

Mr. HARDY. Colonel Silverman?

Mr. WALCOFF. Tillery.

Mr. MEADER. How do you spell it?

Mr. WALCOFF. T-i-l-l-e-r-y, I believe.

Mr. HARDY. What is the telephone number over there?

Mr. WALCOFF. Oxford 4–3400.

Mr. HARDY. Give me the extension number.

Mr. WALCOFF. 3400; Oxford 4–3400.

Mr. HARDY. 3400 is your extension number?

Mr. WALCOFF. Beg pardon?

Mr. HARDY. What is your extension?

Mr. WALCOFF. That is it.

Mr. HARDY. We thru-dial from over here, so we won't use the Oxford number. That is the outside number?

Mr. WALCOFF. That is the extension, sir.

Mr. HARDY. 3400?

Mr. WALCOFF. Yes.

Mr. HARDY. 4–3400?

Mr. WALCOFF. Yes.

Mr. WOODS. I have that number.

Mr. HARDY. Is that the extension of your particular office, or is that just DCA switchboard?

Mr. WALCOFF. That is the extension of the office; right.

Mr. REDDAN. Is this girl in Colonel Oble's office?

Mr. WALCOFF. It is in the office; part of that office.

Mr. REDDAN. Is she the newest girl in the office; or is there some way we can identify her?

Mr. HARDY. Come on, Mr. Walcoff, give us something here. You said you just dictated this memo to this girl and she wrote it up for you. Now let's identify her so we can get hold of her; and I intend to do it within the next 3 minutes, if I can find her. Now how do I find her?

Mr. WALCOFF. These notes, do you mean?

Mr. HARDY. I'm asking you at the moment about the girl. You said you gave her the notes, didn't you; or did I misunderstand you?

I'm afraid that you are going to have a little trouble with this testimony under oath, Mr. Walcoff, and maybe we ought to get you a lawyer to advise you, because you are getting yourself confused, it seems to me. I don't want to embarrass you.

Mr. MEADER. Mr. Chairman, let me see if I can't clear up something here.

Mr. Walcoff, you didn't dictate to this girl; you gave her some handwritten notes that you had written down, which she simply copied. Is that correct?

Mr. WALCOFF. That is correct, sir.

Mr. MEADER. You didn't give her any notes that you had prepared, or any notations you may have made at the time you examined this set, did you?

Mr. WALCOFF. I gave her the notes.

Mr. MEADER. What notes? Did you give her anything besides handwritten notes which she has typed up on that paper? Did you give her anything else?

Mr. WALCOFF. That is it, sir.

Mr. MEADER. You gave her those notes?

Mr. WALCOFF. Yes, sir.

Mr. MEADER. So if we got her and got the notes you gave her, all we would have is what we have right on this paper?

Mr. WALCOFF. That is correct, sir.

Mr. MEADER. Now you testified that you did make some notes at the time you examined the set, several months ago; is that correct?

Mr. WALCOFF. That is correct; and this is—to the best of my knowledge it went out this way.

Mr. MEADER. You believe that the notes that you made at that time were typed up and sent to the AID Agency?

Mr. WALCOFF. This is correct, sir.

Mr. MEADER. What happened to those handwritten notes that you made at the time you examined the set?

Mr. WALCOFF. I'm sorry. A lot of these notes might be in my desk or something. I might have dropped them. When we usually receive something typed up, this is a much better copy. I might have thrown them away. I'm sorry.

Mr. MEADER. Just a minute.

You did makes notes, you are testifying clearly to that, that you made notes at the time you examined the set several months ago?

Mr. WALCOFF. Yes, some notes; yes, all of the notes.

You see, here is the thing, Mr. Meader: I thought this was already water under the bridge. This went out, and——

Mr. MEADER. We are not trying to do anything except understand whether or not you made some notes at the time you examined the set. What is your testimony?

Mr. WALCOFF. Yes, I certainly have made some notes, and——

Mr. MEADER. Do you know where those notes are?

Mr. WALCOFF. Well, again, I think they might have gotten either lost or thrown out, because I thought this was already, again, water under the bridge. So what I did was, when I found out that the State Department has not received anything, I sat down, and I composed some notes of what I thought the receiver—how the receiver acted at that time.

Mr. MEADER. When you composed those notes which you gave to the girl, and which are typed up in this paper, did you have in your possession the notes that you had made at the time you examined the receiver?

Mr. WALCOFF. No, I am afraid not.

Mr. MEADER. You did not?

Mr. WALCOFF. No.

Mr. HARDY. That is certainly contrary to the testimony you have already given.

Mr. WALCOFF. I am a little nervous. I'm sorry.

Mr. MEADER. You didn't destroy those notes this morning?

Mr. WALCOFF. No, I have those. I have those notes. I know I have them somewhere. When I wrote this thing out I gave this girl these things to type. I believe it was either yesterday or today, I am not sure. But I am sure I gave them to her.

I'm sorry. You have me all shook up here. I didn't realize it was going to get involved. I'm sorry. But I tell you, I'm expecting to hang in this noose any minute now. I just walked in here and I'm sweating blood. I don't care who gets this TV set. I just said here——

Mr. HARDY. The committee doesn't want to hang you.

Mr. WALCOFF. You have—my tongue is so swollen I don't know whether I typed it yesterday or last week.

May I be excused? I would like to wash my face a little bit.

Look, it's not my fault that the papers either got lost at the State Department, or maybe it didn't get out. The girls have all kinds of typing. I gave it to her, and to the best of my knowledge it went out this way. This happened 7 or 8 months ago. How does a guy know? And all of a sudden Mr. Woods calls me up and says—in fact, I didn't even recognize who he was, really. I don't know whether he said State Department or Motorola, frankly. He says, "How is that receiver?" I said, "That damn thing ain't working. It didn't operate too well." The next thing I know——

I'm sorry, Mr. Hardy.

Mr. HARDY. Let's see. The only thing we are trying to do is get back to the situation so we can understand what did happen.

If I understand Mr. Woods' memorandum, which he prepared following his conversation with you, it was to the effect that to the best of your recollection there had been no written memorandum at the time following the testing of the set by the Signal Corps. His understanding, from his conversation with you, was to the effect that the reporting was strictly oral and by telephone.

From Mr. Wood's report to me, apparently that was your recollection at the time he talked to you?

Mr. WALCOFF. This is what I recollect, because I might add—let me qualify that. Mr. Smith called me up and said, "What has happened to the report?" This is before I even thought there was a committee or anything. I said, "Yes. Haven't you received it?"

Mr. REDDAN. When was this?

Mr. WALCOFF. Two or three weeks ago. I don't recollect the exact date. I said, "You should have it, unless it got lost." He said, "I don't have it." Then I wondered if the damn thing was sent out. You see, a lot of paperwork goes out my way and everybody else's. I said, "I wonder if it was sent out."

Then when Mr. Woods called up, at the time I wasn't too sure, frankly, whether it was sent out. Then I asked my boss, "Do you recall seeing it, Mac?" He said, "Gee, I saw it."

Mr. HARDY. Who is your boss?

Mr. WALCOFF. Mr. Matthew C. Dillon.

Mr. MEADER. Matthew C.—Matt Dillon?

Mr. WALCOFF. That is it, Matt Dillon. And I am Chester.

Mr. HARDY. So Mr. Dillon said he did recall that the report was prepared and sent out; is that right?

Mr. WALCOFF. Yes, sir.

Mr. HARDY. At this point you are not with the Signal Corps?

Mr. WALCOFF. Unfortunately I am on detached service, and I am working in another office on loan to Defense Communications Agency, so I am not in direct—I haven't had a chance to get over to my agency to find this thing or look for it or anything.

Mr. HARDY. If Mr. Dillon was your supervisor, he ought to have some knowledge of where it is.

Mr. WALCOFF. Well, he is pretty snowed himself. We have a lot of work there.

Mr. HARDY. We will try to see if we can get him unsnowed.

Mr. WALCOFF. Thank you very much.

Mr. HARDY. I am not as interested in what you have prepared here now, based on a recollection of 6 or 8 months ago, as I would be if I could find an actual report, if one exists. So I think we are going to have to try to find out whether or not one actually does exist.

Now Mr. Smith called you and asked you for a written report; is that right?

Mr. WALCOFF. He didn't ask me for a written report; he asked me if the report was sent in, and if not he would like to have one. Essentially that is it.

Mr. HARDY. Did Mr. Winfield also talk to you?

Mr. WALCOFF. Mr. Winfield talked to me, yes——

Mr. HARDY. What did he say?

Mr. WALCOFF (continuing). At lunch.

Mr. HARDY. He invited you to lunch?

Mr. WALCOFF. No. This is my doings. I am sworn to oath. I have to tell all. I don't have any lawyers.

We were looking at a presentation given at the Key Bridge Motorola—the Key Bridge Motor Hotel here. I will never buy Motorola again. And I asked Smith if I could meet Dr. Winfield for lunch, since I am going to appear there, or, actually, I was going to see the presentation, and this would save time, so I could get back to my office. He said, "Fine." This was sort of half-way in between and avoided the traffic.

Dr. Winfield indicated he saw—or it seems to me he sort of concurred in what I have said about what I saw on the Motorola. It seems to me that he didn't say he saw the report, but it seems to me he saw or heard—I don't know whether I spoke to somebody on the phone—he heard the facts about the Motorola set.

Mr. HARDY. He was pretty vague this morning too.

Mr. WALCOFF. I was vague.

Mr. HARDY. You and Dr. Winfield both.

Mr. WALCOFF. I'm sorry.

Mr. HARDY. I appreciate the difficulties you have over the period of time, but we just want to get the best information we can.

So the two of you then tried to see if you could exploit each other's memory and come up with what in the Sam Hill happened; is that right?

Mr. WALCOFF. Right; what happened to the report, or what was said in the report.

Mr. HARDY. Neither of you was quite sure whether there was actually one?

Mr. WALCOFF. Right. Exactly.

Mr. HARDY. Any questions?

Mr. MEADER. Why can't we ask him what he did find?

Mr. WALCOFF. This is it, right here, sir, in that report.

Mr. MEADER. I notice you say:

The receiver did not operate on battery power supply.

Mr. HARDY. Let's explore that a minute.

You said it didn't operate on battery supply.

Mr. WALCOFF. Yes.

Mr. HARDY. It was testified to here this morning that the people in AID found that it did operate on battery.

Mr. WALCOFF. Yes. And Dr. Rider, who happened at that time to be the radio and TV officer, told me it was operating fine. He was watching this television set at his home and it was operating fine for the longest time. When I got it there was no picture. Obviously either the battery was dead or the charging system didn't operate.

Mr. HARDY. If the battery was dead, you wouldn't expect it to operate on a battery?

Mr. WALCOFF. You are right.

Mr. HARDY. So this was a real technical finding you made, that it didn't operate on the battery?

Mr. WALCOFF. I'm just reporting the facts. It didn't operate on battery.

Mr. HARDY. You failed to report whether or not you checked the battery to see if it was dead.

Mr. WALCOFF. I was just checking performance. I don't have a meter here to check out—to see if the battery was dead. I didn't want to troubleshoot and take the back out. I was told to just evaluate its operation and see how it operated, and I evaluated——

Mr. MEADER. You mean to say you don't have anything but dead batteries over in the Signal Corps?

Mr. WALCOFF. Wait a minute, Mr. Meader. The receiver was given to me just to try out, to check its performance. Now I don't think it is the Signal Corps' function to go out and look for a battery for Motorola TV set to see that it operates. I didn't think about it.

Mr. HARDY. I don't know what your function was under this sort of request, because you were doing this for AID.

Mr. WALCOFF. Yes, sir.

Mr. HARDY. Who did you say had tried it on the battery?

Mr. WALCOFF. Dr. Rider.

Mr. HARDY. Dr. Rider?

Mr. WALCOFF. Yes, he said it was operating very nicely.

Mr. HARDY. Who is he? Is he with AID?

Mr. WALCOFF. He was with ICA.

Mr. HARDY. And you picked it up after it had been over at Dr. Rider's?

Mr. WALCOFF. He brought it over and said——

Mr. HARDY. Dr. Rider brought it over; he had been using it at home and he brought it over for you to see?

Mr. WALCOFF. To evaluate.

Mr. HARDY. And he didn't tell you whether or not it had a dead battery. You didn't concern yourself when you found out it wouldn't work on battery?

Mr. WALCOFF. Wait——

Mr. HARDY. I don't intend——

Mr. WALCOFF. He said it was operating on the battery. He was watching it on the battery.

Mr. MEADER. He told you that?

Mr. WALCOFF. He said he watched it on the battery or a.c. It is the sort of set you can plug in and recharge the battery, jut flip it over to recharge and recharge the battery. When I tried it on battery, nothing.

Mr. HARDY. You didn't try charging it?

Mr. WALCOFF. Oh, yes, I tried charging it, definitely.

Mr. HARDY. And it still didn't work on the battery?

Mr. WALCOFF. No, it didn't.

Mr. HARDY. The battery wouldn't charge?

Mr. WALCOFF. I suspect either the battery or charging system might have been defective.

Mr. HARDY. How long did you have it over there playing?

Mr. WALCOFF. Gee, I had it about a month or so,watching it.

Mr. HARDY. You didn't watch it on battery, just that one time?

Mr. WALCOFF. Just watched it on a.c.

Mr. HARDY. You didn't even try it on battery except that once?

Mr. WALCOFF. I tried it on and off, just to see if it would operate on battery.

Mr. REDDAN. Are you a television engineer?

Mr. WALCOFF. Not an engineer, a specialist technician.

Mr. REDDAN. Do you have an engineering degree?

Mr. WALCOFF. No, sir.

Mr. REDDAN. Do you have an engineering license?

Mr. WALCOFF. No.

Mr. REDDAN. Did you take the set apart to examine it?

Mr. WALCOFF. No, I didn't.

Mr. REDDAN. Did you take the back off the set?

Mr. WALCOFF. I believe I did take the back off to look to see if the battery was either connected or not, if I am not mistaken.

Mr. HARDY. Are you sure you grounded it before you stuck your hand in?

Mr. WALCOFF. No, I didn't. I looked to see if the battery was even there. Frankly, I wasn't too sure.

Mr. REDDAN. Did you do anything else with the set?

Mr. WALCOFF. No.

Mr. REDDAN. Just looked in to see if the battery was connected?

Mr. WALCOFF. That is right.

Mr. REDDAN. Then you put it back on?

Mr. WALCOFF. Yes.

Mr. REDDAN. Your only test was limited to plugging it in and watching it?

Mr. WALCOFF. That is right, performance of the receiver.

Mr. HARDY. My young son could have done that.

Mr. MEADER. On the basis of your evaluation of this set, the set was determined to be unacceptable; did you realize that?

Mr. WALCOFF. No. Again, if they haven't received the report, I don't know if it was determined. I didn't realize it, no.

Mr. HARDY. Were there any written instructions sent over with this request that the Signal Corps examine this set?

Mr. WALCOFF. Yes; I think there was a piece of official correspondence; right.

Mr. HARDY. Who has that? Mr. Winfield, do you have a copy of any official request to the Signals Corps?

Dr. WINFIELD. Yes, sir.

Mr. HARDY. Is it in our files?

Mr. REDDAN. Yes, sir.

Did you—I understand from your testimony that you did not go into the set other than to look at it to see the battery?

Mr. WALCOFF. That is correct.

Mr. REDDAN. Did you inform AID that there was anything wrong with the cutout relay?

Mr. WALCOFF. No.

Mr. REDDAN. Did you talk to them about anything about the charging system?

Mr. WALCOFF. No; I didn't speak to them at all. You see, Dr. Rider was on his way. He was being processed to go overseas at the time, and there wasn't a replacement at that time, I believe, while I was evaluating it.

Mr. REDDAN. Mr. Reilly, will you come up?

Mr. Reilly, I am referring to your letter of April 26, 1962, to Motorola. You say:

> During the time the set was with us for evaluation and also at the Signal Corps it was inoperable on battery. After going into the set, we found the cut-out relay shuts down too soon. * * *

Now, are you suggesting the Signal Corps did that or AID did that?

Mr. REILLY. AID did that, Mr. Hoke.

Mr. REDDAN. Mr. Hoke did that; he is the one who found out that the cutout relay shut down?

Mr. REILLY. Yes, sir.

Mr. MEADER. I would just like to—presumably this set was sent over to the Signal Corps so that it could be examined technically, but all the Signal Corps officer did was to watch the television set on electric current rather than the battery, and all of the apparent examination of the set to find out any defect was done at AID.

Mr. HARDY. Apparently, the technical evaluation by the Signal Corps seems to have consisted solely of looking at the picture.

Mr. WALCOFF. As far as I was concerned, yes. Maybe I misinterpreted—I thought just speaking to the doctor, how the picture looked and how it operated under the battery.

Mr. HARDY. Is that the way the Signal Corps evaluates communications equipment which they use?

Mr. WALCOFF. No.

Mr. HARDY. Do you evaluate communications equipment for DCA?

Mr. WALCOFF. Do I make an evaluation?

Mr. HARDY. Yes.

Mr. WALCOFF. I am not involved in this at the moment.

Mr. HARDY. Is that a normal function of yours or was it in the Signal Corps?

Mr. WALCOFF. To evaluate the receiver this way?

Mr. HARDY. To evaluate any kind of equipment.

Mr. WALCOFF. No. It depends.

Mr. HARDY. How did you happen to be selected to do the job on this particular set; because you like to look at TV?

Mr. WALCOFF. No; this is some work I have done with AID in evaluating——

Mr. HARDY. It was because you were a crony of Mr. Smith's?

Mr. WALCOFF. I beg your pardon?

Mr. HARDY. Because you were a particular crony or friend of Mr. Smith's or Dr. Winfield's?

Mr. WALCOFF. No. This was strictly business.

Mr. HARDY. You and Mr. Reilly were pretty close?

Mr. WALCOFF. I don't even know the gentleman.

I got to know Dr. Rider and on a proposal that I evaluated for the State Department, they called me over and I evaluated a proposal.

Mr. HARDY. That is how you were selected; Dr. Rider selected you to do this?

Mr. WALCOFF. Our agency.

Mr. HARDY. You were the man in the agency that did the evaluation, weren't you?

Mr. WALCOFF. I was selected to do the evaluation; yes, sir.

Mr. HARDY. You were selected by Dr. Rider?

Mr. WALCOFF. No; Dr. Rider doesn't select. They sent a request to the agency. The agency asked me to evaluate the receiver.

Mr. HARDY. How much experience had you had previously in evaluating television receivers?

Mr. WALCOFF. I had been with the Signal Corps, and I have been involved in television for a number——

Mr. HARDY. That doesn't answer my question.

Mr. WALCOFF. For a number of years, since about 1957 or 1958.

Mr. HARDY. And during that period of time, it has been one of your functions to evaluate television receivers?

Mr. WALCOFF. Not really. We design and engineer educational systems for the Army.

Mr. HARDY. What does that have to do with performance of a television set?

Mr. WALCOFF. It is the overall performance. Television sets are in educational systems, obviously.

Mr. HARDY. I understand that, but in the course of your job, have you had to do with actual evaluation of television sets? That is the question.

Mr. WALCOFF. Actual TV sets——

Mr. HARDY. That is what you were doing in this case.

Mr. WALCOFF. I don't believe I have ever done this before, really, the evaluating of a TV set as such, right.

Mr. HARDY. Here is a letter of November 17, 1961, addressed to the Commanding Officer, USASEA, U.S. Army Signal Corps, Arlington Hall Station, Arlington, Va., and it is signed by Richard L. Rider, Radio-Television Officer, Communications Resources Division. And the pertinent part of it reads as follows:

The television receiver is the Motorola 19PI–IV "Astronaut." We would appreciate an evaluation of its sensitivity, picture quality, audio quality, overall performance, and its suitability for use in group viewing situations in underdeveloped areas.

We would also appreciate an opinion on the feasibility of undertaking a project aimed at the design of a transistorized television receiver powered by a suitable

battery system, together with a practical means for recharging the batteries. It would also be useful to have an educated guess as to the possible cost of such a project.

You didn't undertake to perform all of that function?

Mr. WALCOFF. I believe not.

Mr. HARDY. Did you ever see that letter from Dr. Rider?

Mr. WALCOFF. No. I don't believe I have seen this letter, no.

Mr. HARDY. You didn't know what you were supposed to do, except what Dr. Rider told you?

Mr. WALCOFF. Right. He came in, and he said, "Here, Hal, here is a receiver. I would like to have you evaluate its performance, and I will get some official correspondence over to you people."

Mr. MEADER. But you testified previously that there was a document that accompanied the receiver?

Mr. WALCOFF. Not that accompanied the receiver. That was sent to our agency, I believe, yes.

Mr. HARDY. This document went over in November. Apparently that was before the set was delivered—or do you know?

Mr. WALCOFF. I believe the set was delivered first.

Mr. HARDY. The set was delivered before November 17?

Mr. WALCOFF. Yes. Or maybe on November 17.

Mr. HARDY. You didn't have any TV set over there to watch except this one?

Mr. WALCOFF. No. Let me qualify that. I didn't watch it at the agency. I just took this set in my home and put it on and watched it occasionally to see how it was operating.

Mr. HARDY. You had this at home?

Mr. WALCOFF. Yes, sir.

Mr. REDDAN. I have no further questions.

Mr. HARDY. Any further questions?

Thank you very much, Mr. Walcoff. I appreciate your coming over.

Now to add one other thing——

Mr. WALCOFF. Yes, sir.

Mr. HARDY. The committee would like to have these notes.

Mr. WALCOFF. All right.

Mr. HARDY. From which you wrote this memorandum. I am talking about the notes that you prepared in your home when you had this set over there looking at it.

Mr. WALCOFF. This I don't know. I have the notes that I prepared, to be honest, I prepared, when Mr. Woods, to the best of my knowledge, what I remembered about this receiver. There are a lot of months that went by and I don't know what happened to those other notes.

Mr. HARDY. The notes you are talking about, then, are notes you prepared since Mr. Woods talked to you?

Mr. WALCOFF. Yes.

Mr. HARDY. And you actually didn't have any notes that were made at the time you were watching this picture?

Mr. WALCOFF. I couldn't find any.

Mr. HARDY. That is a little inconsistent with your earlier testimony.

Mr. WALCOFF. Thank you very much.

Mr. HARDY. Thank you.

Mr. WALCOFF. Can I leave?

Mr. HARDY. Yes. I appreciate your coming over.

I think it is time to recess for lunch. We will return at 1:30.

(Whereupon, at 12:30 p.m., the subcommittee was recessed, to reconvene at 1:30 p.m. this same day.)

AFTERNOON SESSION

Mr. HARDY. Let the subcommittee come to order. Let the record show the presence of Mr. Monagan, Mr. Griffin, and myself, constituting a quorum under the committee rules.

Mr. Reddan, who did you want to start with?

Mr. REDDAN. Mr. Smith.

Mr. HARDY. Mr. Smith, will you take the chair?

Please give the reporter your name, your address, your present duties and a very brief biographical sketch.

STATEMENT OF WALTER E. SMITH, RADIO AND TELEVISION OFFICER, COMMUNICATIONS TECHNIQUES BRANCH, COMMUNICATIONS RESOURCES DIVISION, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. SMITH. Yes, Mr. Chairman.

My name is Walter Eugene Smith. I live at 1012 Oak Street, Falls Church, Va. I am the radio and television officer, Communications Resources Division, Agency for International Development.

My biographical sketch: I am a graduate of the Ohio State University, Columbus, Ohio, with a degree in political science, with postgraduate work in radio and television, working at radio station WPAY in Portsmouth, Ohio——

Mr. REDDAN. What sort of graduate work was that, in engineering?

Mr. SMITH. In the production side of the ledger.

Mr. REDDAN. Production of television?

Mr. SMITH. Production of television, correct, and radio. WBS television, Columbus, Ohio, after which I was called to active duty in the U.S. Air Force, where I became in 1952, Assistant Chief, Video Production Branch, Motion Picture Video Production Division, of the Air Photographic and Charter Service, responsible for the television mission in the U.S. Air Force.

Mr. HARDY. That is a big assignment.

Mr. SMITH. I was not responsible for the whole program, sir, the Air Photographic and Charter Service had this mission, and I was assigned to the headquarters, sir, after which I became Chief of the Video Production Branch, responsible for monitoring the activities of the Air Force's 1354 video production squadron from both a technical and production standpoint and inspection. I was called in 1954 to Headquarters, Military Air Transport Service, in Washington, D.C., as television production and entertainment officer with responsibility for designing, building, manning, programing, installing, and observing and monitoring operations of Air Force, Armed Forces television stations oversea.

I left the Air Force in 1955 and became manager of television sales with the Government at the DAGE Division of Thompson Ramo-Wooldridge, Inc.

Mr. REDDAN. Are they manufacturers?

Mr. HARDY. They are a little of everything. You should have gotten a liberal education with them and you should have really learned. That really puts you in a class of competence we have not seen very often.

Mr. SMITH. I was at DAGE for 7 years, responsible for the sale of television equipment to the Government and later, in the last 2 years approximately, to industry education and Government. I joined the Agency for International Development on the 8th day of June 1962.

Mr. HARDY. One or two questions I would like to ask in order to have a clear understanding. The word production, as you have used it in connection with your various assignments—for instance, you said you were Chief, I believe, of Video Production Branch of something—I don't know what it was. Just what does the word "production" in that usage mean?

Mr. SMITH. Production, Mr. Chairman, in this essence, means that the Air Photographic and Charter Service was responsible for trying to employ television to various operational requirements of the Air Force activities.

Production includes both technical and production activities, separating the two for the moment, as, shall we say, equipment is used in production, so production then means all of the equipment and production techniques that are employed to reach the end goal or the end application or utilization of the equipment and what you can do with it.

Mr. HARDY. That is the utilization of equipment. That also embodies all of the technical aspects and complications that go along with it, I presume?

Mr. SMITH. Yes, sir, it does, to a certain extent.

Mr. HARDY. When you put that last limitation on there, you sort of put me overboard. I don't know where I am. You said "to a certain extent." When you get into these qualifying terms, Mr. Smith, you lose me——

Mr. SMITH. Would you like for me to explain?

Mr. HARDY. With the experience and training that you have had, you ought to be sitting in the Director's Office over there pretty soon. With this kind of experience, I am surprised that AID could even offer you a job that would be appealing to you.

Mr. SMITH. Sir——

Mr. HARDY. This is said in all seriousness. In your formal education, did you study engineering?

Mr. SMITH. No, sir, I did not.

Mr. HARDY. Then your technical competence in this field has grown out of experience?

Mr. SMITH. Correct, sir.

Mr. HARDY. You don't hold an engineering license, I take it?

Mr. SMITH. No, sir, I do not.

Mr. HARDY. Then your engineering experience in the television industry has brought you in pretty close practical contact with various equipment?

Mr. SMITH. Yes, sir.

Mr. HARDY. What was the nature of the work you did with Thompson Ramo-Wooldridge?

Mr. SMITH. Specifically, I was responsible in the early years for working with various governmental agencies in a sales capacity, but at the same time, to attempt to assist in reality the various Government agencies in realizing what television could do.

Mr. HARDY. Would you call yourself a salesman and a promotor? I am just trying to get it in everyday parlance. You get off in the clouds. I am trying to get it down into everyday parlance so that I can understand it. Maybe Mr. Griffin and Mr. Monagan are able to absorb this more quickly than I can, but when you speak of salesman, and then get up into these broad policy things, I am not quite sure I follow you. Would you say it was promotion?

Mr. SMITH. It was my basic responsibility, sir.

Mr. HARDY. Of course, Thompson Ramo-Wooldridge has been the finest example of promotion; they have done a wonderful job of promotion, especially in getting the business.

Mr. SMITH. Shall I continue?

Mr. HARDY. That is where you got your training in that particular——

Mr. SMITH. Would you like for me to continue, and maybe I can elaborate a little bit?

Mr. HARDY. I think maybe we have enough.

Go ahead, Mr. Reddan.

Mr. REDDAN. You said you went with the Agency when?

Mr. SMITH. Eighth day of June 1962.

Mr. REDDAN. June 8, 1962.

Mr. SMITH. Correct.

Mr. REDDAN. As radio and television officer?

Mr. SMITH. Yes, sir.

Mr. REDDAN. And what are your duties as a radio and television officer?

Mr. SMITH. As radio and television officer, the duties as I understand them are to advise, backstop, assist wherever possible, our regional area officers, our mission, our communication officers in the field, and such departments in the Agency who require information and assistance concerning radio and television.

Mr. HARDY. Do you have a copy of position description?

Mr. SMITH. Not with me.

Mr. HARDY. I wonder if we might have one for our files.

Mr. Grant, will you get us a copy? Thank you.

Mr. REDDAN. When did you first become involved in the purchase of this 23-inch transistorized television?

Mr. SMITH. Friday, June 8, 1962, in the afternoon, after having processed through personnel in the morning.

Mr. REDDAN. They put you right on this?

Mr. SMITH. Yes, sir.

Mr. REDDAN. What were you supposed to do?

Mr. SMITH. I was called into the office of Dr. Winfield.

Mr. REDDAN. Dr. Winfield's office?

Mr. SMITH. Yes, sir, and it was indicated that there was an opportunity to conceivably obtain these 23-inch sets. At the time of the conversation, I asked Dr. Winfield, what is the status of the overall program. I was not acquainted with it, of course, at all. I was advised that Warwick had a 23-inch set, that this was what the Agency

was interested in, was a 23-inch television receiver transistorized with the rest of the specifications.

I asked the question, who else have we talked to? What has been done in this area, and it was indicated that the Agency had talked to RCA, Motorola——

Mr. REDDAN. It was indicated, did somebody say that?

Mr. SMITH. I asked——

Mr. REDDAN. Did somebody tell you?

Mr. SMITH. Dr. Winfield told me that contact had been made with Motorola, with General Electric, with Westinghouse, with RCA, and Sylvania.

Mr. HARDY. That was on June 8?

Mr. SMITH. Yes, sir, and that there was a requirement existing to establish a sole source procurement document——

Mr. REDDAN. Excuse me, what does that mean, sir? Requirement existing, what does that mean?

Mr. SMITH. Pardon?

Mr. REDDAN. You say a requirement existed?

Mr. SMITH. I forgot how I used it. Did I say requirement existing for 1,000 receivers?

Mr. HARDY. You said there was a requirement existing to establish a sole source.

Read back what he said.

(Record read.)

Mr. SMITH. What this really means is that I was to write a document to justify the sole source procurement of 23-inch television receivers from the Warwick Manufacturing Co.

Mr. HARDY. Did anybody tell you, in so many words, that that was what you were supposed to do?

Mr. SMITH. Yes, sir.

Mr. REDDAN. Who told you that, sir?

Mr. SMITH. Dr. Winfield, sir.

Mr. REDDAN. Who else was present?

Mr. SMITH. Mr. Griswold.

Mr. REDDAN. Who is Mr. Griswold?

Mr. SMITH. Griswold is Chief, Communications Technical Branch.

Mr. REDDAN. Anyone else?

Mr. SMITH. I believe Mr. Hoke was in the office at the time.

Mr. REDDAN. Did anyone else enter into the conversation?

Mr. SMITH. I simply don't recall, sir. I think that Mr. Griswold had some comments on it. I do not recall exactly what they were.

Mr. REDDAN. Do you know what the requirements are for sole source procurement, or did you know at that time what the requirements were for sole source procurement?

Mr. SMITH. The requirements for sole source procurement?

Mr. REDDAN. Did you know at this time what they were?

Mr. SMITH. Basically, yes, sir.

Mr. REDDAN. Did they tell you how to write this document that you were to prepare, justifying sole source procurement?

Mr. SMITH. I asked for information, sir. In other words, I had no acquaintance with what had been done. The sole source procurement is not written lightly.

Mr. HARDY. How did you know that? This was your first job with AID. You didn't know about their regulations, did you?

Mr. SMITH. No, sir; I had been acquainted with such things as sole source procurements over a period of years.

Mr. HARDY. On the other end of them?

Mr. SMITH. On the other end.

Mr. HARDY. On the other end. If you were with manufacturers, they were used to sole source, because they were on the receiving end. Had you ever done any negotiations for Thompson Ramo-Wooldridge on sole source procurement with one of the military services?

Mr. SMITH. I have with most Government agencies, sir.

Mr. HARDY. Most Federal agencies when you were with TRW?

Mr. SMITH. Yes, sir.

Mr. HARDY. Thompson Ramo-Wooldridge had more contracts with the Air Force than anybody else, I think.

Mr. SMITH. I couldn't answer that.

Mr. HARDY. They had a bunch of them.

Did you ever participate in any negotiations with Thompson Ramo-Wooldridge when you were in the Air Force?

Mr. SMITH. Yes, sir, one.

Mr. HARDY. And then as a representative——

Mr. SMITH. I am sorry, more.

Mr. HARDY. More than one?

Mr. SMITH. Yes, sir, there were, I think, three. They were not sole source, they were bids.

Mr. HARDY. But you did have an awareness of the military requirements with respect to sole source procurement?

Mr. SMITH. Yes, sir.

Mr. HARDY. After you became associated with Thompson Ramo-Wooldridge, you also had a contact, did you, with procurement on a sole source?

Mr. SMITH. Yes, sir.

Mr. HARDY. So that when you went to work for AID, you did have a background of experience and knowledge having to do with Government sole source procurement?

Mr. SMITH. Yes, sir.

Mr. HARDY. Thank you.

Mr. REDDAN. Do you want to tell us what happened at this meeting?

Mr. SMITH. At which point in time, I asked that I be supplied with what had been done; in other words, who had been contacted, what correspondence had been effected, basically, what had been said, all of the materials that I could conceivably gather together in order to write such a document.

Mr. REDDAN. Were you given that material?

Mr. SMITH. I was given some of it, some of it I tried to dig out as best I could, in the time I had to do it in.

Mr. HARDY. What was your deadline?

Mr. SMITH. I was to have the memo written and the justification and so forth, within a matter of days. This was on a Friday, and trying to have it done by Monday, Tuesday, or Wednesday, as quickly as possible.

Mr. REDDAN. Were you told that any commitment had been given at the time you came aboard there?

Mr. SMITH. No, sir. Commitment to, may I ask, to whom?

Mr. REDDAN. In this case, Warwick?

Mr. SMITH. No, sir.

Mr. REDDAN. Have you subsequently found out whether or not there was any commitment?

Mr. SMITH. Not to my knowledge, sir.

Mr. REDDAN. But this was a direction for sole source to Warwick?

Mr. SMITH. Yes, sir.

Mr. REDDAN. What did you do?

Mr. SMITH. I proceeded to my office, to try to assimilate, correlate, and otherwise gather together everything that I had been given, plus anything else that I could find that had been done relative to 23 inch, transistorized television receivers.

If I may, I am leaving something out, and I want to be complete. At the time of the discussion in the office, there was a discussion of manufacturers of 23-inch receivers. I had been concerned as to whether other manufacturers made them or not and exactly what had been done in this light, at this point in time—I am trying my best now to recall—a lot of things have happened, is to determine that of the manufacturers, the names given to me which I have given the committee, that only one manufacturer made the 23-inch transistorized television receiver, which had been shown in a demonstratable model——

Mr. REDDAN. When you say "they made"?

Mr. SMITH. Don't mean they made it, I mean that it had been demonstrated as a prototype, and that the other companies that had been talked to, had either made the 19-inch receivers referred to in previous testimony or others had not been interested.

Mr. MONAGAN. Which one was the one that made the 23?

Mr. SMITH. Warwick, that had developed a prototype, sir.

Mr. MONAGAN. I thought you previously gave us a list of six companies that did not include Warwick?

Mr. SMITH. I accidentally left Warwick out; Warwick should be in that list.

Returning now and continuing, I proceeded then to write the justification, using all of the information that had been given to me, based upon the assumption that in fact, Warwick was the only manufacturer——

Mr. REDDAN. Just a moment. Wasn't that the very center, the very heart of this justification, that Warwick was the only one?

Mr. SMITH. Yes, sir.

Mr. REDDAN. Did you say you assumed that?

Mr. SMITH. This was, on my part, based on the information that had been given to me. I am not assuming anything. I was, in fact, fighting in my own mind as to what had been done.

Mr. HARDY. In other words, you were given instructions. You were told that a decision had been reached and that you were to come up with a document that could be relied upon to support the position that Warwick was the only source. Is that what your first assignment was?

Mr. SMITH. Yes, sir; basically so, that the Warwick people had a 23-inch demonstratable unit, that other people had been contacted and that based upon the conclusions of the information available that

Warwick was, in fact, the only organization that could provide such equipment.

Mr. REDDAN. Was that your conclusion, Mr. Smith?

Mr. SMITH. Not particularly, sir.

Mr. REDDAN. In any way, was it your conclusion?

Mr. SMITH. At that point in time, sir, I had not arrived at any conclusions.

Mr. HARDY. You had to arrive at something in your memorandum, didn't you?

Mr. SMITH. Yes, sir.

Mr. HARDY. You were arriving at somebody else's conclusion in that situation?

That is a rather difficult thing to do, isn't it?

Mr. SMITH. From the information presented, it appeared to be a reasonably good conclusion. At that point in time, I wasn't particularly concerned in thinking about, I mean I had a job to do, let's put it that way.

Mr. HARDY. You had a job to do and you never had any idea that anybody would call you to task about it except Dr. Winfield and his immediate superiors. Who else was going to know about it? Maybe Dr. Fei would find out about it. This was your first assignment?

Mr. SMITH. Yes, sir.

Mr. HARDY. So you had to make a good case, or at least make it look good.

Mr. SMITH. Yes, sir; it looked good.

Mr. REDDAN. What did you do next?

Mr. SMITH. I proceeded to prepare this document and the enclosures thereto, to send these documents to Mr.—as I recall, I believe it is correct—Mr. Flattery.

Mr. REDDAN. What was the date of the document that you prepared? Was that June 12?

Mr. SMITH. The date of the document was June 12, 1962, entitled "Research and Development Project in Communications Resources Television Receiver Program."

Mr. REDDAN. Does that show you prepared that document, Mr. Smith?

Mr. SMITH. Yes; it does, sir.

Mr. REDDAN. How does it show it, sir?

Mr. SMITH. It shows by my name appearing as the preparing officer at the bottom of the third page.

Mr. REDDAN. I have what purports to be a photostatic copy of that document and I don't find your name there. Could I see your copy?

Mr. SMITH. Yes, sir; you may.

Mr. REDDAN. Was this typed on with the same kind of ink at the same time as the other names?

Mr. SMITH. I believe so, sir; I don't know.

Mr. REDDAN. Do you know whether it was deleted from the copy sent to us?

Mr. SMITH. I am sure not.

Mr. REDDAN. It doesn't appear. The position of the name would indicate——

Mr. HARDY. Mr. Grant, do you want to take a look at this while we are looking at it? In view of some past experience, every time I see something like this, I get a little bit concerned.

Mr. GRANT. I don't know, unless it is so low on the page, the photograph didn't come through. I just don't know.

Mr. REDDAN. By measuring, it would appear there is plenty of room to pick it up on the copy produced.

What was the attachment that accompanied that?

Mr. SMITH. The attachment was a memorandum from Edith Lord of REPAS, and Mr. Matthew M. Flattery of REPAS, subject: Research and development project in communications resources.

Mr. REDDAN. What was the date of that?

Mr. SMITH. June 1, 1962.

Mr. REDDAN. June 1, 1962?

Mr. SMITH. Yes.

Mr. REDDAN. Was that prepared by Miss Lord, or do you know?

Mr. SMITH. I do not know, sir.

Mr. REDDAN. Did you have anything else attached?

Mr. SMITH. Yes, sir. A copy of the Warwick Manufacturing Corp. proposal was attachment No. 2.

Mr. HARDY. What was the date of that?

Mr. SMITH. June 11, 1962.

Mr. HARDY. What is the date of your memorandum; June 12?

Mr. SMITH. Yes, sir.

Mr. REDDAN. There was an attachment to Miss Lord's memorandum, which was an attachment to yours?

Mr. SMITH. Yes, sir, that attachment, sir, as I recall, a copy of the document written by Mr. Winfield, with the same title, subject: "Communications research and development"——

Mr. REDDAN. A research and development program of communications resources?

Mr. SMITH. Yes, sir.

Mr. REDDAN. Do you know whether it carries a date?

Mr. SMITH. I believe, sir, that the date carried on that, at least the copies I have seen, is something like May 31.

Mr. REDDAN. May 31, 1962.

Now, you sent this through channels to Mr. Kunze?

Mr. SMITH. No, sir.

Mr. REDDAN. What happened?

Mr. SMITH. This first memorandum was sent to Mr. Flattery.

Mr. REDDAN. I mean Mr. Flattery.

Mr. SMITH. Yes, sir.

Mr. REDDAN. Why did that go to Mr. Flattery?

Mr. SMITH. It went to Mr. Flattery because at that particular time it was anticipated that this procurement would be a purchase order as such. There was some talk about, at least to my knowledge, some talk that the purchase order would be handled by REPAS or through REPAS with the purchasing office, Mrs. Claggett, the purchasing office of AID. This was written to Mr. Flattery, in conjunction or in desire to provide the justification for sole source procurement to Mr. Flattery in relation to this overall effort.

Mr. REDDAN. Then what happened?

Mr. SMITH. It was received by Mr. Flattery. There was some discussion as to how the purchase order should be handled. It was determined that this should have to go from CRD——

Mr. REDDAN. What is CRD?

Mr. SMITH. Communication Resources Division. This is to the best of my recollection at this time, through REPAS, to Mrs. Claggett, for purchasing. When this action was determined as to what channels would be followed here at this particular point in time, it was then necessary to prepare a recommended or a purchase-order request, I believe is the proper name, to the purchasing department of the agency with which to make this procurement, upon which we went through the paperwork again in preparing such a purchase-order request.

Mr. REDDAN. Why was a purchase order considered in this case rather than putting it through the contract section?

Mr. SMITH. In answer to this, sir, it would be wiser to ask Dr. Winfield or Mr. Kunze or some of the people there.

Mr. HARDY. Do you have any knowledge? Didn't you participate in any conferences where it was discussed?

Mr. SMITH. Yes, sir; I did, to the basic information that was available to me, in these meetings, was that any procurement over $2,500—I hope this is correct—over $2,500, there was a question on that. There was a question in fact that a procurement of the size of $400,000 procurement, which has research and development and possible contract change or amendment to it, would be better handled by a contract as opposed to a purchase order.

Mr. REDDAN. Excuse me, Mr. Smith. You are getting ahead a bit. What I wanted to find out is why you were going through a purchase order routine here initially. You sent this through Mr. Flattery because you were going to handle this by purchase order and I am asking you why you were doing that, rather than going though contract procedure? Did you have——

Mr. SMITH. I was told to make a purchase order.

Mr. HARDY. Who told you to do that? Was that Dr. Winfield?

Mr. SMITH. I was told by Dr. Winfield and Mr. Griswold, who was my immediate superior.

Mr. REDDAN. With your experience in Government procurement, did you question the propriety of using a purchase order rather than a contract for items of this nature?

Mr. SMITH. No, sir, because I was not aware of AID regulations, which do vary from the Department of Defense.

Mr. REDDAN. All right. There came a time then when it was decided not to use purchase order but to go through contract, is that right?

Mr. SMITH. Would you repeat it?

Mr. REDDAN. There came a time when the decision was made not to go through with the purchase order but to send it through the contract section?

Mr. SMITH. Yes, sir.

Mr. REDDAN. Do you know who made that decision? Let's simplify it. Do you have a copy of a memorandum dated June 20, 1962 to Mrs. Claggett, from the Office of the General Counsel, Robert Kanchuger?

Mr. Smith, did you have that in your file?

Mr. SMITH. No, sir, I do not.

Mr. REDDAN. Do you know of that memorandum?

Mr. SMITH. I knew that such a memorandum existed.

Mr. REDDAN. Did you ever see it?

Mr. SMITH. Not to my knowledge, sir.

Mr. REDDAN. Having written this justification, which went to Mr. Flattery, did you have anything further to do with these television sets?

Mr. SMITH. Yes, sir; I did.

Mr. REDDAN. We will take it up to the point where the decision was reached this should not be handled by purchase order and talk to Mr. Kanchuger about that. We will take it up to that point.

Mr. SMITH. This determination was made, the determination was made following this, that it should be a contract. This was made in areas——

Mr. HARDY. In offices other than yours?

Mr. SMITH. Offices other than mine, at which time there was some concern about the ability to get a contract issued.

Mr. REDDAN. Why?

Mr. SMITH. The problem of time, problem of preparation, such things as this.

Mr. REDDAN. What was the deadline?

Mr. SMITH. ASAP, as soon as possible.

Mr. REDDAN. No, what deadline did you have to meet? You said there was a question of whether or not a contract could be written and practical procedures applied during the time available.

Mr. SMITH. That is correct.

Mr. REDDAN. How much time was available to you?

Mr. SMITH. A meeting that was held that you referred to, in Mr. Kunze's office; at this point in time, I believe it was the 19th or 20th day of June. We had just been turned down on the ability to put through a purchase order.

If there was going to be an opportunity of making this procurement, employing funds, fiscal year 1962, it was urgent that, or important that, we get busy as fast as possible in order to do whatever was necessary prior to the end of fiscal year 1962.

Mr. HARDY. Prior to the end of fiscal year?

Mr. SMITH. Correct.

Mr. REDDAN. What did you do?

Mr. SMITH. Dr. Winfield and myself went down to see Mr. Kunze to talk about the possibilities of getting a contract issued. We provided the correspondence to Mr. Kunze that had been given to Mrs. Claggett.

Mr. REDDAN. Excuse me, what was that, sir?

Mr. SMITH. We provided the correspondence, the memoranda, that had been given to Mrs. Claggett, to Mr. Kunze, for his review. Mr. Kunze looked at the material and indicated that there was difficulty in doing this in the time period, and further indicated that there was a question as to whether sole source procurement was justified based upon the information contained in the documents submitted to him at that time. At which point in time, Mr. Kunze stated that we should run further checks, with other manufacturers, et cetera, to better establish or to really establish the justification for sole source procurement.

Based upon this, I was asked to contact additional manufacturers, which we then left the meeting. We were to prepare PIO/C, or T, I forget which. In other words, a PIO/C and re-do the justification.

Mr. REDDAN. Did you ask Mr. Kunze for a waiver?

Mr. SMITH. Yes, sir.

Mr. REDDAN. What sort of waiver were you seeking?

Mr. SMITH. I believe if I am correct, a waiver for comparable proposal.

Mr. REDDAN. Mr. Kunze did not give you that waiver at that point?

Mr. SMITH. Not at that point.

Mr. REDDAN. Did he tell you why he wouldn't give it to you?

Mr. SMITH. He felt that there was not adequate justification in the documents that had been provided to him.

Mr. REDDAN. Did Mr. Kessler participate in the meetings?

Mr. SMITH. Yes.

Mr. REDDAN. Anyone else?

Mr. SMITH. Mr. Kunze, Mr. Kessler, Mr. Winfield, and myself; that is all I can recall at the moment.

Mr. REDDAN. And you were told to contact television manufacturers?

Mr. SMITH. Additional television receiver manufacturers.

Mr. HARDY. What was the date then? This was on June 19th, or was this later?

Mr. SMITH. This conversation, to the best of my recollection, took place either on the 20th—I believe it was on the afternoon of the 20th.

Mr. REDDAN. You were turned down by the General Counsel's office on the 20th.

Mr. SMITH. Then it was the 21st; whichever date it was.

Mr. REDDAN. Were you told whom to contact?

Mr. SMITH. No, sir, I was not.

Mr. REDDAN. Were you told what information to obtain?

Mr. SMITH. No, sir, I was not.

Mr. REDDAN. What did you rely on for your framework of your inquiry of these television manufacturers?

Mr. SMITH. I relied upon essentially the experience which I had received over some previous years, which was the best I had to rely on at the moment.

Mr. HARDY. What did you say when you called these people? Did you say: You don't want to bid on these sets, do you?

Mr. SMITH. No, sir, I did not say that.

Mr. REDDAN. I have before me, Mr. Smith, a typewritten, undated document. I wonder if you could identify it for me.

Mr. SMITH. Yes, sir, I would be glad to.

(Document handed to the witness.)

Mr. SMITH. I so identify it, sir.

Mr. REDDAN. What is that document?

Mr. SMITH. This document is entitled, "Companies Contacted Concerning 23-inch Television Receivers." It is divided into five sections.

Section 1 is entitled, "Companies contacted by Dr. Winfield."

Section 2,——

Mr. REDDAN. I will ask you some questions about that.

Who prepared that document?

Mr. SMITH. I did, sir.

Mr. REDDAN. When did you prepare that?

Mr. SMITH. I prepared it after having conversations with Mr. Woods. Mr. Woods visited our office. During his visit he asked questions about what had been done in contacting each company. At that point in time I had not written down everything that I had said, or I

had not tried to write it down, the time being what it is. As a result of Mr. Woods' questions, in an effort to make a basic record of some of the things, or of the things I had said, I wrote this document.

Mr. HARDY. You reconstructed from memory what took place when these television manufacturers were contacted?

Mr. SMITH. Yes, sir.

Mr. HARDY. And at the time Mr. Woods visited you, that was what date? Do you recall the date Mr. Woods visited you?

Mr. SMITH. It was one of the first visits that Mr. Woods made, probably the second or third visit.

Mr. HARDY. Some time in August, was it not?

Mr. SMITH. In July.

Mr. REDDAN. July 19, 1962; would that be possibly a correct date?

Mr. SMITH. I could check my files. I don't have it here.

Mr. HARDY. In any event, this is somewhere in the neighborhood of a month after the actual happenings on which you were now preparing a basic document. Is that substantially correct?

Mr. SMITH. At this point in time, some 19 days after the 30th.

Mr. HARDY. So that there was actually no basic record kept in the agency until Mr. Woods stimulated it? Is that substantially correct?

Mr. SMITH. Just a second, sir. May I refer——

Mr. HARDY. Please do. I would like to find out.

Mr. SMITH. On July 6th I wrote, in an effort to establish a record of some time—and in the rather busy schedule we have, I tried to establish some type of a chronology of what had occurred. This was written July 6th, 1962, from myself to Dr. Winfield, and established a chronology of the activities that had essentially taken place during this activity, and, in addition, the things that had to be done following the contract award.

Mr. HARDY. Without objection, these two documents will be placed in the record as appendixes X(a) and X(b), respectively, pp. 262, 264: Mr. Smith's memorandum of July 6, 1962, to Dr. Winfield; and and Mr. Smith's undated memorandum, headed "Companies Contacted Concerning 23" Television Receivers."

What was the purpose of that July 6 chronology?

Mr. SMITH. The purpose was to—Realizing that there was a problem in establishing things as a matter of record, it was an effort on my part, as a new member of the agency to try to do so, and to do it to the best of my ability so that people could look back and see basically what was done.

Mr. HARDY. Did you send copies of that to anyone else; or just keep it in the file? Was this a file document; or did you circulate it?

Mr. SMITH. No, sir; it went to Dr. Winfield, Mr. Griswold, and Mr. Hoke.

Mr. HARDY. Did any of them suggest any modifications?

Mr. SMITH. No, sir.

Mr. HARDY. And this, then, was the basic document, and you say that was dated what?

Mr. SMITH. July 6th.

Mr. HARDY. So this was really about a week after the actual contract was placed; is that right?

Mr. SMITH. Yes, sir.

Mr. HARDY. It was about 2 to 3 weeks following the actual solicitation of interest in this procurement?

Mr. SMITH. That is about correct, sir, I think; yes.

Mr. HARDY. I am just trying to get the general framework of the time situation here.

Mr. SMITH. Yes, sir; I think that is about right.

Mr. HARDY. Now, then, I take it we have just been talking about another document, a document which you prepared sometime after the middle of July, and I get the impression that this was an effort to have a more complete documentation of things which took place in connection with this procurement; is that right?

Mr. SMITH. Yes, sir.

Mr. REDDAN. When you made the telephone calls to these companies, how many companies did you call?

Mr. SMITH. Six.

Mr. REDDAN. How did you select those six companies?

Mr. SMITH. I consulted the document, or a book called Television Factbook.

Mr. REDDAN. Television Factbook?

Mr. SMITH. Correct.

Mr. REDDAN. Yes, sir.

Mr. SMITH. It is put out for the television industry, and the Television Factbook——

Mr. REDDAN. Is this the book?

Mr. SMITH. No, sir.

Mr. REDDAN. This is called Television Factbook.

Mr. SMITH. The one I have is extremely thick. It doesn't look the same.

Mr. REDDAN. This is the 1960 edition, Television Factbook.

Mr. SMITH. I think I have the 1961 edition, sir.

Mr. REDDAN. How did you make your selection?

Mr. SMITH. I went through the receiver companies, the receiver manufacturers as listed in this book.

Mr. REDDAN. How many were there?

Mr. SMITH. There are some—approximately—Well, this is a hard point to nail down, but it is somewhere around 25, plus or minus a few. And in this particular instance, looking at the listing of receivers or receiver manufacturers that from personal knowledge I was most aware of that could do a job.

Mr. REDDAN. Had you ever heard of RCA?

Mr. SMITH. Yes, sir.

Mr. REDDAN. Had you ever heard of Motorola?

Mr. SMITH. Yes, sir.

Mr. REDDAN. Had you ever heard of General Electric?

Mr. SMITH. Yes, sir.

Mr. REDDAN. Had you ever heard of Westinghouse?

Mr. SMITH. Yes, sir.

Mr. REDDAN. Did you contact them?

Mr. SMITH. No, sir.

Mr. REDDAN. Why didn't you contact them?

Mr. SMITH. Because the contacts had been made previously by Dr. Winfield.

Mr. REDDAN. When did Dr. Winfield make those contacts?

Mr. SMITH. Earlier in 1962.

Mr. REDDAN. Do you have any personal knowledge of when he made the contacts?

Mr. SMITH. Only from those documents and testimony and information which the committee, I believe, has already been provided with.

Mr. REDDAN. Having made those telephone calls, did you make a memorandum of your conversation, with whom you talked and what they said and what you said to them?

Mr. SMITH. No, sir; I did not. Time was fleeting.

Mr. REDDAN. In your memorandum of July 6, to which you have just referred as being an earlier reporting of your telephone conversations, what do you say in that memorandum to Mr. Winfield about these telephone calls?

Mr. SMITH. You are referring to what date?

Mr. REDDAN. That is——

Mr. SMITH. Which part are you referring to?

Mr. REDDAN. Whichever one you want.

Mr. HARDY. The question, I think, was: What do you have to say in your memorandum about your contacts with these people? That is the thing I would be interested in. I haven't looked at this memorandum here, so whatever part of it fits that.

Mr. SMITH. I will start with 1(c), I guess:

At various times, November 1961—June 1962, both verbal and written contacts were made with more than 11 manufacturers of television sets to obtain a 23-inch transistorized unit.

Mr. REDDAN. Excuse me. Do you know how many of those 11 manufacturers that you refer to there were asked about a 23-inch transistorized unit?

Mr. SMITH. At least six companies——

Mr. REDDAN. Which six companies?

Mr. SMITH (continuing). That I talked to were asked about the 23-inch unit.

Mr. REDDAN. You say your six companies. How about the others?

Mr. SMITH. I am not aware of the conversations that were held with the other companies. I was not present.

Mr. REDDAN. Is there anything in the files that you know of, that you have seen, or any information you have that any of the other five manufacturers were asked to produce a 23-inch transistorized television set?

Mr. SMITH. At the moment I cannot recall, except, of course, for the EIA paper; Electronic Industries Association paper. But as to correspondence with companies, sir, I cannot recall having seen such correspondence.

Mr. REDDAN. All right.

Paragraph 1(d) of your memorandum to which we have just been referring——

Mr. SMITH. Yes, sir?

Mr. REDDAN. Will you read that?

Mr. SMITH. Yes, sir. [Reading:]

Of all the manufacturers contacted, only one, the Warwick Manufacturing Co., was able to demonstrate and produce a 23-inch transistorized television receiver. Other manufacturers contacted, including RCA, Zenith, Admiral, Motorola, Emerson, Magnavox, Philco, General Electric, Sylvania, and Westinghouse. None of the manufacturers listed made 23-inch receivers nor were they interested in the project unless considerable research and development dollars were provided by AID.

Mr. REDDAN. Now, do I understand that statement to be that none of the manufacturers contacted could produce a 23-inch set? Is that what you are saying there?

Mr. SMITH. No, sir.

Mr. REDDAN. You say:

> Of all the manufacturers contacted, only one, the Warwick Manufacturing Co., was able to demonstrate and produce * * *
> Now was anybody else asked to produce one? That is the point.

Mr. HARDY. Was anybody else asked to demonstrate one?

Mr. SMITH. In some of the companies that I contacted I asked the question: Do you have a unit that can be demonstrated? I asked that question.

Mr. HARDY. Warwick didn't have one until they made a prototype. Did you know that?

Mr. SMITH. Yes, sir.

Mr. REDDAN. How long did it take Warwick to make a prototype, do you know?

Mr. SMITH. I don't know.

Mr. REDDAN. Do you know it took several months?

Mr. SMITH. I would assume so.

Mr. REDDAN. Did you give these companies any deadline in which to produce a 23-inch set when you talked with them over the telephone?

Mr. SMITH. No, sir.

Mr. HARDY. Actually, did you ask them if they would produce a 23-inch set?

The way I get this—and if I am wrong I would like to be corrected—I get the impression that the only thing you said was, "Do you have a 23-inch set in production?"

Mr. SMITH. I asked a whole series of questions, sir, of each of the manufacturers that I contacted.

Mr. HARDY. But of the ones that you contacted, I think, it seems clear to me that you inquired as to whether they were producing a 23-inch set at the time.

Mr. SMITH. Yes, sir; I did.

Mr. HARDY. But the question that I am not clear on is whether there was any effort to determine whether they could produce one in a reasonable period of time; whether they had the facilities; whether they had the technical capability.

Mr. SMITH. To the best of my recollection, sir, with some of the companies—not all of them; some of the companies that I contacted, I asked certain questions at the outset. First——

I would like to describe it, if I may.

Mr. REDDAN. Excuse me, Mr. Smith. I have before me this document you said you prepared for Mr. Woods, or you prepared after Mr. Woods called on you.

Mr. SMITH. Yes.

Mr. REDDAN. Do you have a copy of it before you?

Mr. SMITH. Yes.

Mr. REDDAN. That purports to set forth the questions which you asked the people?

Mr. SMITH. Right.

Mr. REDDAN. Did you have those written down before you at the time you made the telephone calls?

Mr. SMITH. I had some basic notes, just one- or two-word notes to myself, as to what questions and what information I should ask about.

Mr. REDDAN. Do these questions reasonably accurately reflect——

Mr. SMITH. They are reasonably accurate. There is one that did slip my mind. In the outset of most of the telephone conversations, in addition to the questions here, I also tried to describe our basic program and problems to the people that I talked to as well, so they would have a full understanding of our problem.

Mr. REDDAN. Your memorandum shows you contacted by telephone on June 20 Zenith Corp., Philco Corp., Magnavox, Sylvania, Admiral, and Dumont Emerson. And your first question is:

Are you in the television receiver business?

Did you actually ask that question?

Mr. SMITH. Yes, sir.

Mr. REDDAN. What did they say?

Mr. SMITH. "Yes, sir."

Mr. HARDY. What official of the companies did you talk to? Did you call any particular individual?

Mr. SMITH. I did my best to reach sales managers, marketing managers, and, in lieu of these, chief engineers or someone who would have some knowledge or be able to talk intelligently about what that manufacturer was doing and what their capabilities were and what they had or what they could do or what they could offer.

Mr. REDDAN. I think the quickest way to handle it would be if you were to read paragraphs 3 and 4. Paragraph 3 contains requests of the company, and 4 is the general consensus of the manufacturers.

Mr. SMITH. Yes sir, I will. [Reading:]

Are you in the television receiver business? Do you make, have you made, or do you plan to make transistorized television receivers? Could you provide a television receiver, transistorized, 23-inch, tropicalized, which would operate on 12-volt d.c., with power drain of 30 to 35 watts, with receiver also to operate on 117–220 volts, 50–60 cycle? Could you make the receiver also on CCIR? Do you have one to demonstrate? How long would it take to get one? How far have you gone in transistorization?

Paragraph 4:

General consensus of manufacturers contacted: Yes, we are in the television business—

I mean the receiver business.

We have done some basic work in the field of transistorization but have not made any 23-inch receivers. As a matter of fact, we have not seen any market for transistorization except in the very small sizes. The American market simply won't support large transistorized receivers over tube receivers at this time. Costs would be prohibitive to both the customer and manufacturer. Your specification requirements are real tough. We could not do it at this time as we have nothing. We are interested, although there would be some research and development costs.

That is the end of paragraph 4.

Mr. MONAGAN. What does CCIR mean?

Mr. SMITH. CCIR is—the exact definition I once gave Mr. Woods, and I have since forgotten it. It is rather long, but it is an organization in Europe similar to our EIA, which sets electronic standards in radio, television, et cetera, for the European area or environment, much as we do in this country.

Mr. REDDAN. Is this last paragraph intended to convey that this consensus includes the information obtained by Dr. Winfield when he contacted these other maufacturers?

Mr. SMITH. No, sir; because this is in error. I should have put the same comment I had under 3 and 4, as in item 2 above. In other words, this is a consensus of companies contacted by me.

Mr. REDDAN. Did you tell these companies that you were interested in soliciting bids on a 23-inch set?

Mr. SMITH. Well——

Mr. REDDAN. Excuse me, Mr. Smith. Is this a normal way for Government to procure such an unusual item as this, a 23-inch transistorized set?

Mr. SMITH. Well, sir, exactly what procurement regulations are for the agency—I had not reviewed them as of this time. My experience, however, indicated, after working with the Government, observing Defense Department practices in procurement, and having them used with—and having procurement people having talked to me in many cases, some of the prime questions asked were to establish whether, for example, when I was in business, in industry, as to whether I was actually a manufacturer of the equipment involved; did I have the capability; did I have this equipment available, or could I produce it? All of these questions to establish exactly what this manufacturer had done in the field, because it is quite simple to simply go across the broad range. Anybody in the United States in the electronic business really could make a transistorized television receiver when it all boils down.

Mr. REDDAN. If they had as much time as Warwick?

Mr. SMITH. This is entirely possible.

Mr. REDDAN. As a matter of fact, Motorola already had one in production.

Mr. SMITH. What?

Mr. REDDAN. A transistorized television set on which to impose a 23-inch tube.

Mr. SMITH. That, sir, I was unaware of.

Mr. REDDAN. You were not aware of that?

Mr. SMITH. No, sir.

Mr. HARDY. I would be very much interested in what you said to these people, and just how much information you gave. I would like to read, without identifying the source of it at the moment, a memorandum on one of the conversations you had.

Mr. SMITH. Yes, sir.

Mr. HARDY. This has to do with one of the conversations you had on June 20. The person with whom you talked wrote this to his boss, the president of the company, I think. He says:

> A Mr. Gene Smith of the State Department called me relative to availability and the possibility of securing 23-inch transistorized TV sets.

Before reading his next sentence, I want to ask you, how large is the procurement of these sets expected to be, the ultimate procurement of these sets?

Mr. SMITH. Ultimate procurement?

Mr. HARDY. Yes.

Mr. SMITH. It depends upon the requirements of the field. It depends on how it is handled. It can depend a great deal on the

knowledge in the various countries with whom we are working. When they realize—and it has already happened—when they realize and have realized the possible availability of such a receiver, that the countries themselves will proceed to, for a desire for this equipment, for these receivers, as well as the Agency or other organizations who have responsibility in this area.

Mr. HARDY. Does that mean that it is expected that these 1,000 sets would stimulate a desire on the part of the recipients of our foreign aid for additional sets and that we would be in the wholesale procurement of these things around the world?

Mr. SMITH. No, sir, this is not intended whatsoever.

Mr. HARDY. Let me finish the memorandum. The memorandum continues:

> They are interested in an immediate 1,000 such units and in the near future this demand could reach 25,000.

Do you recall using such a figure as this in your discussion?

Mr. SMITH. Yes, sir, in some instances, yes.

Mr. HARDY. Continuing with the memorandum:

> These instruments must be capable of being powered by 12-volt batteries. The sets are needed in the many small villages around the world such as in South America, Africa, and south Asia, where the villages are within receiving distance of a TV transmitting station, but do not have sufficient local power to operate a a.c.–d.c. set.

and this is very significant, as to his reaction to your conversation—

> Mr. Smith suggests—that if we have any interest in this area, and are presently planning on doing research work toward this end, he would be most happy to have us consult with his Department relative to the development of such instruments.

And that is a far cry from a procurement request. That is what he understood you to be asking for.

Mr. SMITH. That, sir, is the context and opinion, in my way of thinking, of the individual who wrote it.

Mr. HARDY. Of course.

Mr. SMITH. In this business, which I have been a part of, I have had customers call me, from the Government, to ask for equipment in the same fashion, which I did. My answer to them was no, we don't make it, or we are not interested at this time, such things as this, at which time I proceeded as part of my job to advise my general manager that such a requirement was coming to pass, and that we certainy ought to take an interest in the program.

Mr. HARDY. Mr. Smith, I am not undertaking to indicate what you said to him; I don't know, but as one salesman to another, you know if we don't get our ideas across to our prospective customer we are not likely to get what we are trying to get.

Mr. SMITH. Yes, sir.

Mr. HARDY. Now, he got the impression that you were asking him whether or not his company was interested in a research and development program as a long-range proposition, not that you had to have an answer as to whether he could supply this set within 10 days. If he didn't, then he sure did mislead his principal. This was a sales manager. I am just pointing out the impression that you left with at least one person that you talked to. I don't know what you said to him.

Go ahead.

Mr. REDDAN. You talked to Emerson?

Mr. SMITH. Yes, sir.

Mr. REDDAN. Who did you talk to at Emerson?

Mr. SMITH. I cannot recall, sir, to this day who I talked to. Perhaps the committee knows.

Mr. HARDY. We may.

Mr. REDDAN. You talked to Mr. George Cohen.

Mr. SMITH. The name rings a bell.

Mr. REDDAN. He said he talked with you.

Mr. SMITH. Fine.

Mr. REDDAN. Do you recall what you told him?

Mr. HARDY. I think that is probably a little difficult. He couldn't even recall the name of the gentleman he talked to.

Mr. SMITH. I basically asked the same questions which we have been discussing, sir.

Mr. REDDAN. Did you give him any deadline? Did you tell him you were interested in present procurement?

Mr. SMITH. No, sir, I do not believe I did in Emerson, because in talking with Emerson, when I asked the first series of questions, it was indicated or stated to me that they had no transistorized television receiver equipment available, that they were, to the best of my knowledge, in recalling, that they were involved, as all companies are, in keeping their hand in in transistors in attempting to work on or build transistor units, but at this time they did not have transistor units and they did not have a 23-inch available. To the best of my knowledge, they did not have one coming available.

Mr. REDDAN. Did they suggest any company you might contact?

Mr. SMITH. Yes, sir. Motorola.

Mr. REDDAN. Did you contact them?

Mr. SMITH. I attempted to contact them, sir.

Mr. REDDAN. Was the line busy?

Mr. SMITH. No, sir.

Mr. REDDAN. Why didn't you reach them?

Mr. SMITH. I placed a call to Motorola, talked to or tried to reach Mr. Pat Calobrisi. Mr. Calobrisi was in a meeting. I left a note with the secretary to have Mr. Calobrisi call me. He did not, and I did not get in contact with him back.

Mr. REDDAN. Has Mr. Calobrisi since been in contact with you?

Mr. SMITH. Yes, sir, he has.

Mr. REDDAN. Do you think it would have been worthwhile for you to have pursued the telephone call that day?

Mr. SMITH. At the point in time, when Mr. Calobrisi contacted me, which was later on in July, I recall having chided Pat about it.

Mr. REDDAN. You chided him?

Mr. SMITH. Yes. In the midst of the conversation I said, "By the way, the one statement I made——

Mr. REDDAN. When did he come to see you? What was the purpose of this call?

Mr. SMITH. Just a moment.

He came to see me on Monday, following the 19th, whatever date that is, because he wrote me a letter on the 19th, and I believe he was in my office the following Monday.

Mr. HARDY. That is June or July?

Mr. SMITH. July.

Mr. REDDAN. He came to see you on the 23d. Why did he come to see you on the 19th?

Mr. SMITH. Mr. Calobrisi, after having seen the published information on the 23-inch transistorized television receiver, called first Dr. Fei, and then called me. His conversation with Dr. Fei, I am not aware of the details, but he called me. When he called me he was a little disturbed to say the least that it had been awarded to Warwick and I said—and he proceeded to discuss it, discuss the letter of April 26, and so forth and so on.

I said, well, I was a little indisposed as to exactly what to say, but I did know that I was extremely interested in what Motorola could or could not do and desired to establish personal contacts with Mr. Calobrisi and asked Mr. Calobrisi, well, can you—part of his letter, by the way, was——

Mr. REDDAN. Does this letter more or less sum up his conversation with you on that date?

Mr. SMITH. Yes.

Mr. REDDAN. Suppose you read the letter?

Mr. SMITH. Fine.

Mr. REDDAN. Incidentally, where was this letter when we called for the agency file?

Mr. SMITH. The letter simply had not been filed.

Mr. REDDAN. It hadn't been?

Mr. SMITH. It hadn't.

Mr. REDDAN. Where was it?

Mr. SMITH. The letter was in my briefcase.

Mr. REDDAN. I have another letter here of December 11, 1961, from Motorola to AID, giving quotations on television sets. I just got this this morning. Where had this been?

Mr. SMITH. This was in the files.

Mr. REDDAN. In what files?

Mr. SMITH. In a file cabinet in my office, which I have desperately been trying to determine what is there. It was not in the Motorola file, nor was it in any other file that I was acquainted with. Upon being recalled to me—upon Mr. Woods asking about this particular letter, which had not come to my attention prior to this, I proceeded to go back and say, "Well, this letter must exist someplace in here," and I therefore asked the secretaries to "Search until you find it." At which time such search was instigated and it was found and I in turn gave it to Mr. Woods.

Mr. REDDAN. All right.

Now, to get back to this letter of July 19, 1962, to you from Motorola, would you please read that?

Mr. SMITH. Yes, sir; I will.

The letter is to the attention of Mr. W. E. Smith, Radio-Television Officer, Communications Media Staff.

Ours, I am so pleased to say, developed into a most refreshing visit over the phone yesterday. Early in the day I had expressed to Dr. Edward Fei how taken aback we at Motorola were on noting for the first time through press releases that an AID educational television project for 1,000 transistorized TV receivers had been awarded to Warwick.

To be sure, we felt let down, and rightly so, if only because we had rather nursed and nourished the battery-operated ETV application for the underdeveloped nations with the ICA from its very early stages as a concept.

The kickoff of such a program without Motorola in the picture is going to be an experience, I am rather well convinced, like looking forward to uncorking a fresh bottle of soda only to find the fizz is all gone.

Mr. HARDY. We are finding the fizz.

Mr. REDDAN. Or the fuzz.

Mr. SMITH (reading):

I am chagrined not over losing the contract but rather because we apparently were unaware of the fact that a specific contract was to be let out and therefore didn't get the opportunity to bid on it. In his letter of April 26, 1962, a portion of which I read to you over the phone, John Reilly noted the failure of the battery operation in the test set we had supplied, but otherwise was most complimentary regarding the construction and performance of the set. I was rather led to believe from his remarks in the letter that ICA would continue to work and communicate with us in the refinement of its program requirements to the extent that I was completely disarmed concerning the intent of ICA to let out a specific contract which it is now evident was imminent at that time.

But that is water over the dam—my purpose in calling Dr. Fei and you, Gene, is simply to dust off Motorola's hat and pitch it into the ring again. We belong in this program. We fit into it as naturally as a ring on a bride's finger because of our overwhelming and uncontested strength in this particular field of capability. Motorola was the first to introduce large-screen battery-operated TV receivers onto the American scene or, for that matter, anywhere in the world, to the best of my knowledge. This dates back to 5 to 6 years. We have, over this period, amassed an impressive engineering capability by thus having actively engaged in the research and development of transistorized TV receivers. The introduction of the 19-P-1 battery-operated transistor TV portable several years ago was acclaimed at that time as a technological breakthrough. It still is that. Today, we still are the only active producer (and successfully so) of such a product. Technological innovation is Motorola's meat and potatoes, and history is well documented with such star-studded events. One isn't cooled off before we are out at the forefront breaking with another. In addition to this well-documented leadership in engineering capability, we do have the indisputable advantage over any other firm of having successfully and continuously produced and marketed for the past several years a large-screen transistorized battery television receiver. This has afforded Motorola the exclusive opportunity to gather, analyze, and act upon such factors as reliability, quality, performance, and service, which you know so well can only be obtained from field experience.

We have this invaluable experience at hand right now. We don't have to wait to get it or guess at it in advance, nor would AID have to pay us to learn it or otherwise acquire it. Also, we have a product available for delivery today, not many months from now, and we can design and produce the product AID specifies in what I believe would be a short period and at more attractive costs than any manufacturer I know of on the American scene.

Gene, you can see that we are poised, ready, and anxious to work with AID on this program. You can well understand now why I am so much looking forward to visiting with you in Washington next Monday.

Very truly yours,

(Signed) PATRICK A. CALOBRISI,
Product Planning Manager.

Mr. REDDAN. What is the delivery date on the sets with Warwick?

Mr. SMITH. The delivery date on these sets with Warwick, if I may refer to the contract, sir, under article 4, time and place of delivery, item 1, 100 receivers, November 30, 1963.

Mr. REDDAN. How many months lead date is that?

Mr. SMITH. And the other——

Mr. REDDAN. How many months from the date of the contract until the first set will be delivered?

Mr. SMITH. I believe that is approximately 17 months.

Mr. REDDAN. And how many months will it take before they can finish the contract?

Mr. HARDY. 17 months before they begin delivery?

Mr. SMITH. I believe it is 17 months from the date of contract.

Mr. HARDY. And who negotiated that contract?

Mr. SMITH. This contract was negotiated by the contracting people and myself.

Mr. HARDY. This is a thing where all the development has been done.

Mr. REDDAN. How long will it take them to complete delivery of the thousand sets?

Mr. SMITH. It will run, I think a following series of months. Let me drop a page or so. November, December, 1963, January 1964, and the last shipments according to this, would be as of March 1, 1964.

Mr. REDDAN. At the beginning of your testimony, Mr. Smith, you stated that your first job with AID was to prepare a justification for sole source procurement.

Mr. SMITH. Yes, sir.

Mr. REDDAN. Would it be fair to say that this exercise that you went through calling these companies would prepare a record which would support a sole source material?

Mr. HARDY. He didn't make any record.

Mr. REDDAN. What record there is, to make a paper record of justification for sole source material?

Mr. HARDY. I don't think we need to get into that. Obviously, his instructions were to justify what he knew had been decided to be done. It isn't a thing in the world but window dressing. It must have been clear to you at the time you did it, Mr. Smith, and that is what bothers me.

Mr. SMITH. No, sir.

Mr. REDDAN. What would you have done if somebody said yes, they had a set?

Mr. SMITH. Called a halt and go and present the facts to people who——

Mr. HARDY. If you had talked to Motorola, they would have told you they had a set and could deliver them in 6 months.

Mr. REDDAN. Have you, since you let this contract, had any quotations from Motorola on 23-inch transistorized television sets which would meet AID specifications?

Mr. SMITH. Yes, sir.

Mr. REDDAN. When did you receive that?

Mr. SMITH. Yesterday afternoon, late.

Mr. REDDAN. What quotations were you given for the same set which——

Mr. HARDY. Set built to the specifications.

Mr. REDDAN. Built to specifications of AID?

Mr. SMITH. If Mr. Woods will give me my only copy, I will tell you.

Mr. HARDY. Is this it? What quotation did he give you for a thousand transistorized sets? What is the unit price?

Mr. SMITH. $231.43.

Mr. REDDAN. As opposed to what from Warwick?

Mr. SMITH. I believe——

Mr. HARDY. $390 as against $231?

Mr. SMITH. $372.

Mr. HARDY. This does not include packaging?

Mr. SMITH. No, sir; I don't believe it does.

Mr. HARDY. That would be the key; $372 does not include packaging, on the Warwick side, as I recall testimony this morning, and so far as you know, the quoted price of $231.43, is without packaging.

Mr. SMITH. To the best of my knowledge.

Mr. HARDY. Compared with $372, or a difference of a little over $140 a set?

Mr. SMITH. Right.

Mr. HARDY. $140,000 in the contract right now.

Mr. REDDAN. Have you any responsibility for the setting up of manuals for the repair and maintenance of these sets?

Mr. SMITH. Yes, sir.

Mr. REDDAN. What sort of manuals are you going to come up with?

Mr. SMITH. An effort at as well documented a manual as possible, especially in relation to pictures, chassis breakdown, aside from just operating controls which would do nobody in the field any good——

Mr. REDDAN. Wouldn't do anybody in the field any good? Who is going to service these sets, Mr. Smith?

Mr. SMITH. These sets, to the best of my knowledge, will be serviced by assistants of our communications media officers in the field, some radio and television people, which we already have in the field, with assistants——

Mr. REDDAN. Are they television technicians?

Mr. SMITH. In most cases they are, and in some cases they are radio. In other parts of the program, the plan is to employ Peace Corps assistance and as a part of the overall program, it was planned to train local people on the maintenance of the television receivers.

Mr. HARDY. Have you any honest basis for assuming that you could make a success of that? In these jungle areas where you propose to put them, you can take——

Mr. SMITH. Yes, sir. There are in these countries, some, not many, but some competent electrical or engineers or technicians, and with the interest of these governments in the program that we are talking about, or programs that we are talking about here, we have found that they are more than pleased to provide such few engineers and technicians that they have in their country.

Mr. MONAGAN. Mr. Chairman, do we have evidence as to what countries these sets will be placed in?

Mr. HARDY. Their testimony was, if my memory serves me correctly, that they reached in a hat and said we are going to put 200 sets in each of 5 countries; that they had not talked to any governments about the possibility of doing this, but they thought they could get them to accept them. That is about my reaction to the testimony we have.

Mr. MONAGAN. The witness is talking about certain countries, about countries——

Mr. HARDY. One country that has been mentioned was Surinam.

Mr. SMITH. No, sir.

Mr. HARDY. I had understood that was included in this——

Mr. SMITH. Not to my knowledge, sir.

Mr. HARDY. I haven't seen anything that was too definite, but in connection with this maintenance question, you have been working with this television business a right good while.

Mr. SMITH. Yes, sir.

Mr. HARDY. Do you consider yourself competent to maintain your own personal television set at home?

Mr. SMITH. To only a limited extent.

Mr. HARDY. To only a limited extent. Now, limited extent is not going to be adequate if you have sets sitting out in jungle and all you have is natives to look at them. After you once get them broken in to expecting these programs to come through, you are going to have a riot on your hands if those pictures stop, aren't you?

Mr. SMITH. If they are anything like——

Mr. HARDY. Even if we had you out there, you couldn't keep them in shape?

Mr. SMITH. Sir, I would not be the one to do it.

Mr. HARDY. No.

Mr. SMITH. I would not——

Mr. HARDY. But you would train the natives to do it?

Mr. SMITH. No sir, I would not be the one to train these natives to do it.

Mr. HARDY. You are going to get Peace Corps people to do it. They have competence in everything?

Mr. SMITH. Some of our own communications media people, sir, are very competent.

Mr. HARDY. But how many have you? Do you have enough to send around to each of these villages?

Mr. SMITH. They, sir, are sufficiently competent to train competent local foreign personnel.

Mr. HARDY. You have a mighty broad assumption there, that they are sufficiently competent to train competent, underscored, local——

Mr. SMITH. Yes, sir.

Mr. HARDY. Maybe they could get the chief, in some of these areas they could get the tribal chief.

Mr. SMITH. I think you would have a problem, sir.

Mr. HARDY. I think they would. And as a matter of fact, even the Warwick people thought you would have a problem. In a memorandum of July 2, Mr. Trukenbrod stated; this was just after the contract was awarded, are you familiar with what he said about service?

Mr. SMITH. As a matter of fact, Mr. Trukenbrod and I talked about the problem.

Mr. HARDY. You are familiar with what he said. Then you know of his skepticism about it, don't you? And he was the fellow that sold the sets. He said:

> We made the following point quite clear to Mr. Smith, Mr. Daughtridge, and Mr. Kessler, this set will be comparable to a typical domestic set insofar as service is concerned.

So there is going to have to be just as much service as on that set you have that you say you haven't got the competence to maintain.

Mr. SMITH. Of course, sir, this is part, I believe Dr. Winfield testified, this is part of the overall program, the overall television receiver program.

Mr. HARDY. Another one of these dreams that I hope might have a little more substance to it than some of the others.

Mr. SMITH. It would be a disaster to our country if it was.

Mr. HARDY. You are so right, it would be a disaster.

What guarantee does the Warwick set carry?

Mr. SMITH. Warwick set normally carries, when it is sold commercially——

Mr. HARDY. What does it carry in this contract?

Mr. SMITH. In this contract, to the best of my knowledge, it does not carry a warranty.

Mr. HARDY. That I believe is correct. So it is an "as is" proposition, and it is up to people out there in the jungles to make the sets function.

Mr. Winfield, do you want to say something. You are sitting back there and look like you are about to pop. Come up if you want to talk.

FURTHER TESTIMONY OF DR. GERALD F. WINFIELD, CHIEF, COMMUNICATIONS RESOURCES DIVISION, AGENCY FOR INTERNATIONAL DEVELOPMENT

Dr. WINFIELD. Yes, sir. The countries where these sets are going to go are countries that already have television transmitters. They have been on the air already.

Mr. HARDY. How do you know where they are going to go, you testified the other day you didn't know.

Dr. WINFIELD. I testified the other day they were going to countries where there were transmitters on the air. We have no plans to put them in any place where there are not existing transmitters.

Mr. HARDY. Of course, if you did, there wouldn't even be a signal for them to pick up.

Dr. WINFIELD. This is exactly the point. There are 4½ million sets in the countries in which we expect to operate that are already in existence, and are being maintained in those countries right now, by somebody.

Mr. HARDY. But they are in civilized areas and you are not planing to put these in civilized areas.

Dr. WINFIELD. We are planning to be 5 and 10 and 15 miles out around the edges of exactly those same areas, because that is the only place where there is a television signal.

Mr. REDDAN. What countries, Doctor?

Dr. WINFIELD. Countries we have thought of——

Mr. HARDY. Maybe you better not put this on the record, unless it has already been publicized. Have you already publicized any country that you are planning to put these in?

Dr. WINFIELD. No, we haven't.

Mr. HARDY. Because I would hate for them to think we are bigger fools than I think we are in this program.

Dr. WINFIELD. Well, sir, they are maintaining sets there now. You yourself established here that the maximum radius of television transmission is around 50 to 60 miles. This means that no receiver will be located further than 50 or 60 miles from a transmitter.

Mr. HARDY. Didn't you testify the other day it is 150 miles.

Dr. WINFIELD. I said in some circumstances you might get a transmitter that would go 150 miles.

Mr. HARDY. That is better than we have here. Maybe they have better TV transmitters in some of those countries. Maybe they have put them up higher than we have here, I don't know.

Dr. WINFIELD. But to get back to the basis of the maintenance problem, sir, there are at least several thousand sets already in any country that we would possible conceivably put these sets into. A part of what we are trying to do is to discover experimentally, determine what patterns of logistic support will be required.

Mr. HARDY. All I have to say is you have grandiose ideas of what constitutes experimental determination if you are going into a program that is going to cost you from a million-and-a-half to $3 or $4 million, and that is what you are going to wind up with. At any rate, I think we have explored that enough. The further we get into this the more preposterous it is that we have people sitting in high positions in AID who would come up with such a far-fetched thing as this on this scale. It might make sense to go into such a program on a very limited basis to find out whether or not it would work, but go into it on this scale, I think is the utmost of stupidity.

Mr. REDDAN. Doctor, is there any consideration being given to using these television sets in any country in Africa?

Dr. WINFIELD. Yes.

Mr. REDDAN. How many countries in Africa use transmission which can be picked up by these sets?

Dr. WINFIELD. There are one or two, I am not sure which ones, most of them are on CCIR standards and the plan is that when this determination is made, that the sets that are to go to those countries will be modified to have CCIR standards.

Mr. REDDAN. Who is going to make these modifications?

Dr. WINFIELD. They would have to be contracted with the manufacturer as a separate item.

Mr. GRIFFIN. How much would the modification cost?

Dr. WINFIELD. From $15 to $25.

Mr. HARDY. Where did you get that figure?

Dr. WINFIELD. These are standard figures that are typical of many situations.

Mr. HARDY. Did Warwick give you those figures?

Dr. WINFIELD. Warwick in discussions have given us some figures in this range, yes.

Mr. HARDY. Any questions, Mr. Monagan?

Mr. MONAGAN. You used the figure, you say 4½ million sets?

Dr. WINFIELD. Yes, sir.

Mr. MONAGAN. Where are those located?

Dr. WINFIELD. They are located in the 30-some-odd countries in the underdeveloped parts of the world that we cooperate with, where there are 157 transmitters already on the air. Now the largest number of those are in Brazil, but none of these countries have less than 5,000 to 15,000 receivers in them right now.

Mr. HARDY. If the largest number is in Brazil, there are not many transmitters in Brazil that would reach into any other country.

Dr. WINFIELD. That is right. We don't expect them to reach into any other country than Brazil. We simply expect in Brazil, and we have had an inquiry from Brazil, from the possibility of them wanting to purchase with country funds, 2,000 receivers for exactly this kind of a program up in the northeast, where there is a television signal.

Mr. HARDY. It might be real interesting to review that request.

Dr. WINFIELD. There are among the things that we are quite sure that whether we do it or somebody else does it, there are going to be these kinds of receivers moving out into communities where there is a television signal, where there is no power supply, within these next few years, and be moving out in increasing quantities, many of them bought for and paid for by the local community people themselves and by the governments themselves. And one of the things we have been trying to do in this whole program is to help the American manufacturing community as a whole move into this area because it is going to grow and it is going to grow very rapidly. If we don't supply them, people in Europe are going to, or Japan, or even perhaps Russia. This is going to happen, just as sure as we are sitting here, and however the internal details of the way we have managed this particular start on this program may have been handled badly on terms of bad judgment on my part principally, this program still has real validity and has real validity in terms of the interest and needs of the American people and of the problem of getting to the point where we don't have to continue to pay all of the costs of helping these countries raise their standards of living by making it possible for them to use their own human resources much more effectively than they can now do it.

So that this is the rationale and the reason for this program and as sure as we are sitting here, within 5 years, there are going to be literally thousands of transistorized battery operated sets, operating in rural communities in many, many of these countries. It is going to happen just as sure as we are sitting here.

Mr. HARDY. I hope it is so and I hope it is done on an intelligent and well-thought-out basis and not on a crash basis, instigated in a rush in order to use some funds that would otherwise expire on June 30, the end of the fiscal year. When I look at the extent to which you have programed funds just to finance this procurement of 1,000 sets, and you won't get any of them until next year, 17 months—

Dr. WINFIELD. These are the leadtimes that are going to fit into the program for the other factors that come into them.

Mr. HARDY. It is going to take you that much time to acquire your batteries, to get your battery charging devices, to get the spare parts for these, to get the antennas set up, to get the technicians trained, to provide the service and travel contracts, and to——

Dr. WINFIELD. To produce programs—and to negotiate with countries.

Mr. HARDY. Planning and guidance, I don't know who is going to get guided. Shipping and installation, $100,000. What is all this going to total up to, Dr. Winfield?

Dr. WINFIELD. About $1,600,000.

Mr. HARDY. For 1,000 sets?

Dr. WINFIELD. Yes, sir, for getting communications and getting training into 1,000 communities, and each one of these sets operating on 5 or 6 hours a day, will deliver more than 100,000 man-hours of instruction a year. This adds up to very considerable sums, 100,000 times 1,000 become what? 100 million?

Mr. HARDY. You lose me now.

Dr. WINFIELD. 100 million man-hours of instruction.

Mr. HARDY. You handle man-hours like you do dollars.

Dr. WINFIELD. 100 million man-hours of instruction and if you divide 100 million man-hours of instruction back to $1,600,000, for your cost, you begin to get—and this is for 1 year—you begin to get a cost figure on what this kind of an operation will finally deliver in terms of education.

Mr. MEADER. Doctor, do you have the slightest notion that there is going to be any television station in the world that is going to give you 5 or 6 hours a day to put your programs on?

Dr. WINFIELD. Yes, sir, we have more than slight notion of this.

Mr. REDDAN. Will you supply the committee with information you have as to how much programing time you could expect to get?

Dr. WINFIELD. I didn't, we haven't got specifics in any. In Nigeria they are planning definitely in this direction.

Mr. REDDAN. Are you going to use these sets in Nigeria?

Dr. WINFIELD. Yes, sir.

Mr. REDDAN. What standard?

Dr. WINFIELD. CCIR and just as I said, a few minutes ago, they will require modification, but the modification is not a big obstacle to accomplish.

Mr. REDDAN. Did you know you were going to operate in Nigeria before you gave the contract out?

Dr. WINFIELD. We thought we probably would, yes.

Mr. REDDAN. And you say they have told you they are going to give you 5 or 6 hours a day on their stations in Nigeria?

Dr. WINFIELD. I didn't say that they were going to give us 5 or 6 hours a day, I said that they are expanding their educational television programs in this direction, and that we would be in the program and would be using this material with them.

Mr. REDDAN. In answer to the chairman's question, you began a computation here, which you were compounding the figure yourself and you started out with a basis of 5 or 6 hours a day. Now, have you supplied the committee with any information which would indicate that any country has given you any hope even, just a bare hope, that you could have 5 or 6 hours a day?

Dr. WINFIELD. We don't have it in writing. We have talked with the people. Until we have our side of the program to go and talk specifically with them about, we have no business to go out and say to them, "Look, we are going to come in with receivers" when we don't have them, when they don't exist——

Mr. REDDAN. Do you have any memoranda in your file of any conversation you have had with any one who represents these countries or the television stations in those countries which would give you reasonable belief that you could program as much as 5 or 6 hours a day?

Dr. WINFIELD. I don't have any memorandum in my file but I have had conversations with people in Iran, Nigeria——

Mr. REDDAN. Just a moment. Do you have a diary in which you made any entries to this effect, where and when the conversations took place and who you talked to?

Dr. WINFIELD. I have a diary in which the dates on which these people came to my office here, and in which I visited them in their countries, and talked with them about it.

Mr. REDDAN. Nothing about what was said?

Dr. WINFIELD. No, I have been involved in so many things and moving so hard in trying to get a whole area of activity going here, that I haven't had time to write those kinds of memos.

Mr. HARDY. I am afraid you are overworked, I really am.

Have you made a survey in any country of the listening habits of the people out in these fringe areas, to find out whether or not they will listen to educational programs?

Dr. WINFIELD. It is very difficult to make a survey out in a place where you can't put in a receiver. I have been in many villages and in many countries. Every time we have ever taken a motion picture projector with educational material on it into any of these areas anywhere in the world, and we have them operating in quite a number of countries now, our problem has always been, not were we going to get a crowd, but could we handle the crowd we would get.

Mr. REDDAN. Doctor, excuse me. Without identifying the country, do you know whether any survey was made of the listening habits of the people?

Dr. WINFIELD. Radio listening habits.

Mr. REDDAN. And TV?

Dr. WINFIELD. No, I am not aware of what you are referring to.

Mr. REDDAN. I have here—I will show you a copy, it is unclassified—a Foreign Service dispatch of January 15, 1959. Are you familiar with that?

Mr. HARDY. That is pretty old by now and it might have changed. Maybe they got Matt Dillon over there.

Dr. WINFIELD. Results of pilot radio and TV study in Bangkok.

Mr. HARDY. We thought it might be a good idea to keep the country anonymous.

Dr. WINFIELD. Pardon me.

Mr. HARDY. It is all right with us; we thought maybe it should be kept anonymous, but apparently you didn't share that feeling, so it is all right.

Dr. WINFIELD. This is a report about what is going on there now.

Mr. REDDAN. Have you ever seen that, Doctor?

Dr. WINFIELD. Yes, I have seen this.

Mr. REDDAN. Did they take a public opinion poll over there of the listening habits of the people?

Dr. WINFIELD. Yes, that is what this is a report of, of their——

Mr. HARDY. You are going to change the listening habits, so that wouldn't be too——

Dr. WINFIELD. I don't follow quite what you are saying here:

News programs top the reference list for both radio and TV listeners.

Mr. REDDAN. As long as you have started reading, what does it show about educational programs?

Dr. WINFIELD (reading):

They show a far greater concern to learn about Thailand than foreign countries.

Mr. REDDAN. It came from your office.

Dr. WINFIELD. I am looking for the thing you are referring to. "Almost 100 percent preference for the Thai language."

Mr. REDDAN. I will try to indicate that for you.

Mr. SMITH. Mr. Chairman, there was a question earlier. This may or may not be appropriate, but there was a question earlier by the

chairman concernnig the coverage of TV transmitters. I quote from an unclassified airgram, I believe the committee has a copy of this. You may or may not. This is dated—we received it July 25 from Iran, Teheran. A part of this says, on page 3 of this document:

> Television Iran presently consists of two noninterlocking broadcast stations, TVI–T (Tehran) and TVI–A (Abadan). The two stations are the only TV stations in Iran. Their effective radiating powers are 4,000 watts and 12,000 watts, respectively. TVI–T provides complete coverage of the capital city and environs of up to radius of 150 miles.

Mr. HARDY. So they have a good one.

Mr. SMITH. TVIA covers Abadan and environs up to radius of 200 miles.

Mr. HARDY. 200 miles.

Mr. REDDAN. Does that include relay stations?

Dr. WINFIELD. No relay stations.

Mr. REDDAN. Any translators or relays?

Mr. HARDY. They have a 200-mile coverage, we had better get them over here to help us build our TV stations.

Mr. SMITH. Their terrain makes it easier.

Dr. WINFIELD. It is flat country, their antennas are on high hills and no further interference.

Mr. HARDY. Where do you get high hills in flat countries?

Dr. WINFIELD. Teheran. It is on a flat area, there is a mountain that sticks right up in the suburbs out, and the transmitter is up on top, and it reaches a long way down the valley and clear up to the Black Sea, the Caspian Sea, I am sorry. But another reason why the overseas transmitters reach further——

Mr. REDDAN. You mean there are no mountains between Teheran and the Caspian Sea?

Dr. WINFIELD. There are some, but this is one of the reasons why they can get these kinds of distances. They don't get it all the way around and in all directions.

Mr. REDDAN. Mount Ararat comes in there.

Dr. WINFIELD. But one of the reasons they get further reach, is that they don't have many stations and don't have interference problems.

Mr. HARDY. We don't even get that kind of coverage at sea. Television sets on an ocean liner won't operate very far from land, so we must have mighty weak sets.

Dr. WINFIELD. The height of a mast on an ocean liner is relatively low in respect to curvature of the earth.

Mr. HARDY. I realize that.

Dr. WINFIELD. This is the report from the field on the reach of this station.

Mr. HARDY. Anything further on this subject?

Mr. REDDAN. No.

Mr. HARDY. I think we ought to finish up what we were talking about a while ago on this Bangkok report.

Did you find in that report, Mr. Reddan, the specific attitude with respect to listening habits on educational programs?

Mr. REDDAN. Here is one breakdown, the question put was, "What kind of TV programs do you prefer?" And it gives the percentages. One of the preferences asked about was TV school, and none of them expressed a preference for that.

Mr. HARDY. They didn't want to go to school, but maybe they can get some education some other way.

Mr. REDDAN. English education, and none of them indicated any preference for that one.

It is a matter of record, Mr. Chairman.

Mr. HARDY. All right. Thank you very much, gentlemen.

Thank you, Mr. Smith.

Mr. SMITH. Thank you, sir.

Mr. REDDAN. Mr. Kanchuger, please.

Mr. HARDY. Have you been sworn already, Mr. Kanchuger?

Mr. KANCHUGER. No, sir.

Mr. HARDY. Do we have any other witnesses that have not been sworn?

Mr. REDDAN. No, sir.

TESTIMONY OF ROBERT KANCHUGER, ATTORNEY-ADVISER, OFFICE OF THE GENERAL COUNSEL, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. REDDAN. Will you please give the reporter your name and address, Mr. Kanchuger?

Mr. KANCHUGER. My name is Robert Kanchuger. I am an attorney in the General Counsel's office at AID. My address is 2829 29th Street, Washington, D.C.

Mr. REDDAN. How long have you been in that office?

Mr. KANCHUGER. A little over a year.

Mr. REDDAN. In June of 1962, was a matter presented to you for decision with respect to procuring 1,000 transistorized television sets under a procurement order rather than contract?

Mr. KANCHUGER. Yes, sir.

Mr. REDDAN. How was that brought to you for consideration?

Mr. KANCHUGER. It was brought to my attention on the 20th of June by a purchasing officer in our General Services Division. The purchasing officer's name was Ella Clagett. She called my office to ask me if it was appropriate for her to buy 1,000 television sets at a price of $400,000 on a purchase order document which had been submitted to her. I told her that I did not think it was proper and that I would send her a memorandum to that effect, which I did that same day.

Mr. REDDAN. Did you prepare that memorandum?

Mr. KANCHUGER. Yes, sir.

Mr. REDDAN. Do you have it with you?

Mr. KANCHUGER. I have it at my seat.

Mr. REDDAN. Would you get it, please?

Mr. KANCHUGER. I have it before me.

Mr. REDDAN. Would you read it into the record, please, sir?

Mr. KANCHUGER. It is to Mrs. Ella Clagett, from myself, and the subject is: "Research and Development Project in Communication Resources/Appropriateness of Purchase Order."

You have asked if the proposed $400,000 procurement of and development of specialized television receivers falls——

Mr. MONAGAN. Did you say "Research and Development Project"?

Mr. KANCHUGER. Yes, sir.

Mr. HARDY. That is what this is.

Mr. KANCHUGER (continuing):

falls within your authority to issue purchase orders. The answer is clearly "No." Authority to issue purchase orders is limited in dollar amount to $2,500 by FPR 1-3.6, on small purchases. It is also abundantly clear that this is not the "administrative" type of procurement which PS/GSD—

PS/GSD is the division of General Services—

is established to accomplish. In passing, I should like to observe that this seems a rather late date to go through the type of selection, negotiation, and contract preparation procedures necessary for a procurement of this complexity before June 30, 1962.

Mr. HARDY. What was the date of that?

Mr. KANCHUGER. This was dated June 20. Copies of this memorandum were sent to Mr. Gerald F. Winfield, Mr. Matthew F. Flattery—who is Dr. Fei's administrative officer—and Mr. Edward E. Kunze, who is the contracting officer in the central contract office at AID.

Mr. REDDAN. Did you have anything further to do with this procurement?

Mr. KANCHUGER. Yes, I did.

Sometime shortly after this, within 2 to 3 days, Mr. Robert Daughtridge came to my office. He had been assigned as contract negotiator for this contract, and asked if I would clear or review what he called a dummy contract with Warwick Television Manufacturing Co.

Mr. REDDAN. Did you say "dummy" or "gummy"?

Mr. KANCHUGER. Dummy, d-u-m-m-y. This is a contract where all clauses had been worked out but the price had not been put in. I told Mr. Daughtridge that I could not clear the contract until I had evidence that the procurement was properly initiated and that Warwick was properly selected. As you gentlemen probably know, AID is not subject to the normal procurement regulations of Government agencies with respect to formal advertising.

However, the agency regulations provide that where it is to the best interests of the Government, formal advertising shall be used. I advised Mr. Daughtridge that I thought we should first investigate formal advertising, and if that was found to be inappropriate, we should then solicit comparable proposals as a basis for negotiation. Only after going through that process, could we determine that there was one sole source, which could appropriately be so certified.

Mr. REDDAN. Was anyone else present at this time?

Mr. KANCHUGER. A secretary, the office has half walls.

Mr. HARDY. You may have had a big audience.

Mr. REDDAN. Was all of this verbal?

Mr. KANCHUGER. This was all verbal. We then had a discussion about the function of reviewing and clearing contracts. Several days later, Mr. Daughtridge returned to the office with the same document, but this time, with the figures filled in, and asked if I would give my clearance to it. We went through a discussion similar to the first time. Mr. Daughtridge indicated that the questions that I was raising were not questions for him to consider, because his job was merely to write the contract, and that the selection and the justification for the project were the business of other people. He asked if I would talk to his superior and tell his superior what my views were on this.

I then—either I initiated the call or Mr. Julius Kessler initiated the call, but I talked to Mr. Kessler, and advised him——

Mr. REDDAN. Mr. Kessler is Mr. Daughtridge's superior?

Mr. KANCHUGER. Yes, sir. I advised him of my concern over this procurement. I told him that I would not initial the document, as is often our custom to do for documents that come into the General Counsel's Office for clearance. Mr. Kessler replied that he did not think these were legal questions and this was the last conversation I had with him on this matter.

Mr. HARDY. He didn't say what kind of questions they were? If they weren't legal questions, what did he mean, in what category did they fall?

Mr. KANCHUGER. That would depend——

Mr. HARDY. Sole source it seems to me is a legal question.

Mr. KANCHUGER. That was my opinion, sir.

Mr. HARDY. Mr. Kessler disagreed with that?

Mr. KANCHUGER. Yes, sir.

Mr. REDDAN. Did you ever approve this contract?

Mr. KANCHUGER. No sir; I did not.

Mr. REDDAN. Do you know if it was ever approved by anyone in the General Counsel's Office?

Mr. KANCHUGER. To the best of my knowledge, it was not approved by anyone in the General Counsel's Office.

Mr. REDDAN. Does a contract normally require the approval of the General Counsel's Office?

Mr. KANCHUGER. In different areas, there are dollar limitations as to when the General Counsel Office review is required.

Mr. REDDAN. What is that limitation?

Mr. KANCHUGER. It varies from office to office within the agency, depending on which regional bureau you are in. With regards to——

Mr. REDDAN. With respect to this particular contract branch, did this contract require approval of the General Counsel's office?

Mr. KANCHUGER. There is nothing in writing that said it required approval.

Mr. HARDY. But under practice, it would have required approval, is that what you mean?

Mr. KANCHUGER. Yes, sir.

Mr. HARDY. Now, if there is nothing in writing that says it would require approval, is there anything in writing that requires approval by General Counsel's Office of any contract?

Mr. KANCHUGER. Yes, there are.

Mr. HARDY. What kind of contracts would that be? I am trying to see how this one slips out from underneath.

Mr. KANCHUGER. Yes. The Agency is now working under four regional bureaus. Each regional bureau has its own contracting office. Within each contracting office, there are different dollar limitations on when a contract is to be reviewed by the General Counsel's Office.

Mr. HARDY. And the Administrator has not provided for any uniformity?

Mr. KANCHUGER. It has been handled until this date, as far as I know, on a regional basis. There is no uniformity in what contracts are reviewed within the Agency.

Mr. HARDY. What do you do when you get a contract from an office like REPAS, which is not within a regional bureau?

Mr. KANCHUGER. Well, as a further complication, there is, in addition to the four regions, which have contracting authority, contracting authority within REPAS, within a central contracting office, Mr. Kunze's office, and in some related way, Mr. Dreany has procurement authority by sending purchase requests over to the General Services Administration.

Now, as between all these different offices that do procuring, the requirements for when contracts are reviewed, and when they aren't reviewed, vary, depending on the office.

Mr. HARDY. So the office itself fixes its own criteria, is that right? In this case, Dr. Fei would be the fellow who would have——

Mr. KANCHUGER. Dr. Fei has nothing in writing that governs him that says this contract, or contracts over a specific amount, must be reviewed by the General Counsel's Office.

Mr. HARDY. I think it is about time Mr. Hamilton paid a little attention to this. You can give him my respects, Mr. Grant.

Mr. GRANT. I am advised, Mr. Chairman, that Mr. Hamilton signed a directive today that all contracts require approval of the Office of the General Counsel, and that if they don't bear such approval, they should be forwarded to him. I have not seen the directive—only heard that there is one.

Mr. HARDY. That is an illuminating and interesting bit of information you have just given us. I wonder what in the world caused him to do that as of today, but I am delighted to have that information.

Mr. REDDAN. Have you completed your recitation of your actions with this particular contract?

Mr. KANCHUGER. Yes, sir.

Mr. REDDAN. When you were talking to Mr. Kessler, did he indicate that he would have to proceed in any other way or contact anyone else?

Mr. KANCHUGER. It was my understanding that Mr. Kessler or somebody in Mr. Kessler's office would sign the contract.

Mr. REDDAN. I have nothing further.

Mr. HARDY. Anything, Mr. Monagan?

Mr. MONAGAN. Nothing.

Mr. HARDY. Mr. Griffin?

Mr. GRIFFIN. No, I just want to say that I think we ought to commend this witness for doing a very good job, apparently.

Mr. HARDY. The only trouble is, we haven't had Mr. Kessler's testimony yet as to why he didn't think it was Mr. Kanchuger's business. However, I share Mr. Griffin's feeling, Mr. Kanchuger, and I think your approach to this is commendatory.

I want to express again, my gratitude for the announcement that Mr. Hamilton has taken action to try to forestall this kind of thing in the future. I hate to see any more redtape added to these processes, but it looks like there isn't any way to avoid it. That is one of the pitfalls, I reckon, of Government procurement.

It is a pity they have to go through so much redtape to accomplish a procurement. Maybe it is because some of the people involved haven't used very good judgment—I am not talking about this particular procurement, I am talking about procurements in general—that we have to build up so many safeguards. Thank you very much.

Mr. KANCHUGER. If the committee would permit, I would like to make one statement about the review function of the Legal Division

over AID contracts. The volume of contracts that an agency like AID does issue, is extremely large, and in order to have an adequate legal review, you would need a very large number of lawyers.

Mr. HARDY. You know, I am getting more and more in favor of reducing the number of contracts they put out by reducing the money they have to spend. I am heading in that direction real fast. I hate to see myself get into it, but if we don't have competence to administer funds, we have to reduce funds.

Thank you very much, Mr. Kanchuger.

In view of the announcement made by Mr. Grant a while ago, I wonder whether Mr. Hamilton is taking any steps to review this particular contract or what action he has taken. Do you know, Mr. Grant?

Mr. GRANT. Well, I know——

Mr. HARDY. Maybe you prefer Dr. Fei to speak to that.

Mr. GRANT. If Dr. Fei is here—I can say I know Mr. Hamilton is interested in the subject matter of this committee's present inquiry as he is in all the committee's inquiries. He has also discussed this particular contract and its background with various members of the staff, with a view to determining what ought to be done in the future with reference to contracts such as this.

I don't know whether his review encompasses any determination to take any specific action with reference to this contract. I understand this contract does not have a termination clause in it, and that——

Mr. HARDY. And that is another commendation for Mr. Kessler's outfit.

Mr. GRANT. And that any so-called cancellation of the contract might well trail in its wake certain financial liabilities of the U.S. Government. But the whole matter, Mr. Chairman, is under review in AID, at the same time that this hearing is going forward.

Mr. HARDY. Thank you, Mr. Grant.

Call your next witness.

Mr. REDDAN. Mr. Kunze.

Mr. HARDY. Mr. Kunze, I believe you have already been sworn.

Mr. KUNZE. Yes, sir.

Mr. HARDY. Have a seat.

TESTIMONY OF EDWARD E. KUNZE, CHIEF, CONTRACT SERVICES DIVISION, OFFICE OF PROGRAM SUPPORT, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. REDDAN. Would you give your name to the reporter?

Mr. KUNZE. Edward E. Kunze. K-u-n-z-e. My address is 7624 Nancemond Street, Springfield, Va.

Mr. HARDY. How did you spell that?

Mr. KUNZE. The developer didn't know; he used a "c" instead of an "s" in Nancemond.

Mr. REDDAN. Your position is what with the Agency?

Mr. KUNZE. I am Chief of the Contracts Service Division.

Mr. REDDAN. For how long have you held that position?

Mr. KUNZE. It is a newly established office; in that and its predecessor offices, since March of 1956.

Mr. REDDAN. Have you been present during the testimony concerning the procurement of these 1,000 transistorized sets?

Mr. KUNZE. I have been here during the Friday session and today's.

Mr. HARDY. His attendance has been very good.

Mr. REDDAN. Mr. Kunze, have you heard the testimony with respect to the request made of your office for a waiver?

Mr. KUNZE. Yes, sir.

Mr. REDDAN. How did that come about and what did you do about it?

Mr. KUNZE. On either the 19th or the 20th of July, I'm not sure which——

Mr. REDDAN. June?

Mr. KUNZE. June; I'm sorry. [Continuing.] Dr. Winfield and Mr. Smith came down to my office, rather late in the afternoon, and said they had an urgent requirement for 1,000 television sets that had been cleared with our REPAS office, and that is was essential that we get the procurement immediately. Dr. Winfield said that they wanted to award the contract to Warwick Manufacturing Co. I told them that I had grave reservations about our ability to get the contract executed at all during the remainder of the month of June, since we already had a substantial number of other contracts underway, and furthermore that I was not prepared to negotiate directly with the Warwick Manufacturing Co. on the basis of the information that they supplied at that time.

I told them that if he could prepare an adequate justification for sole source procurement after having talked to, and queried each of the potentially qualified manufacturers, that I would consider it.

Mr. MONAGAN. You say "he." There were two men there?

Mr. KUNZE. They were both there, and my conversation was directed to Dr. Winfield, since he was Mr. Smith's superior.

Mr. REDDAN. You told him that you required assurance that they had contacted the qualified manufacturers?

Mr. KUNZE. Yes, sir.

Mr. REDDAN. Did you specify any manufacturers to contact?

Mr. KUNZE. No, sir; I did not.

Mr. REDDAN. Did you tell them to canvass the industry?

Mr. KUNZE. I told them I wanted them to canvass all the potentially qualified manufacturers of television sets.

Mr. REDDAN. Is that a requirement of AID procurement regulations?

Mr. KUNZE. Yes, sir. We normally get competition in the form of bid competition, or comparable proposals, where there is any opportunity for competition.

Mr. REDDAN. Then what happened?

Mr. KUNZE. It was either the next day or the day after, I did get a memorandum, dated June 21, I believe, addressed to me, in which Dr. Winfield set out the actions which he had taken, the conclusions which he had reached, saying that they had made an exhaustive study of all of the potential sources and had found none of the manufacturing firms who had indicated an interest or desire to participate in the program.

Mr. REDDAN. Did you feel that he could have made the exhaustive search that you would have required to conform with AID regulations in that short period of time?

Mr. KUNZE. Not in the form of getting formal competition; no. This would obviously have taken a number of weeks to do it.

Following our normal procedure we would have had to send out formal invitations, given the manufacturers an opportunity to consider them and to respond; and this would have taken a minimum of 2 to 3 weeks. Under the circumstances, he couldn't within the time that was left between then and the 30th of June. He obviously couldn't have done that.

Mr. HARDY. What was the magic about the 30th of June?

Mr. KUNZE. The 30th of June was the date when we had to have funds obligated or they would have expired.

Mr. GRIFFIN. That is too bad.

Mr. REDDAN. What is your understanding of what he did between the time that you first talked to him and the time that you received this memorandum of June 21?

Mr. KUNZE. I understood he had made telephone calls to each of the individual manufacturers, that he had explored with them what the program was, and that he had elicited from them some advice as to whether they were or were not interested in, or could or could not comply with the requirements which we had in existence.

Mr. HARDY. What does your file reflect to support that statement?

Mr. KUNZE. Our file reflects nothing more than the memo dated June 21, from Dr. Winfield.

Mr. HARDY. Was that after the telephone contacts had been made?

Mr. KUNZE. Yes, sir.

Mr. HARDY. What does it say? What does it say with respect to this particular point?

Mr. KUNZE. Would you like me to read the memorandum?

Mr. HARDY. The part that relates.

Mr. KUNZE. There is a covering memorandum and then a 4-page following memo.

Mr. HARDY. What does it say specifically about the contacts that were made with these other manufacturers?

Mr. KUNZE. I will quote from the second paragraph:

CRD—

that is Dr. Winfield's division—

has contacted the 11 firms which to the best of our knowledge are the only firms in the United States which might have been able to provide the desired services.

Mr. REDDAN. Excuse me. What memorandum——

Mr. KUNZE. June 21, from Dr. Winfield to myself; the second paragraph.

Mr. REDDAN. The second paragraph?

Mr. KUNZE. It's a short memorandum. Following the second sentence:

Of the 11 firms contacted, only one—

"one" is underscored—

Warwick Manufacturing Corp., was able and willing to develop and supply these receivers.

Mr. HARDY. And you accepted that as being an accurate and valid and good faith statement and as a basis which justified your proceeding?

Mr. KUNZE. I did accept it, sir; yes.

Mr. REDDAN. Mr. Kunze, did you understand that this covering memo to which you referred, the paragraph specifically that you just read, indicates inquiries made by Dr. Winfield's section after his first talk with you?

Mr. KUNZE. That is correct.

Mr. REDDAN. Is it your understanding that this memorandum says that after he left you he contacted 11 television manufacturers, and that only one was able and willing to develop and supply these receivers?

Mr. KUNZE. That was my understanding.

Mr. HARDY. And you know now that is not factual, do you not?

Mr. KUNZE. Yes, sir.

Mr. REDDAN. So on the basis of his cover memorandum of June 21, and the enclosed memorandum of Mr. Winfield to you, you signed this waiver?

Mr. KUNZE. That is correct.

This is one of the authorities which exists in our regulations which permit, if a contracting officer certifies that there is a sole source, that this then permits a waiver of competition.

Mr. REDDAN. Did you have the right to ask for supporting evidence?

Mr. KUNZE. Yes, I am sure I did.

Mr. HARDY. But you didn't do it?

Mr. KUNZE. I did not. I relied upon Dr. Winfield's statement.

Mr. REDDAN. And having signed the waiver, then what happened?

Mr. KUNZE. I had previously called Mr. Kessler and asked him as to the ability of his negotiators to undertake and finish this job before the 30th of June. He indicated that he would try to do it, but he made no commitments at that time.

Mr. Kessler then gave the project for contract negotiation and execution to Mr. Daughtridge on his staff, and Mr. Daughtridge proceeded with the negotiation.

Mr. REDDAN. Were you present while Mr. Kanchuger testified about his conversations with Mr. Kessler, just a moment ago?

Mr. KUNZE. Yes, sir.

Mr. REDDAN. Did Mr. Kessler report any of that conversation with you?

Mr. KUNZE. No.

Mr. REDDAN. Is this the kind of contract that required approval of the General Counsel's Office as of that time?

Mr. KUNZE. I would normally interpret our procedure as at least exposing it to the General Counsel. Our general policy within Contract Services Division, when we were centralized, was that anything over $100,000 would be cleared by the Office of the General Counsel.

Mr. REDDAN. Who in you office had the responsibility to make sure that was done?

Mr. KUNZE. Anybody who executed the contract.

Now, I would share Mr. Kessler's views that having made a determination under our regulations that this was a sole source procurement, that this then removed from the question of General Counsel, the question of whether it was a legal action or not.

Mr. HARDY. So then the error was made, if one was made, in making the determination that it should be sole source.

Mr. KUNZE. That is correct. It was a matter of judgment.

Mr. REDDAN. Would it be a legal question to determine whether or not the procurement in this case conformed to statutory AID requirements?

Mr. KUNZE. You mean as to whether the project itself was one which the Agency should finance?

Mr. REDDAN. Not only would finance, but that the regulations had been complied with and that those who had exercised any discretionary power under the regulations had properly interpreted them; wouldn't that be a legal question?

Mr. KUNZE. I suppose in the ultimate it would, yes. But our regulations are clear that we may waive competition when a contracting officer finds that it is the sole source and so certifies, and that was done.

Mr. HARDY. Let's look back at this finding about the sole source. Mr. Kanchuger, if my memory serves me correctly, indicated that if it didn't lend itself to competitive bidding, that in order for negotiations to take place, there should be an effort made to get comparable proposals, and then have a negotiation following that. Now, so far as I can determine, there isn't the faintest way that anyone can interpret that an effort was made to get proposals on a comparable basis.

Do I understand that you made the determination that that wasn't necessary because of the urgency?

Mr. KUNZE. I think your interpretation of what Mr. Kanchuger said is incorrect, and if I misstate it I would like Mr. Kanchuger to correct me.

Our policies do provide that whenever possible, we shall get competition. Failing competition—that is formal advertised competition—we should get comparable proposals. But that when we find, when the contracting officer finds that there is justification for a sole source, neither competition in the form of bids nor comparable proposals are necessary and may be waived.

Mr. HARDY. But the whole basis on which you made this determination was urgency, and the urgency was that the funds were going to expire. Is that the only thing that prevented getting comparable proposals?

Mr. KUNZE. This is correct, both as to——

Mr. HARDY. Now we have opened the door for every agency of the U.S. Government to waive the formal procurement requirements as they get toward the end of the fiscal year, and I thought we had tightened up the requirements with respect to funding before the end of a fiscal year.

Mr. KUNZE. This is not typical of the normal action we take.

Mr. HARDY. If this stands up, it would be a basis for any agency to use the approaching end of a fiscal year to contend that an urgency exists and that they must obligate funds regardless of how they do it.

Mr. KUNZE. I think Dr. Winfield testified that the fact that the 30th of June was upon us was only one of the factors.

Mr. HARDY. Yes, I have heard all of the testimony. I have listened to it carefully.

Mr. KUNZE. Both Dr. Winfield and Dr. Fei said that outside of the end of the fiscal year there was an urgent requirement to get on with this particular project.

Mr. HARDY. And neither of them has produced one single thing that in my mind is a consequential basis on which to base the urgency.

Mr. KUNZE. I am not passing judgment, Mr. Chairman, as to whether their opinion that it was an urgent matter is correct or incorrect. They did make that decision. They are the people who prepared the projects and the programs.

Mr. HARDY. So because Dr. Winfield and Dr. Fei told you there was an urgency and that they had to have the waiver, but that the fiscal year expiration was just part of the urgency, you accepted that implicitly and didn't go behind it at all, but provided the waiver.

Mr. KUNZE. No, I think that there was under these circumstances, as was represented to me, and documented to the extent we have documentation, in the memo of June 21, an adequate justification for sole source. Whether or not it was the 30th of June, which was only 9 days away, I would very much prefer——

Mr. HARDY. It raises a question in my mind as to the competence of everybody that had a finger in this whole pie.

Mr. KUNZE. I would much have preferred to go out and get competition. It makes it a whole lot easier for us in many ways.

Mr. HARDY. This one doesn't do you any credit.

Mr. REDDAN. Was there any suggestion during the conference which you had with Dr. Winfield that part of the urgency stemmed from the fact that it would take Warwick 17 months to produce the first set, that they wanted to get going as soon as they could?

Mr. KUNZE. I don't believe this came up in the discussion at all.

Mr. REDDAN. Having signed this waiver then, did you turn this over to your negotiator?

Mr. KUNZE. I gave it to Mr. Kessler, who turned it over to the negotiator.

Mr. REDDAN. And he turned it over to whom?

Mr. KUNZE. Mr. Daughtridge.

Mr. HARDY. Mr. Daughtridge, will you come up?

Mr. MONAGAN. I should like to ask one question.

Before this office was split up into sectional offices, was the limitation a matter of record?

Mr. KUNZE. Yes, it was.

Mr. MONAGAN. $100,000 was a matter of writing?

Mr. KUNZE. It was. I believe it was in a memorandum between myself and the Office of the General Counsel.

Mr. MONAGAN. It did exist in writing?

Mr. KUNZE. Yes, sir.

Mr. HARDY. Mr. Daughtridge, you have already been sworn, I believe?

Mr. DAUGHTRIDGE. Yes, sir.

Mr. REDDAN. Please give the reporter your name and address.

TESTIMONY OF ROBERT DAUGHTRIDGE, CONTRACT SPECIALIST, CONTRACT SERVICES DIVISION, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. DAUGHTRIDGE. My name is Robert Daughtridge, 2831 Hillcrest Drive SE., Washington, D.C.

Mr. REDDAN. You are employed in the contract office of AID?

Mr. DAUGHTRIDGE. Yes, sir.

Mr. REDDAN. How long have you been so employed?

Mr. DAUGHTRIDGE. I have been there since September 15, 1961.

Mr. REDDAN. Mr. Kunze has testified that the contract negotiations were your responsibility after this waiver had been signed by Mr. Kunze.

Mr. DAUGHTRIDGE. Yes, sir.

Mr. REDDAN. What was given to you at that time?

Mr. DAUGHTRIDGE. At the time, I received the waiver which had Mr. Kunze's signature, and a copy of the PIO/C, which I call procurement request, stating forth what they desired, the delivery date desired, and the specifications attached thereto. It included specifications which Warwick had of their present TV prototype, or commercial type, and had a couple of pictures, photographs of their plant, showing their production facilities, and had various correspondence in their dealings with Dr. Winfield from May and through June 19 or 21.

Mr. REDDAN. Who gave you this?

Mr. DAUGHTRIDGE. Mr. Kessler.

Mr. REDDAN. When did this take place?

Mr. DAUGHTRIDGE. He gave it to me on June 22, late evening, 5:25, and the close of business is at 5:30.

Mr. REDDAN. What did you say?

Mr. DAUGHTRIDGE. Close of business for the day is at 5:30, and I received it at 5:25.

Mr. HARDY. Did you work overtime?

Mr. DAUGHTRIDGE. Not that day.

Mr. REDDAN. What day of the week was that?

Mr. DAUGHTRIDGE. Friday.

Mr. REDDAN. Do you remember the date?

Mr. DAUGHTRIDGE. The 22d.

Mr. REDDAN. What was Monday?

Mr. DAUGHTRIDGE. The 25th.

Mr. REDDAN. Were you given any deadline in which to complete your negotiations?

Mr. DAUGHTRIDGE. I understood the desires were that a definite contract would be presented by the contracting officer by June 29 or June 30; the latter was on Saturday. The 29th was on Friday.

Mr. REDDAN. The 29th was your last working day?

Mr. DAUGHTRIDGE. Yes, sir.

Mr. REDDAN. You reviewed the documents which were presented to you on Monday, the 25th?

Mr. DAUGHTRIDGE. Yse, sir. I returned to work Monday, 8:45, and I reviewed the documents which I had, and in my opinion they were insufficient for me to make an analysis as to what we were paying for and on what cost data the contractor based his proposed unit price, which was stated in a letter to Dr. Winfield at $390, and then on the basis of review, I proceeded to get in touch with the contractor. I talked first to a Mr. White of the R. & D. section of Warwick in Chicago. He and I did not seem to understand each other, or he did not understand my contract jargon, so he stated that he would get their contract administrator, which he thought would understand the problem much better.

The contract administrator was put on the line and I informed him the required information I needed to make an analysis before attempting to have negotiations. At first it was requested that they mail the information to me, but then realizing that if they put this information in the mail, I might not receive same by the coming Friday, so then I asked them how soon they could prepare this cost information and they said it would take approximately 2 days.

So, based on that, I invited them to come in at 9 o'clock Thursday and hand-carry the cost information that had been requested, which they did.

Mr. REDDAN. They sent you cost and price analyses?

Mr. DAUGHTRIDGE. Yes, sir.

Mr. REDDAN. When did you receive that?

Mr. DAUGHTRIDGE. Nine o'clock Thursday morning.

Mr. REDDAN. At that point, did you have then sufficient material on which to base your negotiations?

Mr. DAUGHTRIDGE. I had sufficient material before me then in which I could attempt to arrive at a fair and reasonable price for such an item.

Mr. REDDAN. What did you do?

Mr. DAUGHTRIDGE. I think it would be more appropriately backed up to Monday.

Mr. REDDAN. All right.

Mr. DAUGHTRIDGE. On Monday after I got in touch with the contractor and advised him what I would like to have, I proceeded then to draft what, in my opinion, would be a document sufficient to protect the Government in a procurement of this type, keeping in mind that with the time element, there was a possibility that I might overlook something or they might outnegotiate me. I attempted to incorporate all the necessary protection that I possibly could. I worked late Monday night, and I finally got the document in a rough draft form Tuesday. No, it took me to Wednesday morning before I finally had it in a typewritten dummy form, and then I distributed a copy to the people who I thought would be concerned as to what the document contained. I gave a copy to Mr. Kessler for review, to Mr. Smith, Dr. Lord, and I hand-carried a copy to Mr. Kanchuger for his review and so forth. And then I proceeded to try to improve on it. Time was gradually slipping by, and on Thursday morning, the contractor representatives entered at 9 o'clock, so I gave them a copy of the dummy contract for them to review, and to make corrections or have the opportunity to offer suggestions. That is, where they might take any exceptions with the contract language. Then I asked for time for Mr. Smith and myself to review their cost proposal.

Mr. REDDAN. Have you completed——

Mr. DAUGHTRIDGE. Yes, sir.

Mr. REDDAN. Now you got the cost and price analysis from Warwick. What was the total contract price?

Mr. DAUGHTRIDGE. They submitted to me a total contract price of $390,000, without taking into consideration the packing and crating for shipment. And without taking into consideration—I think that is all.

Mr. REDDAN. Do you have a copy of that cost and price analysis?

Mr. DAUGHTRIDGE. I have a copy.

Mr. REDDAN. Did they include any charge for research and development?

Mr. DAUGHTRIDGE. In my opinion—I was led to believe there was a certain amount for such.

Mr. REDDAN. How much?

Mr. DAUGHTRIDGE. Based on preproduction costs, they have a total of 8,400 man-hours, in which would be engineering and design in the model shop, which totals a dollar amount of $36,000. And then you apply a 100-percent burden rate, which would give you another $36,000, and then you have to take the various elements——

Mr. MONAGAN. What was the second $36,000?

Mr. DAUGHTRIDGE. Burden factor, overhead rate of 100 percent, which totals $36,000. Then you have the elements of G. and A., which on this particular amount, would be 10 percent, and profit of 10 percent, to add to that, and that could be legitimately called R. & D. research cost.

Mr. REDDAN. On the basis of the figures which were presented to you by Warwick, what was the total R. and D. which you would recover under this contract?

Mr. DAUGHTRIDGE. The amount which the contractor proposes, $130,000.

Mr. REDDAN. Did you negotiate that down?

Mr. DAUGHTRIDGE. $116,186.

Mr. REDDAN. Were you able to negotiate any production figures?

Mr. DAUGHTRIDGE. They reduced material costs approximately 1 percent, and they deleted also in there material costs of $2,500 for warranty charges.

Mr. REDDAN. How long did you negotiate with Warwick?

Mr. DAUGHTRIDGE. Actually, only 2 days: Thursday and Friday.

Mr. REDDAN. At the end of 2 days of negotiations, what was the total figure arrived at on this contract?

Mr. DAUGHTRIDGE. Total figure came out to $390,500-and-some dollars, and it was agreed we would drop the $500 plus so it amounted to $390,000, including packing and crating for overseas shipment.

Mr. REDDAN. So that the figure was exactly what you started with, $390,000, although the components which made up that figure had changed somewhat?

Mr. DAUGHTRIDGE. That is right.

Mr. REDDAN. You included in there an item for packaging?

Mr. DAUGHTRIDGE. Right. I think if you will note their letter dated——

Mr. REDDAN. June 29?

Mr. DAUGHTRIDGE. Yes, sir; June 29, which states in there:

> The costs which they were proposing to add thereto, which would amount to about $17.50 for the export shipment—

it is noted as A and B, and C gives the total amount, on the second page.

Mr. REDDAN. All right. You completed your negotiations when?

Mr. DAUGHTRIDGE. Friday, approximately 2:30.

Mr. REDDAN. What did you do? What document did you have when you completed your negotiation?

Mr. DAUGHTRIDGE. The document I had? We arrived at this document right here [indicating].

Mr. REDDAN. That is the contract?

Mr. DAUGHTRIDGE. Yes, sir.

Mr. REDDAN. What did you do with it?

Mr. DAUGHTRIDGE. Just before negotiations were completed, we got into—we had never reached a meeting of the minds regarding the cost for export packaging. Based on the information which I had available to me, I had made a computation that packaging should have cost somewhere in the neighborhood of 50 to 60 cents a cubic foot, taking the dimensions in which I had before me, I came to the conclusion that there was 10 to 12 cubic feet in this final package for export shipment. And I arrived at a figure of approximately $10 to $12, and I tried to sell that to the contractor which he refused to accept.

Then just calling on experience, I happened to think, well, these are GSA specifications, that I could call a friend over in GSA, who could refer me to the proper sources.

Mr. REDDAN. You are referring to packaging specifications?

Mr. DAUGHTRIDGE. That is right. And this friend referred me to Mr. Colletti; this friend first mentioned Mr. Magnum, who was out, and Mr. Coletti works with Mr. Magnum and I asked him, could he give me GSA's costs for these Federal specifications. He said he could not right at that moment, but he would check and call me back. So he called back approximately 1:15 or 1:30. By that time, I had the girl typing the contract, and she had passed the first page, which has the unit price shown, so rather than make a change, and unable to sell it to the contractor, I requested that he prepare a letter stating that they would go back and confirm their $17.50 for these specifications, and if there was any difference in what he had quoted, then the Government would get the benefit of such, which I think the letter dated June 29 is self-explanatory.

Mr. REDDAN. We have that in our files.

Mr. HARDY. Was that letter actually written on the 30th?

Mr. DAUGHTRIDGE. Yes, sir, in fact written about 1:30, because Mr. Fuchs, the contractor's lawyer, and I prepared that letter jointly. And the secretary at my office typed it.

Mr. HARDY. 1:30 in the morning?

Mr. DAUGHTRIDGE. No, sir, 1:30 in the afternoon.

Mr. HARDY. On June 30, which was Saturday.

Mr. DAUGHTRIDGE. June 29.

Mr. REDDAN. What did you do with the contract?

Mr. DAUGHTRIDGE. Dr. Lord arrived on the scene at approximately 2 o'clock, and was inquiring as to how progress was being made.

Mr. REDDAN. Dr. Lord is from where?

Mr. DAUGHTRIDGE. Dr. Fei's office. And she advised me at this time that the contract would be signed by Dr. Fei.

Mr. HARDY. She told you the contract would be signed by Dr. Fei before the contract was even finished?

Mr. DAUGHTRIDGE. That is not unusual, because normally you know at the outset.

Mr. HARDY. You are talking about who is going to sign a contract eventually if it is acceptable?

Mr. DAUGHTRIDGE. That is right, and the first document I had prepared had Mr. Kessler's name on it, and so that was a change that had to be modified, and so that page had to be rewritten.

Dr. LORD. Eight years.

Mr. REDDAN. You were assigned to REPAS when?

Dr. LORD. Well, it is a little complicated. I will tell you precisely though. I was working in a task force in the office of Mr. John Ohly, Technical Assistance Study Group, and that was in the fall, and I was asked if——

Mr. REDDAN. Fall of 1961.

Dr. LORD. I was asked if I would extend my rotation in Washington, and join the REPAS staff. I agreed to do that, and then immediately, before I was through with the task force assignment, I began working nights, weekends, spare-time, for Dr. Fei.

Mr. REDDAN. In what capacity, Dr. Lord?

Dr. LORD. I was to be a behavioral scientist.

Mr. REDDAN. What?

Dr. LORD. Behavioral scientist and educator on the staff, and Dr. Fei frequently called me in on meetings with persons from the academic and professional community. He frequently asked me to review unsolicited research proposals from individuals and institutions.

Mr. HARDY. You had all of this in addition to your regular duties?

Dr. LORD. Yes.

Mr. REDDAN. Tell me, Miss Lord, did you have any experience in the field of mass communications, or communications media?

Dr. LORD. Yes, in education, in developing countries, communications media become some of the most crucial problems.

Mr. REDDAN. Did you have any experience in the field of radio or television?

Dr. LORD. No. When I was in Ethiopia, I don't remember whether it was in 1956 or 1957, with a colleague, in education, we sat down and wrote recommendations to the Education Division in Washington to the effect that use of traditional methods in attempting to achieve goals of the agency could not accomplish the goals; and at that point in time, we recommended the consideration of break-through methods; and specifically, some sort of community education through television.

Mr. REDDAN. Do you have any technical competence in the area of television?

Dr. LORD. Not television per se, communications, yes, I have some.

Mr. REDDAN. When did you first become associated with the procurement of 1,000 transistorized television sets?

Dr. LORD. In January. I have a rather rough sort of chronological and logical combination of my relationships with Dr. Winfield, and in January—May I refer to this?

Mr. HARDY. Yes, surely, and if it would speed things up any, you might want to read it. How long is it?

Dr. LORD. Very brief, one page.

Mr. HARDY. I think it might speed things up, if you just read that chronology.

Dr. LORD. Where I have actual dates they are here, otherwise in logical order rather than chronological.

Mr. HARDY. We have been trying to get logical order in a lot of other things and I hope you are more successful than some of our other witnesses. Go ahead.

Dr. LORD. I have a note that in January, and this was 26, I received a memorandum from Dr. Fei, asking me to review a research pro-

posal from Dr. Winfield, which had to do with a sunlight filmstrip projector, as a communications media device in underdeveloped countries.

I read the proposal. I was quite excited about it, and visited Dr. Winfield and I don't know that date. It was in January, toward the end of the month. We, at that point in time, discussed the possibility of a transistorized television receiver of sufficient size to be used as a community teaching device, which would operate through small power, not necessarily conventional power.

Now, the first rough draft I have of his—I was very much interested in this, primarily based on my experience in Ethiopia. And I asked him if he would put into a formal proposal in written form, the discussion we had had and in detail. He gave me a first rough draft of that, and we, this again was in January, I am quite sure, could have been early in February——

Mr. HARDY. This is 1962?

Dr. LORD. Yes. At that point in time, we discussed even those countries which had already come in, asking for some sort of television educational material. I was particularly, at this point of time, interested in Latin America. He had discussed some six or seven Latin American countries that requested help.

Mr. HARDY. I don't like to interrupt you, but did he at that time discuss with you the progress that had already been made toward procuring 1,000 sets for this purpose?

Dr. LORD. No.

Mr. HARDY. He did not tell you that he had already advised the Warwick Co. that he was considering negotiating procurement for this?

Dr. LORD. To the best of my knowledge, Mr. Hardy, at that point in time, he told me something about his fall conference, and that there was some interest in the field.

Mr. HARDY. He did not tell you at that very moment, there was a set from Motorola being tested?

Dr. LORD. In our second conversation.

Mr. HARDY. Excuse me. Maybe you will get to it.

Dr. LORD. This draft, this first draft was in my judgment in need of some amplification and clarification and I suggested that he rewrite it. He gave me the second draft and I don't remember the date. I discussed the second draft with my administrative superior, Mr. David Mayer, who is the Chief of the Evaluation Division, and Mr. Mayer agreed with me that this was possibly one of the real breakthroughs that we had beeen looking for in our program, and so we then set up an afternoon, May 7—I have the date on that, when David Mayer and I spent the afternoon with Dr. Winfield in discussing this whole project and discussing small sources of power, or sources of small power.

Mr. Mayer left and I remained for a full study of Dr. Winfield's life science program with Sunlight Projector.

Subsequently, I discussed this project, TV, with David Mayer, and he concurred with me, with my judgment, that this project should have high priority.

In May—I don't know the date—Dr. Winfield informed me that a contract was probably not necessary, that a purchase order in this case

would be appropriate. I called Mr. Matthew Flattery, who is our executive officer, relayed Dr. Winfield's report to me, and he said that he concurred, that this was probably an appropriate approach, and that therefore he would handle it and that I needed no longer to ride herd on the problem.

Then, on June 20, Dr. Winfield called me and said that he had a memo from the legal department stating that a purchase order was not appropriate, that a contract was in order, and Mr. Kessler would negotiate it. I had not met Mr. Kessler, and so I went over and introduced myself to him, as Dr. Fei's representative, and the person who would be happy to help in any way that I could.

He informed me that he proposed to put a member of his staff—he was not going to handle it himself, but proposed to assign the responsibility to a member of his staff. I don't believe that he told me it was Mr Daughtridge at that meeting. If I recall, I subsequently learned that Mr. Daughtridge was the staff member delegated the responsibility.

That is the end of my agenda.

Mr. HARDY. What happened after that? Didn't you go out to the negotiation scene when the contract was being negotiated?

Dr. LORD. Periodically. That is part of my responsibility——

Mr. HARDY. What did you do in connection with negotiating the contract?

Dr. LORD. Nothing, sir. I have no skill or knowledge or authority to negotiate.

Mr. HARDY. You heard the testimony a moment ago of Mr. Daughtridge with respect to his conversation with you, that he was trying to negotiate the price downward? I understood him to say that he told you he was trying to get the price down below $372, and you indicated you thought that was a fair price. I wonder where you got this competence.

Dr. LORD. I don't have the competence. I have no way of knowing what a fair price is for a piece of equipment.

As I recall the conversation, I simply asked how is it going and he said we seem to be at an impasse. They were asking, what was it, $372, I think, and he said we are at a complete impasse, we can't move.

I am not positive of my words, but to the best of my recollection they were something like this: "If that is the best price you can get, why not take it?"

Mr. HARDY. On a previous day you talked to an official of the Warwick Manufacturing Co.?

Dr. LORD. The previous day I dropped in, which, by the way, is part of my responsibility.

Mr. HARDY. That is all right.

Dr. LORD. I asked, "How are things going?"

They were having a coffee break and invited me to have a cup of coffee. I sat down with the entire group, not an official but the whole group.

Mr. HARDY. Who was with you?

Dr. LORD. I was alone.

Mr. HARDY. And did Dr. Winfield go with you the previous day?

Dr. LORD. I don't recall that he was there. Mr. Smith was there.

Mr. HARDY. Was Mr. Smith Warwick's contracting officer?

Dr. LORD. No; Gene Smith was the person to whom Dr. Winfield had delegated responsibility for certain aspects of the project. And Dr. Winfield had indicated to me that it was correct that I establish a liaison relationship with Mr. Smith.

Mr. HARDY. When did these contract negotiations take place? Were they in Washington or were they in Chicago?

Dr. LORD. In the State Annex, No. 1, Washington, D.C. It is on 23d Street.

Mr. HARDY. You went over to the Warwick office—did I understand in Washington, on the afternoon of the 28th?

Dr. LORD. Oh, no.

Mr. GRIFFIN. Where was this coffee break you were talking about that you dropped in?

Dr. LORD. State Annex No. 1. I don't remember the room number.

Mr. HARDY. Was that the coffee break on the afternoon of the 28th? Was that late afternoon?

Dr. LORD. I really don't know.

Mr. HARDY. What was your mission over there on that occasion? Did you have a particular mission?

Dr. LORD. My particular mission was merely as the other times, at least once a day I would call Dr. Winfield or Mr. Smith and say, "How are things going?"

Mr. HARDY. Was Dr. Winfield at this coffee break also?

Dr. LORD. I do not recall his being there, and I am almost positive he was not.

Mr. HARDY. And the two of you were not there at the same time on the afternoon of June 28, Thursday, as far as you remember?

Dr. LORD. Wait a minute. I remember. I went up to Dr. Winfield's office and asked, "How are things going?" And he said he hadn't been in recent touch and that negotiations were underway. I asked where, and he gave me a room number, and I went down, and I went into that room and there was nobody there. I went back up to Mr. Winfield's office and I said, "Are you sure you gave me the right room number?"

He said, "Yes."

I said, "There is nobody there."

He said, "Come on down and I will show you," and he actually took me down——

Mr. HARDY. The two of you did go down there together?

Dr. LORD. That is right. It was a number with an A, and it was around the corner. And he did, yes, we did go in.

Mr. HARDY. That is when they had the coffee break going on?

Dr. LORD. I think the coffee break was at that time.

Mr. HARDY. When did you first——

Dr. LORD. I am sure he didn't stay for it. I don't associate him with the coffee break.

Mr. HARDY. We will not worry about that right now.

When did you first learn that Dr. Fei would sign this contract and not Mr. Kessler or someone in his office?

Dr. LORD. Dr. Fei announced this at the REPAS—that is Research, Evaluation and Planning Assistance Staff—meeting—the Monday following the 14th. I believe on the 14th he received this authority, and

at the staff meeting he announced to all of us that he had this authority and from that point on he would sign all research contracts.

Mr. HARDY. Let's see what that day was, the Monday following the 14th. Does anybody have a calendar?

Dr. LORD. I probably slipped, in not immediately informing Mr. Kunze or Mr. Kessler. I think I just made the assumption that that information would be in their hands.

Mr. HARDY. Now, the Monday following the 14th, according to the calendar, was June 18. You have testified as to a conversation that you had with Mr. Kessler. I understood that it was on June 20. Your testimony, if my memory serves me correctly, indicates that at the time that you were talking to Mr. Kessler you were under the impression that he was going to execute that contract?

Dr. LORD. No. As I believe previous testimony explains, the research staff did not at that time nor in fact throughout the entire fiscal year have its own contracting officer. Mr. Kunze's office was giving us service and help. Dr. Winfield had by telephone told me that Mr. Kessler was the person who was going to help on this particular contract, that is why I introduced myself to him. I had never met him before. And it was merely a very brief conversation, wherein he said he himself was not going to handle it, but was going to detail a member of his staff. You get the difference, who negotiates and who signs?

Mr. HARDY. I understand the difference very well, but——

Dr. LORD. I mean the dates.

Mr. HARDY. I am trying to figure out how this information got to Warwick and why?

Now, the fact is that Warwick was advised on June 28 that Dr. Fei would sign the contract. Mr. Daughtridge has testified that he was advised on the 29th that Dr. Fei would sign the contract. But Warwick knew on the afternoon of June 28, and they knew according to my information, from you and Dr. Winfield.

Dr. LORD. They could have known from me.

Mr. HARDY. That being the case, then you certainly ought to understand that, having given them the information, that Dr. Fei was going to sign this contract—period—you destroyed the ability of the negotiator to negotiate.

Dr. LORD. I did not say that, sir. I said——

Mr. HARDY. They got that impression from the conversation, which either you or Dr. Winfield, one or the other, presented.

Dr. LORD. That is their problem.

Mr. HARDY. That is their problem, but it is our problem, too. And it is a problem of the taxpayers of the U.S. Government, because Mr. Daughtridge indicated in his testimony that he thought he was going to get a lower price through negotiations. You came in and said, "This sounds like a fair price, why don't you go ahead and sign it?"

Dr. LORD. Correction; I did not say that.

Mr. HARDY. What did you say?

Dr. LORD. I said, "If that is the best price you can get, why not take it?"

Mr. HARDY. You and he are not in complete agreement. But we will accept whichever one is right; it doesn't matter to me. But the day before, the contractor had been given to understand that Dr. Fei

was going to sign this contract and the contractor figured he had it in the bag. Why should he give another nickel? And if you don't understand that, then I think it is about time we had somebody else doing the contracting over there.

Dr. LORD. There is an error here in understanding.

Mr. HARDY. There are a lot of errors in understanding.

Dr. LORD. May I clarify one thing?

Mr. HARDY. Please.

Dr. LORD. I did not say, "Dr. Fei is going to sign the contract." I said, "Dr. Fei now has authority to sign contracts for REPAS. It is not appropriate that Mr. Kessler's name be put on the contract as the contracting officer."

Mr. HARDY. A memorandum dated July 2, 1962, of the Warwick Co.'s contracting people, states that you and Dr. Winfield visited the negotiations on the afternoon of Thursday, June 28, and indicated that Dr. Fei, Acting Director of REPAS, "would sign the contract instead of going through the regular procedure." If that didn't foreclose——

Dr. LORD. That is erroneously stated. I was reporting what I had learned at staff meeting, but all I learned, that Dr. Fei now had authority to sign contracts and it was appropriate that the contracts be prepared for his signature rather than, as up until June 14, for the signature of Mr. Kunze's staff.

Mr. HARDY. This is a wonderful series of events that we have had in this particular performance.

Mr. REDDAN. Did you say anything about this not going through regular contract procedure?

Dr. LORD. No, indeed.

Mr. HARDY. I don't know how in the world they could have gotten that notion.

Dr. LORD. I don't, either.

Mr. HARDY. Maybe Dr. Winfield ought to comment on this, because this is attributed to the two of you. Now would you like to comment on that? What was your part in it?

Dr. WINFIELD. Simply that I came in and said hello to the people, and introduced them to Dr. Lord, and in the course of the conversations, the words that Dr. Lord has spoken, reported here, were said. It was of no significance to me, and never has been of any significance to me why Dr. Fei signing the contract would make—I have never heard of it or thought of the idea of it having any effect on the negotiations.

Mr. HARDY. You must know that it is not merely the question of who is going to sign the contract. If a determination has been made that Dr. Fei is to sign the contract and he has his mind made up that he is going to execute this contract before the funds expire, what is the use of having a contract negotiator, Dr. Winfield?

Dr. WINFIELD. This is not the significance of the words that were used.

Mr. HARDY. Then, by golly, I am a little surprised we have people that are so naive in high places in government. Maybe I shouldn't be.

Dr. LORD. I told you what I said under oath, and I should think that would have at least equal weight to a letter from an outsider who isn't sworn in.

Mr. HARDY. I wouldn't for a moment suggest that you have said anything incorrect insofar as you recall it. But I am pointing out, whether it was intended or otherwise, I am pointing out the effect which your remarks or Dr. Winfield's remarks, had on the contractor.

Dr. LORD. Yes.

Mr. HARDY. That much is in the written record. Yours is not.

You might just as well not have had a negotiator on this proposition. I am not suggesting—I don't have any basis to suppose that either of you were deliberately trying to get this price up or keep it from being negotiated down, but what I am saying to you is that it had that effect or could have had that effect.

Dr. WINFIELD. That is a complete surprise to me.

Mr. HARDY. Of course, it is a surprise. I wouldn't suggest that either of you would deliberately enter into something of this kind, but I am pointing out that we ought not to have people entering into contract negotiations who do not have the competence.

Dr. LORD. May I make one contribution to that point?

Mr. HARDY. If you can, I would be happy.

Dr. LORD. When the coffee break was over, I told Mr. Daughtridge that I was very new at this sort of thing and I was interested in knowing how negotiations proceeded. And I asked if it would be proper for me to remain and just observe. Mr. Daughtridge told me, no, he thought it would be inappropriate for me to be a witness to the negotiations and I therefore left.

Mr. HARDY. Obviously, from his testimony, at least, he didn't know that you had made this statement on the day before. He attributed this information from you on the 29th. Now I got the impression from his testimony that that decision having been made, his work was at an end.

Dr. LORD. I would like to correct the record, if I have made an error. I am not sure in my own mind whether it was the 28th, Thursday, or the 29th, Friday, that I became aware of the fact that Mr. Daughtridge had not been informed that Dr. Fei had contracting authority. And I do not remember whether it was the 28th or 29th that I told him that the Administrator had given to Dr. Fei contracting authority.

Mr. HARDY. Well, the record would indicate that you participated in that kind of discussion on both days. The record will indicate——

Dr. LORD. Possibly.

Mr. HARDY. From my memory, that Mr. Daughtridge heard it on the 29th. The record indicates that the Warwick people were aware of it on the 28th. Now it is unfortunate that we don't have any better record in the Agency.

Dr. LORD. I could have said it at any time from the 18th on, so if the record indicates I said that Dr. Fei had this contracting authority on the 28th and on the 29th, that is quite possible.

Mr. HARDY. I am awfully sorry there is any contracting authority in that office.

Anything further?

Mr. REDDAN. Why did you go down to contracting office on the 29th?

Dr. LORD. For the same reason, just to say, "How are things going?"

Mr. REDDAN. Were you instructed to pick up the contract, to take it back to Dr. Fei?

Dr. LORD. No.

Mr. REDDAN. Did you pick it up?

Dr. LORD. I don't remember that I physically did. I remember I was there, that they said things were going along well, and suggested I come back later. I went out and got a sandwich, and came back, and let's see, the question was, what should we do? I said, "Let me call and see if Dr. Fei is in his office."

Mr. REDDAN. What shall we do about what?

Dr. LORD. The question was, "How do we get the thing signed? Shall we do it now or ask him to come over or should we go over there?" I called and asked——

Mr. REDDAN. Excuse me, did you hear Mr. Daughtridge's testimony that he had not completed his negotiations when you were there. He was trying to negotiate the price down to $330 a unit.

Dr. LORD. Yes, that was before I went to lunch.

Mr. REDDAN. You suggested $372 was a fair price?

Dr. LORD. No, that is an error.

Mr. REDDAN. You say that you did not say that?

Dr. LORD. I couldn't say that; I have no way of knowing what a fair price is on a piece of equipment.

Mr. REDDAN. After lunch, when you came back—you came back after lunch?

Dr. LORD. Yes.

Mr. REDDAN. Did you tell Mr. Daughtridge that you wanted to pick up the contract to take it up to Dr. Fei?

Dr. LORD. I don't remember the precise language. I remember at that point in time, I said let me call Dr. Fei's office, and see if he is in. If so, then we could take the contract over and present it to him for consideration. I telephoned, and to the best of my memory, I talked with his secretary, not with him, and she said, "Yes, come on over."

So, everybody walked over. We went into Dr. Fei's office, they were introduced to him, and sat down around his table, and he went through the contract, page by page, and then they signed it.

Mr. HARDY. That was his first contract that he ever signed of that nature, I take it?

Dr. LORD. I don't know, I was not aware of that.

Mr. HARDY. You weren't?

Dr. LORD. No.

Mr. HARDY. You knew that was the first one he signed as the head of this REPAS?

Dr. LORD. I wasn't aware of that.

Mr. HARDY. I may be wrong, I don't know, either.

Dr. LORD. No, I don't know, but——

Mr. HARDY. He hadn't had authority but a little while?

Dr. LORD. Yes, since the 14th.

Mr. HARDY. He may have signed a good many in between there, there was time enough.

Dr. LORD. He is here, you can ask him that.

Mr. HARDY. We are going to give him an opportunity to comment on a lot of these things before we finish.

Dr. LORD. It never occurred to me it was the first.

Mr. HARDY. It may not have been. I suppose it wasn't, because there have been a good many contracts signed by that office before the fiscal year ended and this was probably the last.

Dr. LORD. I do not know.

Mr. HARDY. It was a right good sized one and if he could read it through, approve it and sign it that quickly, it would seem to be a rather cursory sort of examination. Maybe not, I don't know.

Dr. LORD. I cannot speak for Dr. Fei——

Mr. HARDY. You were there?

Dr. LORD. I believe he has confidence in the contract personnel, as I do.

Mr. HARDY. Who were your contract personnel in that case?

Dr. LORD. Mr. Daughtridge.

Mr. HARDY. He gave up. He never did finish his negotiations, the way I understood the testimony.

Mr. REDDAN. Did you pick up the contract from Mr. Daughtridge's office?

Dr. LORD. Did I personally with my hands?

Mr. REDDAN. Yes.

Dr. LORD. I don't think I carried them. We were a large group. I would have been willing to, but I don't think, I just don't recall.

Mr. REDDAN. Mr. Daughtridge, could you help the committee on that point?

Mr. DAUGHTRIDGE. Yes, sir.

Mr. REDDAN. The circumstances concerning the final stages of this contract in your office there.

Mr. DAUGHTRIDGE. Approximately 2:30, or 2 o'clock, as I stated, previously we had reached an impasse as to the unit price and also we had reached an impasse regarding the export packaging costs, and so Mr. Fuchs and I were attempting to prepare this letter, which is in the record, to be sure that the Government would have the opportunity to get the benefit from my reduction of the export packaging. We were attempting to get the finished letter run through the Flexo-writer, a rough draft had already gone through, and Mr. Fuchs was correcting and improving the body of the letter.

And Dr. Lord and the contractor's representative, they were going over it, as Dr. Lord said, she had called to find out where Dr. Fei was located, and I think as I understood the secretary stated that he would be in in a few minutes. And so it was suggested that Dr. Lord and Mr. White proceed on over to Dr. Fei's office. Mr. Fuchs and I and Mr. Wagner waited for the letter to come off the Flexo-writer, in final form, it was signed, and we proceeded over to Dr. Fei's office.

Mr. REDDAN. Who took the contract over?

Mr. DAUGHTRIDGE. As I recall, Dr. Lord took the entire seven or eight copies, which existed at that time.

Mr. HARDY. Any questions, Mr. Monagan or Mr. Griffin?

Mr. GRIFFIN. I guess not.

Mr. HARDY. Thank you very much.

Let the subcommittee stand adjourned. We will reconvene in this room at 10:30 a.m. tomorrow.

(Thereupon, at 5:20 p.m., the subcommittee was adjourned, to reconvene at 10:30 a.m., Thursday, August 16, 1962.)

AGENCY FOR INTERNATIONAL DEVELOPMENT CONTRACT OPERATIONS

(Office of Research, Evaluation and Planning Assistance Staff)

(Part 1)

THURSDAY, AUGUST 16, 1962

HOUSE OF REPRESENTATIVES,
FOREIGN OPERATIONS AND
MONETARY AFFAIRS SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS.
Washington, D.C.

The subcommittee met, pursuant to adjournment, at 10:35 a.m., in room 304, House Office Building, Porter Hardy, Jr. (chairman of the subcommittee), presiding.

Present: Representatives Porter Hardy, Jr. (presiding), John S. Monagan, and Robert P. Griffin.

Also present: John T. M. Reddan, chief counsel; M. Joseph Matan, counsel; Walton Woods, investigator; Charles Rothenberg, investigator; and Phyllis M. Seymour, clerk.

Mr. HARDY. Let the subcommittee come to order.

Let the record show as present Mr. Monagan and myself, constituting a quorum under the committee rules.

We are trying to bring to a close this particular series of hearings. We had Dr. Fei, the Acting Director of REPAS, at the opening of our hearings.

Dr. Fei, inasmuch as you have been present during a good bit of the hearings, there are a few other items we need to explore with you and I wonder if you would be good enough to take a seat at the table?

Mr. Hamilton, the subcommittee is particularly pleased at your presence this morning, and we will try to expedite the hearing so we won't impinge too much on your time.

Mr. HAMILTON. Thank you, sir.

Mr. REDDAN. Dr. Fei, yesterday when Miss Lord was on the stand, she referred to the fact you received the delegation of authority to sign contracts on June 14.

FURTHER TESTIMONY OF DR. EDWARD FEI, ACTING DIRECTOR, RESEARCH, EVALUATION AND PLANNING ASSISTANCE STAFF, AGENCY FOR INTERNATIONAL DEVELOPMENT

Dr. FEI. That is right, sir.

Mr. REDDAN. I want to show you a contract here with the General Electric Co.

Mr. HARDY. Let the record show the presence of Mr. Griffin also.

Mr. REDDAN. That was signed what day, Dr. Fei?

Dr. FEI. This was signed the 15th day of May, 1962.

Mr. REDDAN. The 15th day of May? What is the date of the contract, sir?

Dr. FEI. It is the 26th day of March 1962.

Mr. REDDAN. And did you sign as the contracting officer?

Dr. FEI. Yes, sir.

Mr. REDDAN. What was your authority for signing that contract, sir?

Dr. FEI. The general delegation of contracting authority to the various units of the agency was not given until the 14th of June. Prior to that time, we were operating under old authority, and so when this contract—I believe this was the first one that we had spent a long time negotiating—I asked who should sign, and the central contracting officer said, "Either we should sign or we give you specific authority to sign."

Mr. HARDY. Who told you that, Dr. Fei?

Dr. FEI. Mr. Kunze. And I believe in this case Mr. Kunze gave me the authority to sign specific contracts, not a general contract authority, but on this specific contract.

Mr. HARDY. I would like to have your Legal Department give us a citation of the statutory authority of Mr. Kunze to delegate authority to you.

Mr. Hamilton, will you be good enough to get that?

Mr. HAMILTON. If it exists, we certainly shall and if it doesn't, we will inform you of that fact.

Mr. HARDY. Thank you, Mr. Hamilton.

(The delegation of authority requested follows:)

MARCH 27, 1962.

DELEGATION OF AUTHORITY

Pursuant to the authority vested in me by delegation of authority from the Director, International Cooperation Administration, dated September 28, 1960 (25 F.R. 9927), section 206.10 of contract regulation 6, and the delegation of authority from the Administrator of the Agency for International Development, dated November 4, 1961 (26 F.R. 10734), I hereby designate Edward C. Fei, Director of Research, to sign on my behalf a letter of intent and a contract between the Agency for International Development and the General Electric Co.

EDWARD E. KUNZE,
Director, Office of Contract Relations.

Mr. HARDY. Now, did you have anything in writing giving you that authority, Dr. Fei?

Dr. FEI. I am almost certain I have. I will check back on this contract. I am certain I received a piece of paper that gave me authority to sign this contract. Otherwise I would not have done so.

Mr. HARDY. How many contracts did you sign prior to June 14.

Dr. FEI. Not very many. Maybe two or three, but this one I remember clearly. And in any case that I did sign a contract before I had contracting authority, this authority to sign a specific contract would have to be given to me before I could sign. This was my clear understanding.

Mr. HARDY. I wonder who was able to give it to you. Mr. Hamilton apparently didn't give it to you, and I think the question of these contracts is something we want to clearly establish.

Dr. FEI. Yes, sir.

Mr. REDDAN. Doctor, have you been present during the testimony during the last 2 days?

Dr. FEI. Just about completely.

Mr. REDDAN. I would like to ask you what responsibility did your office have, and how much of it did it exercise, in evaluating this 23-inch transistor television project?

Dr. FEI. As in many other cases, my staff worked with the substantive unit of the agency. In this case it was Communications Resources.

Mr. REDDAN. Who in your staff did that, Doctor?

Dr. FEI. Dr. Lord was assigned the job of developing the potential for research in this area of interest—in improving and finding research projects in communications.

Mr. REDDAN. Did you do anything to evaluate the actual television set itself?

Dr. FEI. No, sir; I assumed they were.

Mr. REDDAN. Did you do anything to assure yourself that the established contractual procedures were complied with?

Dr. FEI. No, sir.

Mr. REDDAN. What did Dr. Lord do with respect to this particular contract?

Dr. FEI. Well, in the cases of the contracts where the substantive work is in another part of the Agency, what I did was to assign a liaison——

Mr. REDDAN. Doctor, excuse me. Specifically with this contract, what did Dr. Lord do with respect to this contract for your section?

Dr. FEI. Dr. Lord was assigned, when this was being contracted, to follow up the negotiations and tell me when it was ready for signing.

Mr. HARDY. Follow up the negotiations—what do you mean by that, Dr. Fei?

Dr. FEI. Well, because this is a research activity, I should assign somebody from my staff, representing my staff. The fact that in this case the two aspects of negotiation; one, the substantive, in terms of the technical problem, and another the contracting problems—these were being handled by the appropriate staff people of the Agency.

Mr. HARDY. I think I will have to get you to explain to me what you mean by "substantive" in this case.

Dr. FEI. "Substantive" in this case would be what exactly is the project designed to do, what exactly this research is to accomplish.

Mr. HARDY. Can you tell me, in a few words, what it was designed to do? Was it to get a television set?

Dr. FEI. This specific contract was designed as part of a program of research in: What are the problems of giving or using communications media in education for underdeveloped areas?

Mr. HARDY. Well, if that is what you mean, that is so broad it has no significance to me. I would like to try to tie this thing down a little bit closer and see just what you meant. Did Dr. Lord have any written instructions on your behalf?

Dr. FEI. No.

Mr. HARDY. So you just told her to follow up this contract. I would like to know what that means. Obviously she had no experience, no competence, in contract negotiations; is that correct?

Dr. FEI. No, she did not and she was not supposed to.

Mr. HARDY. All right, but she did attend the negotiating sessions, some of them.

Dr. FEI. I understand from her testimony she attended one during an interval in the negotiations.

Mr. HARDY. She had no technical knowledge, as I understand, on the television sets?

Dr. FEI. No, she had none.

Mr. HARDY. So the only thing she had personal knowledge of was a program designed in a broad sense to utilize these sets from a standpoint of education; is that correct?

Dr. FEI. That is right, sir.

Mr. HARDY. So she had to be assigned from your office for the purpose of evaluating their use. What did that have to do with negotiating the contract, Doctor? If you can tell me that in a few words, I shall be more than grateful to you.

Dr. FEI. Well, she was assigned from my office, in charge of, as you say, the broad scheme and content of this research.

Mr. HARDY. That didn't have a thing in the world to do with this contract. You passed that when you approved the program. Now you are buying television sets.

Dr. FEI. Her job was to work with the people who did know.

Mr. HARDY. What do you mean by "work with the people who do know"? What could she contribute to what they were doing? To contract negotiations? According to her testimony and yours, not one thing. What could she contribute to the technical aspect of a television set to know it would work? Nothing. Tell me what could she contribute to the procurement of television sets.

Dr. FEI. Nothing.

Mr. HARDY. Then that was a waste of time?

Dr. FEI. No.

Mr. HARDY. Then what did she do?

Dr. FEI. If you say she wasted time——

Mr. HARDY. Frankly, I think she may have messed up the contract and cost us a hundred and some thousand dollars on this contract. If you can tell me one thing she contributed that was worthwhile I should be most grateful.

I think that answers itself. I don't know.

Dr. FEI. Well, as I have already indicated, she was in charge of the contract from my office. Every contract that emanates from my office must have somebody from my office as project manager. Now, she was in charge of this contract.

Mr. HARDY. But she didn't know anything about the set.

Dr. FEI. But this is the whole point——

Mr. HARDY. Your whole office was completely out of its field in negotiating contracts.

Dr. FEI. But my office did not do that, sir.

Mr. HARDY. Mr. Hamilton, I think the Congress made a serious mistake in permitting contract authority to go into that office and frankly, I think you made a mistake in delegating authority to Dr. Fei. I think it is over his head.

Dr. FEI. I want to point out she was not asked to negotiate the contract. Contract officers were asked to negotiate that contract. Sub-

stantively in terms of technical requirements, the Communications Resources Office was working on it.

Mr. HARDY. Doctor, you heard the testimony from the negotiator that he had reached an impasse when Dr. Lord appeared on the scene and immediately the impasse was just washed over. He gave up. He stepped out of the picture and you took over.

Dr. FEI. No, sir; that isn't correct from the testimony I heard yesterday.

Mr. HARDY. I wish you would straighten it out.

Dr. FEI. He said she went there negotiating. She did not attend all the negotiating sessions. She just came by to say, "How are things progressing?" She was told there was an impasse and she said privately——

Mr. HARDY. I heard her testimony and her testimony didn't conform exactly with the testimony of the negotiator. But aside from that, the written record speaks for itself also. I don't think we need pursue this any further. I think we have demonstrated clearly enough this was about as badly messed up as a procurement could be.

Mr. REDDAN. Dr. Fei, is this the normal way in which your office conducts its activities with respect to these research contracts?

Dr. FEI. Well, we have clearly two kinds of research relationships. One is where our own staff are substantively the competent professional group that is involved in developing the contract. The other is where another unit of the Agency or another Government agency is involved.

Let me just give an example of this to clarify it.

If the case were the U.S. Department of Agriculture, for instance—we have contracts or interagency agreements. They are the professional people. Therefore I don't have someone on my staff that helps them. They are competent in this field. They are doing research. We discuss the general broad outlines of their research. We agree with them on the scope and aims of the research. We transfer funds to them.

In this case, I designate somebody from my office just to be in charge of the contract or the agreement.

Mr. REDDAN. When you say, "in charge," what do you mean? Do they have any specific function or authority, or do they just sit and watch?

Dr. FEI. The persons in charge—since I cannot be kept current on everything going on in every contract—they are the ones to whom the researcher turns as a contact point with the agency. If the U.S. Department of Agriculture says, "We are sending somebody to Puerto Rico; we need some clearance. * * *" or progress reports that come in—they don't tell me that such and such activity is taking place. They have to tell somebody in the office and I assign somebody in the office to act as liaison between that group and the Agency.

Mr. REDDAN. Do they exercise more than a ministerial function or do you delegate to them executive power?

Dr. FEI. No; there are no executive powers involved. Perhaps I don't understand the intent of your question.

Mr. REDDAN. Do you give them powers to make decisions or do they merely report to you what decisions have been made by the other group and you make the ultimate decision for your agency?

Dr. FEI. I make the ultimate decision. In other words, if they say, "We are sending somebody down to a certain area to do some research as part of our agreement," the project manager doesn't tell me about that. However, if they raise an issue, "Should we do this as a matter of policy?" or, "Is this something that should go under the contract?" When a problem needs decision, then I am told about it.

Mr. HARDY. These people are in effect your personal representatives?

Dr. FEI. I would say they are research administrators. They administer research contracts and grants.

Mr. HARDY. Have they reached that point if you are in the process of negotiating a contract? Are they administering something? When you are in the process of negotiating a contract, what are they——

Dr. FEI. When we are in the process of negotiating a contract, they represent the office——

Mr. HARDY. They are in effect your personal representatives, aren't they? In the case we have been talking about, Dr. Lord was in effect your personal representative, was she not?

Dr. FEI. The staff member from AID.

Mr. HARDY. So any suggestion she made would, in effect, as far as the negotiator was concerned, carry the implication that it was your suggestion, would it not?

Dr. FEI. No, sir; I don't think so.

Mr. HARDY. You don't know Government work very well.

Dr. FEI. Perhaps it is because I don't, that I don't make that assumption you make. Maybe other Government people do. I assume my contract officer knows contracting and I have confidence in him.

Mr. REDDAN. Did I understand you to say, Doctor, that within your organization you have persons of technical competence who perform their own research for your office?

Dr. FEI. No; they are responsible for the substantive side of research. We don't do any in-house research but I do have professional staff who would be directly in charge of a contract negotiation from the substantive side.

Mr. REDDAN. How many persons fit into that category?

Dr. FEI. I have now, on or about to come in, around 10.

Mr. REDDAN. How many did you have as of the end of the fiscal year?

Dr. FEI. I think I had about six or seven.

Mr. REDDAN. And had any of them performed those functions with respect to any of the contracts which were let under your office from January 1 to June 30, 1962?

Dr. FEI. Yes.

Mr. REDDAN. Could you tell me what contracts they were?

Dr. FEI. Well, Dr. Lord, who appeared yesterday—she was in charge of the substantive side of developing research in the area of personnel.

Mr. Oppenheimer was in charge of the substantive side of developing research on legal aspects of land reform which we negotiated with the American Bar Foundation.

Mr. REDDAN. How about your land reform activities in Latin America?

Dr. FEI. Land reform activities in Latin America was negotiated by the substantive people in the Latin American agricultural office. In other words, this was primarily a study on land economics, on agrarian structure, agrarian reform.

Mr. REDDAN. What did your office have to do with that, sir?

Dr. FEI. In this case our office simply agreeing this was a worthwhile project, the negotiations were undertaken by the substantive people.

Mr. HARDY. Hadn't some projects been conducted previously under the old setup? They must have been.

Dr. FEI. Not to my knowledge, sir. I do know that until the reorganization of AID and the new authorities there was very little if anything in the way of what we could research in the Agency.

Mr. REDDAN. Did your office do any more than merely place a stamp of approval on the contract to inquire into land reform activities in Latin America.

Dr. FEI. I would say in this case this is about all we did.

Mr. REDDAN. And what was the amount of that contract, Doctor; do you remember?

Dr. FEI. I believe it is $1,250,000.

Mr. REDDAN. $1,393,000?

Dr. FEI. Yes.

Mr. REDDAN. And with whom was that contract?

Dr. FEI. With the University of Wisconsin.

Mr. REDDAN. I notice one of the contracts you have entered into on June 29 was with the National Science Foundation for research on the use of arid land in the United States?

Dr. FEI. Yes.

Mr. REDDAN. Could you tell the committee, please, how that comes within the purview of your office?

Dr. FEI. Yes. Part of what we see as our research activities is of course how we can collaborate more closely with researchers both within our country and overseas. Now, in this case what happens is that the United States is participating in a conference on agrarian land problems—excuse me—arid land problems—a Latin American conference, including the United States, inter-American conference on arid land problems.

These people came to the National Science Foundation and said, "We need to do a little bit of research in order to know what has been done as a prelude to having more collaboration, to set bases for collaboration, with the Latin American countries and their scientists."

Mr. REDDAN. Who were these people, Doctor, who came from the National Science Foundation?

Dr. FEI. I think they are the American Academy for the Advancement of Sciences.

Mr. REDDAN. And who are they, sir?

Dr. FEI. I can't tell you offhand, sir. I know the agency.

Mr. REDDAN. Is it a governmental agency?

Dr. FEI. Not that I am aware of.

Mr. REDDAN. A private agency?

Dr. FEI. Yes; I would think that is what it is.

Mr. REDDAN. What were they making their study for? For what purpose?

Dr. FEI. They were making this study in order to have material to use as a basis for discussion in collaboration with the Latin American countries.

Mr. REDDAN. For the U.S. Government?

Dr. FEI. No; for the purpose of this conference which was to study arid lands.

Mr. REDDAN. But who was sponsoring the conference? What I am trying to find out is where the U.S. Government comes into this conference.

Dr. FEI. The American Government itself does not directly come into this conference. The American research community in this field comes into this conference along with the research community in this area from the Latin American countries. It is to our advantage to support this kind of activity.

Mr. HARDY. So then your office has taken on a broad function of getting into basic research of every conceivable description even though it doesn't relate to our program at all?

Dr. FEI. I think it relates very closely to our program, sir. It seems to me that better to really move our program much further than we are, a great deal of attention should be brought to how to energize and mobilize the private resources. This is perhaps in some ways the best way of cutting down the use of our resources.

Mr. HARDY. So you make a study of arid lands in the United States as a part of your basic research?

Dr. FEI. The National Science Foundation received this request and thought it was highly meritorious and should be done, but that within their understanding of what they should do it should come to AID. We were very much interested in working up a relationship with the National Science Foundation at this point, and still are.

Mr. HARDY. So the National Science Foundation found a project and saw another source of Government funds and came to you and you shelled it out?

Dr. FEI. No, there was understanding that they should be involved in research activities domestically.

Mr. HARDY. Have you any document that shows the process of reasoning or rationalization used in your agency to justify that kind of action?

Dr. FEI. I don't believe there is any specific documentation; no.

Mr. HARDY. So we just entered into a contract to provide $40-some thousand—how much does it amount to?

Mr. REDDAN. $40,000.

Mr. HARDY. Without any basis at all. This is really a loose handling of tax dollars. Unless you can come up with something that is a little more specific than this, I just wonder if we haven't gone off the deep end.

Dr. FEI. There was a great deal of discussion on this, sir.

Mr. HARDY. That doesn't amount to very much when you are trying to justify your actions.

Maybe we should read this into the record. It is a letter dated June 29, 1962, over what purports to be your signature. I will ask you to identify it. It is addressed to Dr. Arthur Rowe:

DEAR DR. ROWE: This is to confirm that in accordance with previous discussions between us, the National Science Foundation will provide a grant to

the American Association for the Advancement of Science to cover the costs of a study and compilation of a report on the history and current work being done on arid lands in this country.

So the only thing we have here is a reference to "previous discussions" between you and Dr. Rowe.

Dr. FEI. Yes, sir.

Mr. HARDY. And on that basis you commit $40,000 of tax dollars.

Dr. FEI. One of the most important things we want to find out is what has been done in this area.

Mr. HARDY. Doctor, everything we have raised with you has been one of the most important things we could do, and I don't doubt that you think it is. But this is certainly contrary to my concept of normal governmental functions and the way tax dollars should be spent.

Mr. REDDAN. Doctor, who was the one in charge of this particular contract in your office?

Dr. FEI. The NSF-1?

Mr. REDDAN. Yes.

Dr. FEI. I was.

Mr. REDDAN. What, if anything, did you do to assure yourself that this information was not readily available in the Department of the Interior, we will say?

Dr. FEI. I based my judgment on the facts presented to me by the National Science Foundation in my discussions with them. They are the ones that received this proposal, that discussed this with the proposers of this research, that looked into this problem and said, "This is meritorious. This needs to be done. It has not been done. It is a reputable organization that proposes to do this. The purpose for this is for an oversea activity with our Latin American countries, with whom we are collaborating. However, we do not have the authority to do it. This kind of activity comes under the jurisdiction of the Agency for International Development."

Mr. HARDY. You didn't undertake to find out whether all this information might actually have been available through the Department of the Interior or the Department of Agriculture?

Dr. FEI. No; I did not, sir, because on that proposal it is stated by the most competent authorities in the field that such information does not exist.

Mr. HARDY. Well, yesterday, Doctor, we had a statement by Dr. Winfield, who was supposed to be the authority in your agency, which was accepted as gospel by your contracting people, although it fell far short of being authoritative. And now you come up with something you accept blindly——

Dr. FEI. I don't accept blindly, sir. The National Science Foundation is a perfectly reputable organization. So is the American Academy of Sciences.

Mr. HARDY. I wouldn't question those statements, but I don't think you, or any Government agency, have the legislative authority to commit Government funds on the basis of what some other agency says, without any investigation to determine the validity of it. And all you have done is accept somebody else's word without having a thing in the world to support your action, other than a conversation you had with somebody, and you don't even have a record of that.

Mr. REDDAN. Doctor, would it be fair to say that the purpose of this contract is to determine the future of arid land use?

Dr. FEI. No. It would determine the areas in which we had our—our science and investigation in this area could benefit other countries. In other words, the state of the arts.

Mr. REDDAN. What we had done?

Dr. FEI. What we had done as a basis for continuing research in the areas which would be applicable to the less-developed countries.

Mr. HARDY. Don't you think the Department of Agriculture could have told you what they had done? Don't you think Interior could have told you what they had done? You have two agencies with appropriated funds, both dealing in this subject, and both have this within their jurisdiction. And if they have carried on any programs certainly somebody in their organization would have been in a position to have advised you and advised you factually.

Dr. FEI. Yes, sir. I had talked with the Special Assistant to the Secretary of the Interior——

Mr. REDDAN. Who did you talk to, sir?

Dr. FEI. I am trying to think of his name. An assistant in the Office of the Secretary of the Interior.

Mr. HARDY. Did you talk to them about this project?

Dr. FEI. About arid land studies.

Mr. HARDY. Generally.

Dr. FEI. About the need for this kind of thing. He had been out there to look at the need for this kind of research.

Mr. REDDAN. Just one other question, Doctor.

Did you know that the American Association for the Advancement of Sciences had already put out a book which covers the object of this research?

Dr. FEI. No; I did not know this. This is not, though, what was covered in the book.

Mr. HARDY. How do you know? You didn't know the book existed.

Dr. FEI. I don't know. But when you asked me if I knew they had already written a book, I didn't know. But in their proposal they said they wanted to collate and put together all the research that they have not yet done to date.

Mr. REDDAN. How long have you known Dr. Rowe?

Dr. FEI. Since I have come to Washington. Since I have had contact with the National Science Foundation and the National Academy of Sciences.

Mr. REDDAN. Do you know how the figure of $40,000 was arrived at for that program?

Dr. FEI. I don't recall exactly now. I think he said they needed support for this project, and I said, "How much do you need? What is it that they want under this?"

I believe he said something around the figure of $50,000, I think. And I said, "Well, you look into the figures and you go into this proposal." And we discussed the proposals and I read the proposals, and I suggested that maybe the National Science Foundation could put up some money for this, since I would like it to be a joint venture.

Mr. HARDY. Did they put any money into it, Doctor?

Dr. FEI. They said they would consider it.

Mr. HARDY. You don't know?

Dr. FEI. But I don't know if they have, no.

Mr. REDDAN. Do you have a breakdown on the costs, what this $40,000 is to be used for?

Dr. FEI. I don't have it with me, no.

Mr. REDDAN. Do you have it in the file of the Agency?

Dr. FEI. No, we have the original proposal.

Mr. MONAGAN. Did you have more than one proposal for these studies?

Dr. FEI. You mean proposals for more than one organization? No, sir. This proposal came in and was done under the auspices of the American Academy, and took professors from various universities, largely from this group called the Associated Rocky Mountain Universities. They are the prime group that for years have done most of the research on arid lands for the United States and elsewhere. And many of these professors are involved in oversea activities, helping people from arid lands, from Pakistan to Peru.

The Department of the Interior, as I said, the new science adviser to the Department of Interior had flown out there to discuss with them the possibilities of more research in this area, especially in relation to a report which was being developed of the Government of Pakistan's arid land problems.

I am sorry, his name escapes me. I had talked with him and he said they are recognized as by far the competent group in the field. This proposal came in because these professors were attending this conference in Latin America.

We did not have a summary of, a collection of what research has been done in this area for the United States. This would be needed if we were to make a good standard in helping the Latin American countries develop their research program.

Mr. MONAGAN. I just wondered whether there was more than one proposal, that is all.

Dr. FEI. No, there wasn't more than one proposal.

Mr. REDDAN. Doctor, what is the American Institute for Research?

Dr. FEI. The American Institute for Research?

Mr. MONAGAN. Incorporated.

Dr. FEI. There is a private research group in Washington, D.C. I believe they have a branch in Pennsylvania, in Philadelphia.

Mr. REDDAN. Now, one of the contracts——

Mr. MONAGAN. How old an organization is it?

Dr. FEI. I'm sorry, sir; I don't know. I am sure I can find out.

Mr. HARDY. Do you know any of them?

Dr. FEI. I have met some of them. I don't recall their names.

Mr. REDDAN. I have before me, Doctor, a contract which was signed on June 27, purportedly out of your shop, with the American Institute for Research, which calls for a review of AID publications.

Dr. FEI. A review, sir?

Mr. REDDAN. A review of AID publications. Are you familiar with that contract?

Dr. FEI. Yes, sir; AID publication review.

Mr. MONAGAN. There is also another one, "Evaluation of AID Participant Training in the United States," by the same organization, signed on June 25, 1962.

Dr. FEI. Yes, that is a separate one. Yes, I recall this.

Mr. REDDAN. What was the purpose of that? What was the research value of that contract, sir?

Dr. FEI. Well, one of the areas, when I came in, we discussed with various units of the Agency what types of research they would most desire. And in the area of our broad management area they said there were three areas in which they would like to have research done.

One is on participant training. We train up to 10,000 foreigners a year. How good is this training?

Mr. REDDAN. Start with the first one, please, the AID publications.

Dr. FEI. I was mentioning there were three main areas they asked us to look into. One was the communications area. "1. Is our internal communications adequate?"

Mr. MONAGAN. Who asked you to look into this?

Dr. FEI. The management people said these were the three areas of research they felt we in research could assist them on.

Mr. MONAGAN. You mean management people in your Agency?

Dr. FEI. That is right.

Mr. MONAGAN. What do you mean by management people?

Dr. FEI. Well, the people who are in charge of——

Mr. MONAGAN. Who asked? Let's put it that way.

Dr. FEI. We had meetings with management then. There was Mr. Scott Moore, Mr. Spector, who was in charge of personnel then, and two or three others. They came to my office and we sat down for discussion on areas in which we could be of service in improving Agency operations.

May I proceed?

Mr. HARDY. Yes, go ahead. Let's talk about this AID publications research project. Tell us just what that means.

Dr. FEI. Yes, sir.

We wished to do a survey on exactly what existing communications media were being used between offices and between the field and Washington. We wished to know how effective this is, what are the lacks.

Mr. REDDAN. These are AID's own publications?

Dr. FEI. These are AID's own means of internal communication. These people came to me——

Mr. MONAGAN. Are these printed publications? Is the survey restricted to these?

Dr. FEI. Yes.

Mr. MONAGAN. How many of those are there?

Dr. FEI. I'm sorry, I don't have the exact figure. I believe there are 20 or 30 different kinds of publications of different types. For instance, between the field and Washington, the people in Agriculture would have perhaps a monthly news letter or whatever it was, or technical notes. The people in industry were periodically issuing to the field notes on the latest—whatever developments there are in the field of industry, and so forth.

Now, the objective of this study was to look at these means of communication to see how effective they were, whether they were doing a proper job, what the field felt and thought in the way of how this might be improved.

Mr. MONAGAN. Why couldn't this be done by the AID Agency itself? What particular——

Dr. FEI. I believe there are two things here that are involved, sir. One would be the fact that you want objective observations, if possible, to look at them.

Secondly, there are skills here. For instance, there is the problem of sampling techniques. This is not one that necessarily the Agency should have on its own payroll someone good at sampling techniques.

Mr. MONAGAN. Did you have any purpose or objective in this review to determine the necessity for these publications?

Dr. FEI. Yes, sir. I believe I am right in saying that the Administrator felt that it was highly necessary that we do take a look at this and see how effectively we were communicating. And we ourselves felt that on the basis of this we would know what to do, what action would be called for.

Mr. MONAGAN. Why does the American Institute for Research have peculiar qualifications both in the fields of communication and personnel?

Dr. FEI. That I would not know, sir. But they are the group——

Mr. MONAGAN. That answers the question.

Mr. HARDY. I think maybe——

Dr. FEI. In other words, I did not—my responsibility was to determine whether this was the kind of research that fell within our activities and was important. When I determined that, the people in personnel who had been, of course, developing this research proposal, and the people that they knew substantively in this field, presumably including the American Institute of Research, were brought together and they discussed it and decided on this contractual activity.

Mr. HARDY. One of my congressional colleagues stopped me in the hall yesterday and asked me if I was familiar with a particular AID publication. I don't even remember the name of it at the moment. His reference to it was, "It is nothing in the world but a propaganda sheet."

That is not the kind of thing I expect you will cover in this kind of analysis that you are spending money on a contract for. But I have just been looking over the scope of work in this project and if there is anything in it that ought not to be done by AID itself, then I don't know what it is.

Dr. FEI. Well, sir, I believe the final report of that is in already. I don't know what the status of it is.

Mr. HARDY. How many publications are there?

Dr. FEI. I am afraid I couldn't tell you offhand, sir.

Mr. HARDY. You don't know how many there are, but you think you have the report already. What is it costing us? About $9,000 or $10,000?

Mr. MONAGAN. $9,068.

Mr. HARDY. Let me read the scope of work, according to the sheet that was provided us.

Article 1. The contractor shall provide personnel to conduct a study consisting of the review and analysis of the need for AID publications and the degree to which current AID publications meet that need. More specifically, the contractor shall:

(1) Develop a questionnaire to be sent by AID to AID personnel in AID/Washington and USAID, which personnel shall be selected by the task force. The questionnaire(s) shall be approved in writing by the task force before being used.

You have to have somebody else to do that for you.

(2) Consult with and assist the task force in the preparation of materials for field interviews to be conducted by AID personnel.

(3) Conduct interviews in Washington, D.C., with AID personnel to be designated for that purpose by the task force.

(4) Review the data obtained through (1), (2), and (3) above for the purpose of determining whether or not a machine analysis of such data is warranted, and make recommendations in writing to the task force with respect thereto.

That indicates such a vast multitude of these things that you may need an IBM machine to evaluate the significance of these AID publications.

(5) Prepare a final report in the English language—

I am glad it is in English, because I would like to be able to read it myself—

setting forth its findings and recommendations and deliver 50 copies of such report to the task force for its approval in writing no later than close of business on April 15, 1962, unless such date is extended in writing by the task force.

Was that finished by April 15, 1962?

Dr. FEI. I am not sure, sir. To the best of my knowledge it wasn't, because internally some of the processing machinery was not available to AID's use, I think, from the State Department. I am not certain, but it is my understanding publication of this report was delayed.

Mr. HARDY. And how long have you had the report?

Dr. FEI. We have had the report now about 30 days.

Mr. HARDY. Did you send a copy of it to the Administrator?

Dr. FEI. Yes, sir, the Administrator has a copy of it.

Mr. HARDY. Is this Multiplier one of the publications involved in the study? It is a magazine. The name of it is Multiplier.

Dr. FEI. I presume it was, sir.

Mr. HARDY. Are you familiar with this one?

Dr. FEI. No, sir, I am not familiar with that publication.

Mr. HARDY. This is the January 1962 edition. I don't know where we found it. But I think the reason it was provided to us is because it does have an article in here by Dr. Winfield which was of significance in view of his appearance before the committee.

Now, let's go ahead.

Mr. REDDAN. Doctor, could you tell the committee the total value of contracts received by the American Institute for Research, the one that had this AID publication review contract?

Dr. FEI. I couldn't tell you offhand.

Mr. MONAGAN. It is $400,895 in the four contracts listed on this summary sheet right here.

Mr. HARDY. Who signed that contract on these publications? Did you, Dr. Fei?

Dr. FEI. No, sir, I don't believe I did. This was signed by somebody in the management side.

Mr. HARDY. I see.

Mr. REDDAN. You signed the contract, however, for the evaluation of AID participant training in the United States.

Dr. FEI. If you see my signature there I am sure I did.

Mr. REDDAN. I will show it to you if you wish to see it.

Dr. FEI. No, that is all right.

Mr. REDDAN. And that contract is for $37,797 with the American Institute. A contract for communications in technical change in Latin America was with the American Institute for Research. That was $70,000. And there is another contract which you signed on June 25 with the American Institute for Research in the amount of $284,000 for basic research on job-performance standards.

Mr. HARDY. Does the Civil Service Commission do any of that kind of thing? Do you know, Doctor?

Dr. FEI. To the best of my knowledge, no. And on this point I think I do recall—since these are just told to me and my trying to evaluate the need for this—that this stems from almost a year's study with task forces which include the Peace Corps, the State Department, the USIA, other needs of evaluation of the kind of people we should be hiring to go overseas. This is done with the participation of the large corporations in the United States that do send such people abroad. There is a great deal of background for this if the committee desires, that we could bring to your attention.

Mr. HARDY. I can't think of anything more important than to try to improve the quality of your personnel both in Washington and overseas. I wish I could find some basis for hope that some of the things that are being done would show some improvement.

Dr. FEI. Well, in this case, as I understand it, the results of this survey that you are talking about, are immediately transferable or applicable to our selection procedures.

Mr. REDDAN. Doctor, did you negotiate these contracts with the American Institute for Research, or did you advertise for comparable proposals, or did you talk to more than any one research outfit before letting these contracts?

Dr. FEI. To the best of my knowledge these are negotiated proposals or unsolicited proposals that came in from the American Institute for Research.

Mr. REDDAN. Of the $8½ million worth of contracts which have been let through your office since the first of the year, could you tell the committee how many were let on the basis of competitive bidding?

Dr. FEI. None, sir.

Mr. HARDY. Were any let on the basis of comparable proposals?

Dr. FEI. Yes. I think on several of these we had more than one proposal from different universities or research groups.

Mr. REDDAN. Were these solicited or unsolicited?

Dr. FEI. Unsolicited. When I came on the scene, and right now, as a matter of fact, we had roughly, I think, $45 million worth of unsolicited proposals from various universities and research groups that have come in unsolicited.

At the present time we have about $140 or $150 million worth of proposals for research from the field, indicating the area, the type of question they would like investigated, because these are problems that they face in the field.

Mr. HARDY. Well, the researchers are pretty active in soliciting funds.

Dr. FEI. Yes sir, I am sure they are, sir.

Mr. HARDY. It's more what they want to get you to do than what you really need.

Dr. FEI. Yes. And so our problem primarily, you see, is how to be sure, (1), that they are good at this, and that what they want is also what we want.

Mr. REDDAN. Doctor, I note that one of these contracts which you signed is for $120,000 with the U.S. Information Service for the evaluation of the popular reception of the Alliance for Progress in five Latin American countries.

Dr. FEI. Yes, sir.

Mr. REDDAN. To what extent will the work of USIA under this contract differ from what their normal job is supposed to be?

Mr. MONAGAN. Mr. Reddan, may I point out that there are two other contracts, one with the U.S. Department of Commerce for $122,000, and one with the Department of Agriculture for $15,000. I think those are along the same line that you are opening up here.

Mr. HARDY. I think it is well to point those out. As far as this USIA thing, what you are doing is in effect augmenting the appropriations to USIA.

Dr. FEI. No, sir. As far as I understand this contract, sir, it came to our attention because of discussions that had gone on between USIA and our Latin American Bureau.

Mr. Moscoso, the regional administrator, definitely wanted something like this done in order to help us improve our programs there. USIA after he turns to them said, "We don't do it periodically. If you want we can do it if you will supply the funds."

Mr. REDDAN. Do you know who in USIA stated these things for the agency?

Dr. FEI. I don't know.

Mr. REDDAN. Are these things a matter of record in your files?

Dr. FEI. No. I recall two people from USIA coming to my office to discuss this with me after they had already met and discussed these problems with the Latin American Bureau.

Mr. HARDY. If this isn't a function USIA is supposed to do under the charter and statutory responsibilities, then I don't know what it is all about. I have a hard time understanding why foreign aid funds should be used to augment USIA's appropriations. If Congress had wanted them to have more money we would have provided it in the appropriations; but because we didn't they go through the back door and get you to put it up.

Dr. FEI. No, sir. I think this is a case—I can find out exactly—but to the best of my recollection the State Department itself was interested and I believe one other Government agency, CIA, was interested in such a study being undertaken.

Mr. HARDY. It might very well be that if they are not able to adjust their expenditures to meet their needs, they are not carrying out their congressional mandate. It might well be if they can't adjust their budget accordingly there is something wrong with their budgeting procedures.

Dr. FEI. That may be so.

Mr. HARDY. You don't know that and neither do I, so there is no point in our speculating.

Dr. FEI. But it did meet our needs and that is why we supported it.

Mr. HARDY. Aren't they supposed to help you within the area of their jurisdiction? Aren't they supposed to carry out our information

requirements? Isn't that what they were created for? Have I been voting for them all these years in total ignorance?

Dr. FEI. I am not sure, sir.

Mr. HARDY. I am not either.

Mr. REDDAN. Doctor, could you tell the committee what if any relationship there is between your office and the Office of the Science Adviser of the Department of State?

Dr. FEI. The Office of the Science Adviser in the Department of State? Dr. Whitman's office?

Mr. REDDAN. Yes.

Dr. FEI. Well, the relation is one where I see Dr. Whitman virtually once every week.

Mr. HARDY. For what?

Dr. FEI. To discuss with him what he is doing in the field of his interest in sending science advisers overseas. As you know, they are setting up a certain network of offices overseas where they hope to coordinate the activities of the scientific community in relation to the countries where they are stationing people. I certainly want to know what is going on and get their help in terms of developing the competency of the research community overseas.

Mr. REDDAN. As I understand, one of his functions is to help in the formulation of foreign policy from the standpoint of science and technology.

Dr. FEI. I suppose so, sir. I don't know specifically.

Mr. REDDAN. Is there an overlapping between his function and the operations of your office?

Dr. FEI. No, sir; I don't believe so.

Mr. REDDAN. You don't believe there is?

Dr. FEI. No, sir.

Mr. REDDAN. There is no requirement by his office that you correlate your activities with the overall foreign policy objectives?

Dr. FEI. There is no requirement, but we obviously do. In other words, I know——

Mr. REDDAN. How do you do it, sir?

Dr. FEI. I do it because——

Mr. REDDAN. No; I said, how do you do it?

Dr. FEI. One method by which this is done is there is a Federal Council on Science and Technology and there is an International Committee of the Council, and AID is represented on that committee. Someone from my staff and someone, it happens, from the Latin American staff—I don't know why it should be just from the Latin American regional office—attend these meetings and participate in the discussions. Dr. Whitman, the State Department Science Adviser, is Chairman of this Committee.

Mr. REDDAN. Doctor, do you have any organization within your office with the responsibility for checking all available sources of information, both within and without the Government, before embarking upon programs of research?

Dr. FEI. As yet I have no formal organization.

Mr. REDDAN. Do you have an informal organization?

Dr. FEI. Informally, what we are working on right now, for example, is to use the facilities of the State Department so we don't duplicate. They do have a very extensive external research division.

We have been using them. My research proposals are sent to State Department research people both in terms of the input they can make to this research, in terms of what their needs are, and also to get from them comments on whether this has been done before or what groups are interested in doing this.

Mr. REDDAN. Have you done this with the contracts you have let since the first of the year?

Dr. FEI. I don't know it is being done in every case, since through these last few months we have been discussing with them means of improving our channel of communication so we can get the most from their operations.

I recall, for example, in the *Agrarian Land Reform* case, in the law, legal aspects of the *Land Reform* case—in those relating primarily to economic and political aspects, where they have the greatest interest—I believe that these research proposals as they have come in have been circulated to them.

Mr. REDDAN. Do you have the records of that in your office, what ones you have cleared with that part of State?

Dr. FEI. Well, I don't clear. I circulate to them and ask for their comments. I think I would have records on that because when research proposals come in I usually now ask anybody who wants to present a proposal or comes in from a university to talk to me about it, "Please send me your proposals and 25 copies."

I make it a rule—my seceretary knows—to send it out to various groups, to the four operational units of AID, to the substantive people involved, to our central staff officers that are interested. In other words, if it is an economic problem, I send it to one, if it is an engineering area, we send it to another.

Mr. REDDAN. Is that for the evaluation of the proposal or is that to include searching out all presently available sources of information?

Dr. FEI. Both, sir. Because the people I send it to are people in this field who have been working many, many years in this field.

Mr. REDDAN. Do you make that specific request or are you just assuming that they do this before they reply to you?

Dr. FEI. I have said this to them; yes.

Mr. HARDY. Is there anything in writing on that, Doctor, or is that just what you have told them sometime in a meeting, or something of that kind?

Dr. FEI. I know it is something I have told them in meetings.

Mr. HARDY. So you just depend on word of mouth in a conversation to expect that these people are going to treat these things in the fashion you have just described.

Dr. FEI. More than that, sir. I have in my files—this I know—documents in our discussions now with the State Department on how to make available their files on external research usable for us in terms of our needs.

Mr. HARDY. But you have not directed that they do it?

Dr. FEI. No, sir. One of the problems is that they would need additional staff and we would need——

Mr. HARDY. You have more people over there now than you have any business with.

Dr. FEI. We would have to provide them with extra staff.

Mr. REDDAN. Doctor, I believe you have supplied the committee with 29 contracts which total about $8.5 million. Have there been any other obligations of funds or expenditures of funds during the last half of the fiscal year, other than these contracts?

Dr. FEI. I think the total is about $8.6 million.

Mr. REDDAN. I will use the words "purchase orders" as opposed to "contract," although they are both contracts, but these particular documents you have supplied to us are contracts.

Have you obligated or spent any funds by way of purchase orders which have not been included in that total?

Dr. FEI. I couldn't be a hundred percent sure, but I believe there was one other purchase order.

Mr. REDDAN. Could you supply the subcommittee with that information, sir?

Dr. FEI. Yes.

(The following information was subsequently submitted:)

AGENCY FOR INTERNATIONAL DEVELOPMENT—OTHER COMMODITY PROCUREMENT THROUGH REPAS

As part of the research program on the problem of the shortage of power in rural areas, AID is undertaking systematic reporting and evaluation of the impact of small-scale power units introduced in rural self-help situations in 15 villages in Colombia and in 2 rural schools in Chile. Peace Corps aids on duty as community development workers in these villages will serve as evaluation data collectors. The "power pack" includes spare parts as well as lighting or pumping equipment to be operated by the power unit. The contractor was Fairbanks-Morse; the amount involved was $74,569. The objective is to examine the degree to which fuel costs and maintenance are major problems, how long and in what way power is used once it is introduced, what changes happen to the community in consequence, what independent economic activities develop, and whether, over a period of time, the addition of power provides enough real returns so that it can be reasonably expected that similar rural communities could assume costs of purchase and operation independently of subsidy.

Mr. HARDY. Any questions?

Mr. MONAGAN. I have a few questions.

Mr. HARDY. Follow up that point you made a while ago on the Department of Agriculture and Department of Commerce, if you would.

Mr. MONAGAN. With reference to that, I note that on this summary list we have had supplied there is one agreement with the Public Health Service, HEW, for $235,000; one with the Department of Agriculture for $15,000; one with the Department of Defense for $26,000; and one with the Department of Commerce for $122,000; one that has already been mentioned with the Department of Agriculture for $15,000; one with the U.S. Information Agency for $120,000; and one with the Department of State for which the amount is not listed.

Dr. FEI. It is $5,000 during fiscal 1963, sir. It will be out of fiscal 1963 funds.

Mr. MONAGAN. It strikes me as a very unusual arrangement.

Dr. FEI. May I explain this, sir?

Mr. MONAGAN. I was not aware of anything between agencies on this scale before.

Dr. FEI. Well, sir, we have cooperating—sort of interagency arrangements with the other Government units. In the case of USDA they are doing two pieces of research for us. One is some of the work they are doing on land and agricultural problems in Puerto Rico. We are funding this.

Another one is on tropical wood, the use, the identification, and categorization and use of tropical woods in Latin America.

Clearly, to our minds at least, the most competent agency is the U.S. Forest Products Laboratory. They are doing this overseas, helping other countries set up tropical wood laboratories, and so on. So we asked them to undertake this piece of research.

Mr. MONAGAN. Wholly apart from the administrative problem and the financial problem, there is the budgetary problem that this practice obviously raises when you have such a substantial amount that is not provided through the appropriations process directly. You also have the problem I discussed with you at a previous session, and that is why it is necessary to spend $120,000 with the USIA to find out what popular reception of the Alliance for Progress is in five Latin American countries.

Why is it that between the State Department and our very competent people in the field and the Information Agency itself that can't be done just as a matter of regular procedure?

Dr. FEI. I am afraid, sir, I can't answer that.

Mr. MONAGAN. Isn't that the fundamental question?

Dr. FEI. Well, of course in terms of my operations the fundamental question is to get research that would benefit our foreign assistance underway.

Mr. MONAGAN. If it is advisable and essential. But certainly you must have some compulsion to go into this question.

Dr. FEI. You mean compulsion to go into the question as to why we should have an interagency agreement with them, sir?

Mr. MONAGAN. No, I am talking about the necessity for spending this money, $120,000, with the existing services and agencies and fields of interest that you have at the present time in Government agencies.

Dr. FEI. Yes. Well, sir, for instance it is very true that the National Institutes of Health, for instance, are doing research, but research they are doing for us we are paying for.

Mr. MONAGAN. We are talking here about information as to what reception of a particular program is in five countries in Latin America.

Dr. FEI. This was desired by——

Mr. HARDY. If you will permit me to make this observation as to one immediate reaction that I get, it seems to me to be an indication that the personnel we have in the field—ICA, State, and USIA—are incompetent to do this job. It is a reflection on them.

Dr. FEI. It is a reflection on the lack of staff.

Mr. HARDY. You can't sell me that we have any lack of staff in ICA missions worldwide, if I can judge by the ones I have examined. And that would apply to Washington also and I am not sure your office isn't getting in the same shape fast.

Excuse me.

Mr. MONAGAN. I think what you say is true. It certainly implies that, but I happen to feel that there are many competent people in these agencies who can do and are doing a good job——

Mr. HARDY. I feel sure there are competent people, too.

Mr. MONAGAN (continuing). And that AID should avail itself of the services as a matter of routine.

Mr. HARDY. I think we have to acknowledge that under the concept of research which Dr. Fei has outlined as his view of what his author-

ity consists of, he could cover the world—anything at all would fall within the category of what he had been authorized to do. I don't see any limitation at all under your concept.

Dr. FEI. No, sir, I don't believe you should get that interpretation from the testimony and from of course what is basic to the legislation.

Mr. MONAGAN. I should like to ask a few more questions here, Mr. Chairman.

I am probably not knowledgeable in the field, but I have never heard of some of these organizations on our summary list. For instance, we have here a contract for $410,960 for research on new techniques for training teachers of English, with the English Language Services, Inc. Where is this corporation located?

Dr. FEI. I believe this corporation is located in Washington, D.C.

Mr. MONAGAN. How many people are in the organization?

Dr. FEI. I am sorry, I don't know that but I could find out and let you know.

Mr. MONAGAN. Do you know how old it is?

Dr. FEI. No, sir; I don't.

Mr. MONAGAN. And I gather you don't have that information on the American Institute for Research?

Dr. FEI. No, sir, I don't. If you wish it, I will supply it.

Mr. MONAGAN. I think we should certainly have it.

Here is the American Bar Foundation. This is not the American Bar Association.

Dr. FEI. This is the research arm of the American Bar Association.

Mr. MONAGAN. And this is a project of $700,000?

Dr. FEI. Yes, sir, to do research on legal problems involved in land reform.

Mr. MONAGAN. Is this land reform in this country?

Dr. FEI. No, sir.

Mr. MONAGAN. Is the American Bar Association qualified to investigate problems of Brazilian law or Peruvian law?

Dr. FEI. The American Bar Foundation was set up and has been operating with a grant from, I believe, one of the foundations to begin looking at world peace through law. They have set up several seminars in this area. They have been doing work——

Mr. MONAGAN. Do they have a staff that is presently equipped to go into this problem?

Dr. FEI. I would assume so, sir.

Mr. MONAGAN. Well, you don't know?

Dr. FEI. Well, the people who came in to discuss the legal aspects of land reform showed a good grasp of the problems of land reform.

Mr. MONAGAN. That isn't the question. For instance, with the University of Wisconsin you have a contract there that we have spoken of before. Is the present staff of the University of Wisconsin equipped to go into this immediately without any change in staff or anything also?

Dr. FEI. Yes, sir.

Mr. MONAGAN. How many people are involved in this contract from the university?

Dr. FEI. I believe for varying amounts of time, not full time, but for varying amounts of time, probably a dozen people.

Mr. MONAGAN. Do you know how many there are?

Dr. FEI. I could find out exactly. There are research fellows and so on, so I don't know the exact number. There is Professor Clotius, Prof. Ken Parsons.

Mr. MONAGAN. How long a period does this $1,393,000 contract cover?

Dr. FEI. This is for 3 years.

Mr. MONAGAN. What are they studying there?

Dr. FEI. They are setting up in three or four countries—and the problem right now is choosing the three or four because so many of our missions overseas have asked them to study their countries. I believe they have chosen Brazil, Colombia, and one other country at this minute I don't recall.

They would go out there and be working in the field with local people in this area, whether it be a Government agency or university over there, working with them, gathering data on problems of land reform and land use—in other words, how large are landholdings relative to the population? How is this landholding scattered, shall we say, among the richer people and the poorer people? What is the impact of this on production? What are the accredited institutions that exist to enable the farmers to borrow money for increasing production? What is the social problem if you try to institute land reform?

It is obvious land reform is not just an agriculture problem but one which will change——

Mr. MONAGAN. We know that, but once again I can't see why our agricultural attachés and our people who are presently in the field in three or four countries cannot get these facts and do not at the present time have the majority of this information available.

It is just shocking to me that $1,393,000 should be spent on this.

Dr. FEI. They do not, sir, because for example——

Mr. MONAGAN. Referring to the item you have spoken about concerning the identity and the extent of land ownership, the credit facilities that are available, et cetera—certainly we have heard people in Latin America speak very authoritatively about these things.

Dr. FEI. Yes, sir; this is the very problem, sir. I think Congress itself, various Members of Congress, have mentioned the need for changes in the agrarian structure in order to make possible a faster rate of development. But what we do lack is the specific information.

In other words, we have found when a country undergoes land reform, it becomes violent. We end up with something less than what we really want to see over there in terms of a peaceful change in landholdings. This specific information is lacking.

Mr. HARDY. Do you have any questions, Mr. Griffin?

Mr. GRIFFIN. No.

Mr. HARDY. Dr. Fei, thank you very much for your help.

STATEMENT OF HON. FOWLER HAMILTON, ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. HARDY. Mr. Hamilton, let me again express appreciation of the committee for your presence. I am sorry we have detained you so long. I hadn't realized that our discussion with Dr. Fei was going to consume quite this much time, but I think as far as the committee's

purposes are concerned, it will take us a very few minutes to explore with you the one or two things we had in mind.

I would like for us to think particularly in terms of the contract procedures and actions that have grown out of this REPAS office. I assume that you have been briefed on the various sessions of the committee?

Mr. HAMILTON. Yes, that is correct, Mr. Chairman, I have.

Mr. HARDY. There is something I am afraid I am somewhat guilty of in this particular series of hearings, which I try to avoid, and that is expressing personal opinions as we go along, but there has been such a blatant deviation from normal governmental procedures in the conduct of this office insofar as contracting is concerned, that I have just felt impelled to make a few observations.

Normally we try, and I try, to wait until we get all of the testimony in and then base our conclusions on the combined record, and that is what we shall do in this case. But there have been some very, very serious questions raised in the mind of the committee about the performance of this office, and some of the key personnel in it, and rather grave questions, not of their sincerity, but of their capacity to carry out the kind of business that they have taken upon themselves, or have had put upon themselves to be responsible for.

I understood, I believe, that you were undertaking to provide for a review of some of these contracts, and I wonder if you could tell the committee what your plans are with respect to that action?

Mr. HAMILTON. The situation with respect to solar boat contract is, as I think I mentioned to you—performance under that contract has been suspended pending a review of all the circumstances with which you gentlemen are familiar.

As to the contracting procedures that you mentioned in connection with the research activities of the agency, and upon the basis of the reports that have come to me, I have gained the following impression—if it is wrong I am sure you will correct this: (1) As regards the probity or integrity of the people concerned, there was no charge of improper conduct as regards their moral integrity.

Mr. HARDY. No; I certainly don't want to leave any implication that the committee has raised any question concerning that. I must make this observation, however—and this bothers me a little. This is a personal reaction—I don't understand why, from the very day that the Warwick Manufacturing Co. took their TV set in for examination—from that very day AID personnel were talking to them about negotiating with them on a sole-source basis and ultimately did.

I don't want to suggest that this is any reflection on the character of anyone, but that seems to be a very, very unusual situation, and it continues right straight on through, and it finally wound up in a determination which you may know was arrived at under some very peculiar circumstances.

Mr. HAMILTON. I think again, Mr. Chairman, to make the point which is in accord with my understanding of the facts, there were two safeguards, or should have been two safeguards in here, in this situation, which did not work as effectively as they should have worked.

I have been advised by the counsel that the contract was legally made, it is a legally binding obligation. When I talk about the safeguards I refer to the safeguards to deal with the problem you mentioned of sole-source procurement.

One was the question of whether or not the finding that was made that there wasn't an alternative source was a finding that was well made.

The second was that the legal department apparently raised a question as to whether or not that finding had adequate basis for it.

Despite the fact that the question was raised, the contract was signed. I was not advised by the legal department that the question was raised. I am taking steps to see that doesn't happen again.

But finally I would like to say this——

Mr. MONAGAN. Related to that is the question of a requirement that the legal department review contracts within certain limitations——

Mr. HAMILTON. The situation with respect to that, Mr. Congressman, is anyone who has top responsibility for any part of the shop that signs a contract understands that the contract has to be approved by the lawyer with an exception we have inherited from ICA which is now under review. They had an exception that contracts did not have to be reviewed if they were for $100,000 or less—unless they were unusual situations.

Now, when we set up AID under the scheme that had been approved by the Congress, the power to make commitments that involved dollar payments went to four regional areas, an area that deals with commodities, and to this research organization. I gave the Assistant Administrators in charge of these five regions considerable latitude in working the matter out in whatever way they felt was necessary, subject of course to the fact that each of them has his own lawyers.

Now there are, I am told, up to $2,500—contracts for furniture and supplies can be made which are really on a purchase order basis. But I agree with you, of course, it must be made clear that anybody who has responsibility for spending any significant amount of Government money or making any commitments should have to get it cleared by a lawyer.

Mr. MONAGAN. If what you say is true, the only exception is if it was under $100,000?

Mr. HAMILTON. That is right.

Mr. MONAGAN. But this was for $400,000.

Mr. HAMILTON. In this case it was submitted to the legal department.

Mr. MONAGAN. But was not required to be submitted and not required to have that approval, as I understood it.

Mr. HAMILTON. My understanding—and maybe I am wrong here—is Dr. Fei understood all the contracts which he was responsible for signing should be submitted to the legal department.

Is that right?

Dr. FEI. That is right.

Mr. HARDY. The testimony doesn't support that. It was submitted to the legal department and they took exception to it.

Mr. HAMILTON. That is correct, Mr. Chairman. My understanding is Mr. Fei understood he was to have these contracts approved by the lawyers. This was submitted to the lawyers and the lawyers took the view that the contract was legal in the sense it was legally binding on the Government but I understand they took the view that the basis for the finding that it was appropriate to make sole source procurement here was a dubious one. Is that the impression you gentlemen have?

Mr. HARDY. I don't think that is entirely accurate. They found that and also raised a question as to why they hadn't asked for comparable proposals. But they didn't do it and they never did meet the conditions that the legal department had prescribed.

Mr. HAMILTON. So we come to the two failures of what wasn't done that should have been done. One, the lawyers in my view, should have reported to me. In other words, obviously somebody has to make the decision and that is ultimately my responsibility.

Mr. MONAGAN. It was withdrawn from the lawyers.

Mr. HAMILTON. I am not saying the person who made the contract shouldn't have made it.

Mr. HARDY. I think the testimony shows that the determination was made not in the legal office but either in Dr. Fei's office or in the contracting office and did not require legal approval of the legal department because there had been a waiver of the requirement that there be competition.

Mr. HAMILTON. That is my understanding but my understanding of the fact, which may be wrong, is that what had happened was that the contracting office had asked the communications section whether or not there were other people who were qualified; that on the basis of a report from the communications section, the contracting office made the finding that there wasn't another source. Now that finding on the facts is apparently one that could be questioned and one the law department did question.

Mr. HARDY. I think your time sequence is wrong. I think that happened after the lawyers had sent the contract back.

Mr. HAMILTON. You mean that this finding was made afterward.

Mr. HARDY. It was made afterward and then it was contended that because they had made the finding, the $400,000 limitation didn't have anything to do with it, so they didn't send it back to the lawyers and Dr. Fei's office picked it up and didn't give the contract office an opportunity to pass on it. That is my understanding of the testimony.

Mr. HAMILTON. Whoever it was took the view that there was a basis for the finding that there was no other source of supply.

Mr. HARDY. The finding was made by the contracting section on the basis of Dr. Winfield's statements.

Mr. HAMILTON. It seems to me, if I may say so, if the law department knew this was going on they had the duty to report this to me.

Mr. HARDY. I think you have a valid point on that but there have been so many errors made that a good many people ought to get their heads knocked together.

Mr. HAMILTON. I will read the record, sir, and may come to that conclusion. One thing I want to say in fairness to Dr. Fei, I think in reviewing this record, in putting upon him the responsibility for the business aspects of this research program I made a mistake which worked an unfairness on him.

Mr. HARDY. I think you did and am glad to hear you say that.

Mr. HAMILTON. I am going to cure that but I think when I put that business responsibility on him I made a mistake.

Mr. HARDY. I thing that is one of the problems in that office.

Mr. HAMILTON. And that is going to be cured promptly and I thank the committee for these hearings which brought it to my attention.

Mr. HARDY. I hope while you are doing this you will give some

thought to the determination as to whether the present dispersal of contracting authority might be a little too wide.

Mr. HAMILTON. I will certainly do that and report to you the results of that review and that will be done within 30 days.

Mr. HARDY. Are there any questions of members of the committee? Mr. Griffin?

Mr. GRIFFIN. Throughout this record it appears there was a studied determination, it seems to me, that this particular contract was going to go to Warwick.

We ought to be interested in why that was so. And if it raises no question as to anything else the record of this hearing certainly raises a serious question as to the competency of the people in the communications division who certified that Warwick was the sole source.

Mr. HAMILTON. No question about that, you are absolutely right.

Mr. GRIFFIN. The competency of these people; all they did was plug in that Motorola set and, as I understand it, because it didn't produce a picture, that was the end of it. They didn't even check the battery; it could have been dead.

It seems that there was a studied determination to eliminate every source other than Warwick. And why was this the case?

That is the question that is left.

That is all.

Mr. HARDY. Do you have anything else?

Mr. MONAGAN. No, sir.

Mr. HARDY. Again, Mr. Hamilton, the committee is most grateful to you. I want to express my personal appreciation for the splendid relationship that we have enjoyed since you have been in that office.

Mr. HAMILTON. Thank you, sir.

Mr. HARDY. I think we all have the same objective——

Mr. HAMILTON. Sure, working for the country.

Mr. HARDY. Yes. Now, I have long had a firm conviction that a foreign aid program is essential to the conduct of our foreign affairs. I have, as you well know, been through a series of experiences which continue to point up such serious deficiencies in administration that I have begun to wonder if the job isn't too big for you and me both.

Mr. HAMILTON. That is a very reasonable question, sir. That is a very reasonable question. I have wondered about it from my perspective.

Mr. HARDY. I have almost reached the point of having to adopt in my own thinking an approach which my good friend Walter Robertson suggested was the wrong approach. He said you shouldn't burn the barn down to get rid of the rats. I remember him making that statement to me. And I have been in complete accord with that. But I will tell you the truth: If the rats get too bad, maybe you had better burn the barn down and get a new one.

Mr. HAMILTON. I could say some very interesting things but I think I had better say them off the record sometime.

Mr. HARDY. I appreciate your coming.

Mr. HAMILTON. I very much appreciate it and welcome the interest of the subcommittee in our affairs and hope we can so conduct ourselves that it will be productive.

Mr. HARDY. Thank you.

Let the subcommittee stand adjourned.

(Thereupon, at 12:05 p.m., the subcommittee was adjourned.)

APPENDIXES

APPENDIX I(a)—LETTER FROM HON. PORTER HARDY, JR., TO HON. DEAN RUSK, SEPTEMBER 4, 1952

SEPTEMBER 4, 1962.

Hon. DEAN RUSK,
Secretary of State,
Washington, D.C.

DEAR MR. SECRETARY: On August 9, 10, 15, and 16, 1962, the subcommittee held open hearings to inquire into certain activities of the Research, Evaluation and Planning Assistance Staff of the Agency for International Development. Although no State Department witnesses testified at the hearings, I am forwarding the galleys of the hearings, in accordance with our usual practice. It is requested that they be reviewed by the appropriate officers of the Department for the purpose of clearing them from the standpoint of national security and U.S. foreign policy prior to publication. When this has been done, I would appreciate your so advising me by letter so that it may be made a part of our published record.

Sincerely yours,

PORTER HARDY, Jr., *Chairman.*

APPENDIX I(b)—LETTER FROM FREDERICK G. DUTTON, ASSISTANT SECRETARY OF STATE, TO HON. PORTER HARDY, JR., SEPTEMBER 10, 1962

ASSISTANT SECRETARY OF STATE,
Washington, September 10, 1962.

Hon. PORTER HARDY, Jr.,
Chairman, Foreign Operations and Monetary Affairs Subcommittee,
Committee on Government Operations, House of Representatives.

DEAR MR. CHAIRMAN: I am writing in response to your letter of September 4, 1962, addressed to the Secretary of State.

I am informed by the appropriate officials in the Department of State and the Agency for International Development that we have no objection to publishing the recent hearings on certain activities of the Research, Evaluation and Planning Assistance Staff of the Agency for International Development, from the standpoint of foreign policy and national security.

If I can be of any further assistance on the above matter, please do not hesitate to call on me.

Sincerely,

FREDERICK G. DUTTON.

APPENDIX II—LIST OF CONTRACTS COMPLETED BY REPAS DURING FISCAL YEAR 1962 (BY SUBJECT AND CONTRACTOR)

No.	Subject	Contractor
1	International Air Transport Study	Bureau of the Budget.
2	Malaria Eradication Research	Public Health Service, USDHEW.
3	Research on the Use of Tropical Woods	U.S. Department of Agriculture.
4	Usefulness of Small Power Sources in Remote Locations	General Electric Co.
5	Relationships between Military and Economic Assistance.	U.S. Department of Defense.
6	World Trade Patterns—Projection and Analysis	Yale University.
7	Analytical Survey of Statistical Activities and Organizations.	Do.
8	Development of Planning and Planning Assistance Criteria.	National Planning Association.
9	Participant Training Evaluation Survey	Bureau of Social Science Research, Inc.
10	Investigation of the Applicability of Recent Educational Developments to Africa.	Educational Services, Inc.
11	Land Reform Activities in Latin America	University of Wisconsin.
12	Basic Research on Job Performance Standards	American Institute for Research, Inc.
13	U.S. Public and Private Cooperation in Stimulating Indigenous Economic Enterprises in Less Developed Countries.	U.S. Department of Commerce.
14	Land Tenure and Land Reform in Puerto Rico	U.S. Department of Agriculture.
15	Malaria Insecticide Research DDVP Field Testing	Public Health Service, USDHEW.
16	Transportation and Mobility in the Less Developed Countries.	Brookings Institution.
17	Economic Development Digest	National Planning Association.
18	AID Publication Review	American Institute for Research.
19	Evaluation of AID Participant Training in the United States.	Do.
20	Development of a Demonstration Educational Research Center.	Michigan State University.
21	Research in Foam Plastics for Housing	University of Michigan.
22	Participation in Joint AID-State-USIA Research in Factors Contributing to Maladaptation of Government Employees Overseas.	U.S. Department of State.
23	Communications and Technical Change in Latin America.	American Institute for Research.
24	Evaluation of Popular Reception of the Alliance for Progress in Five Latin American Countries.	U.S. Information Agency.
25	The Potential Role of Television in Community Instruction for the support of Social and Economic Development.	Warwick Manufacturing Co.
26	Legal Aspects of Land Reform	American Bar Foundation.
27	Research on New Techniques for Training Teachers of English.	English Language Services, Inc.
28	Health Manpower Training	Johns Hopkins University.
29	Research on Use of Arid Land in the United States	National Science Foundation.

JULY 23, 1962.

APPENDIX III—MEMORANDUM FROM FRANCES GULICK, RESEARCH SPECIALIST, RESEARCH, EVALUATION AND PLANNING ASSISTANCE STAFF, AGENCY FOR INTERNATIONAL DEVELOPMENT, TO DR. EDWARD C. FEI, FEBRUARY 28, 1962, WITH ATTACHMENT

FEBRUARY 28, 1962.

U.S. Government memorandum.
To: Dr. Fei.
From: Frances Gulick.
Subject: Test of solar-powered battery recharging center.

A proposal to test the feasibility of a solar-powered battery recharging center, to be used to run, among other things, a boat, has been developed by John Hoke, formerly an AID Communications Media officer in Surinam, and now on the staff of Dr. Winfield in AID/Communications Resources. Discussions with the Army for Funding the expedition have been underway, but I have discovered that no sponsor for fabrication of the solar panel has been found.

As described in attachment A, there would appear to be objectives which could be served by the project which are uniquely of use to AID's immediate and long-range objectives.

So long as there is an unlimited U.S. Government market for solar cells for use in outer space or for terrestrial military uses regardless of cost, there is no incentive for a concerted effort to develop a low-cost method of production. Although the amount of money is relatively small ($30,000) in comparison with

other government research efforts involving solar cells, I believe this can usefully serve as a first step to focus attention on peace-time, terrestrial uses of solar power in village and remote areas.

Will you read the attached and tell me whether we may go ahead with it? It fits logically into the phasing of the small-scale power research program we are developing this fiscal year.

If you agree, Hoffman can be asked to submit a formal cost estimate. This is the only company which is equipped to actually construct the panel within the specifications required by the proposal.

Attachments:

(A) Proposal to test the performance of a Solar Powered Battery Recharging Center—AID/REPAS, March 1, 1962.

(B) Proposal—John Hoke, October 24, 1961.

AID/REPAS
March 1, 1962
For discussion

[Not for publication or public discussion]

A Proposal To Test the Performance of a Solar-Powered Battery Recharging Center

I. INTRODUCTION

The shortage of power for irrigation and industrial uses in remote village locations is not likely to be overcome soon by means of extended rural electrification or even by introduction of small scale (8 to 10 kilowatts) independent power stations. However, it is probably possible to meet communications and miscellaneous consumer needs many years in advance of installation of power at the multiple-kilowatt level. Even within present technological limits, it is possible to push the educational and communications grid far beyond the foreseeable reaches of an extended electrical grid by concentrating on use of power supplies for a constantly growing source of good battery powered equipment.

The following proposal is designed to field test the performance of a battery recharging station. In the proposed instance the prime power supply would be by photo-voltaic cells—a silicon cell solar generating panel. However, the recharging center is so designed to readily accommodate other power sources: wind, water, motor, muscle (e.g., bicycle generators reportedly produce enough power for a cinema in Taiwan), as well as the rapidly evolving variety of static generators, such as thermocouple and fuel cell generators. The testing of the performance and practically of multiple-use battery recharging centers is needed. If successful, it could drastically change the audience range of existing overseas mass education media.

The present proposal is to test applied research, not to fund pure research. If successful, this project could, by demonstrating the widespread applicability of peacetime overseas terrestrial uses of solar power, stimulate demand and motivation for the production of lower cost solar cells—sufficient to reduce or even eliminate the need for government subsidy to underwrite an intensive R. and D. program for such a purpose.

II. OBJECTIVES

1. To test performance of solar powered battery recharging centers for communications equipment and various other low-wattage powered tools (winch, drills, pumping equipment, etc.).

2. To focus attention on the peacetime terrestrial uses of solar power so as to generate demand and motivation for privately financed R. and D. programs designed rapidly to reduce the cost of solar cells.

III. TASK LIST AND PARTICIPANTS

The substance of the proposal involves fabrication and testing of a solar recharging center, demonstrated and tested for multiple-battery powered and uses, in the course of a month-long tropical river journey in Surinam, in an environment offering a variety of the kinds of field conditions in which such an innovation will be expected to function.

A. Fabrication of solar-powered battery recharging center (Hoffman Electronics Corporation by contract with AID)

1. Fabrication of a standardized modularized 100-watt silicon solar-cell generating panel, including measuring apparatus.
2. Fabrication of a battery recharging center, including measuring equipment.
3. Fabrication of a suitable, knockdown portable boat to carry and operate from the recharging center.
4. Shakedown test of solar-powered boat's performance, before expedition field trial.

After the expedition—and based on the performance—a simplified recharging center, including a 100-watt solar generating panel, will be provided to AID. Cost: estimated $30,000.

B. Expedition costs (Army Quartermaster Corps)

The costs of the one-month jungle expedition, including salaries of participants, will be borne by the Army Quartermaster Corps, on reimbursable cost, up to $16,500, with Hoffman or Army Quartermaster Corps as prime contractor for this phase.

C. Supervision and cost of preparation and publishing of reports (AID)

AID will pay for professional AID consultant costs, including West Coast travel and subsistence, during the fabrication and shakedown phase and for 1,000 copies of a final performance report to be made by the AID participant. (The National Geographic magazine has expressed an interest in and willingness to publish an account of the expedition in popular terms, if exclusive first publishing privilege can be exercised. No restriction is placed on concurrent reporting or additional publicity thereafter. This seems to be a very useful impact medium to take advantage of for purposes of meeting the second objective listed above.)

Time phasing, 6 months:

April 1, 1962, to June 30, 1962: Fabrication and shakedown test.

June 30, 1962, to August 15, 1962: Expedition and land-based tests of equipment.

August 15, 1962, to September 30, 1962: Preparation and publication of reports.

Cost summary (AID costs only)

Fabrication costs (by contract with Hoffman Electronics):	
Collapsible boat (fiber glassed)	$1,000
Propelling motors, 2, at $100 each	200
Servomechanism (optional)	200
Pump, winch, etc	100
Solar panel, 100 watts, at $100 per watt (raw cell costs, fabrication and metering equipment)	17,000
Batteries (4 12-volt 60 AH lead-acid)	500
Circuitry, control box, panel frame	2,000
Sakedown, and contingencies	5,000
Subtotal	26,000
Fee, 8.5 percent	2,210
Total (estimated)	28,210
Additional costs to AID:	
Travel and per diem for AID consultant on detail to Hoffman to supervise shakedown testing	2,000
Publication of final report by AID	2,000
Subtotal	4,000
Total REPAS funds	33,000

APPENDIX IV—INTEROFFICE MEMORANDUM FROM JOHN R. O'BRIEN, HOFFMAN ELECTRONICS CORP., RE CORPORATE REPORT NO. 4 (1962), WN-807—SOLAR POWERED BOAT EXPEDITION, JANUARY 29, 1962

INTEROFFICE MEMO—HOFFMAN/ELECTRONICS CORPORATION, MILITARY PRODUCTS DIVISION

Corporate Report No. 4 (1962)

JANUARY 29, 1962.

Subject: WN-807—Solar Powered Boat Expedition.
To: Mr. H. L. Hoffman.
Mr. Will I. Bull.
Dr. Lloyd DeVore.
Mr. T. S. Hoffman.
Mr. Raymond Cox.
From: John R. O'Brien.
CC: A. McCarroll.
D. Bright.
R. Ruth.
M. Long.
B. Birchard.

BACKGROUND

In July 1961, John Hoke returned to the United States after a four year tour of duty as Communications Media Officer at the United States Operations Mission to Surinam (Dutch Guiana), in International Cooperation Administration (ICA) station. He took up residence in the Washington area while on terminal leave. Hoke is primarily an author and a photographer who has been interested in the potential of solar cells for a long time.

During his stay in Paramiribo he built and operated a number of interesting solar powered devices using Hoffman solar cells cannibalized from our propeller demonstrators. The keen interest of the small percentage of the population who were privileged to see the sun furnishing electric power led Hoke to decide that solar energy conversion by means of silicon solar cells should be fully exploited in the remote regions of the free world. He had made numerous journeys into the rain forest jungles of Dutch Guiana and decided to investigate the possibilities of a spectacular voyage in a river craft using an electric outboard motor with a power system consisting of storage batteries and a solar charging panel.

Hoke called at the Washington Office shortly after his return to the United States to discuss the feasibility of his plan. J. W. Jones and W. B. B. Lyons discussed his ideas with him at great length. While there were many intangibles in the plan, there seemed to be some opportunities for unusual publicity for the Corporation, and with this in mind, Lyons made a complete report to Art McCarroll in Los Angeles last August. McCarroll corresponded directly with Hoke and, when he had sufficient information, referred the idea to Hoffman Semiconductor Division for comments on technical feasibility. It was decided that the engineering manpower and materials required would cost more than could be risked for a publicity venture. Upon being advised of the decision Hoke directed his efforts to other potential backers including International Rectifiers and the Army Research Office. While there was no lack of interest in the idea, no specific plan for the operation has emerged to date.

STATUS REVIEW AND NEW APPROACH

While Mr. H. L. Hoffman was visiting the Washington Office January 8–10, 1962, he learned of Hoke's solar-powered boat idea and arranged a meeting to learn firsthand the details and status of the project.

Present were:

Mr. H. L. Hoffman	Dr. Ralph Ruth
Mr. John Hoke	Dr. Merle Long
Mr. John R. O'Brien	Mr. W. B. B. Lyons

Hoke gave an informal and intelligent presentation of his expedition plan and his approach to the attendant problems. He displayed color slides taken on some of his river journeys in Dutch Guiana which left no doubt as to his qualifications to conduct the proposed journey.

The principal results of the meeting were:

1. Mr. Hoffman suggested the development of a standardized solar cell module, designed for quick hookup on various basic structures and suited to the panel requirements for the boat power system, as well as those for the operation of other equipment and devices to be carried. Ralph Ruth was directed to look into the feasibility of this concept.

2. Hoke furnished copies of his estimated power requirements. Ralph Ruth was asked to make calculations on the solar panel needed for the operation of the boat.

3. Mr. Hoffman suggested that the scope of solar power demonstrations be broadened by planning to use as many different items of equipment powered by solar cells as could be carried conveniently. He mentioned in particular the placing of CLEAR units at selected sites in remote Indian and Bush Negro villages. John Hoke will investigate the feasibility of including Hoffman CLEAR in the project.

4. In order that Hoffman Electronics Corporation may properly evaluate the project, the position of all interested parties must be known. Mr. Hoffman stated that Hoffman Electronics Corporation might sponsor the expedition with the support of other interested activities. W. B. B. Lyons was assigned the task of determining the nature of the support which can be expected from the organizations interested as well as what is required by them in return for their support.

5. If an acceptable plan for participation in the expedition by interested parties, with Hoffman Electronics Corporation as principal, can be worked out, Mr. Hoffman suggests that we negotiate with Hoke for his services as a consultant and leader of the expedition.

MEETING TO DETERMINE POSITION OF INTERESTED PARTIES

On January 16, 1962, a meeting was held in the Washington Office. In attendance were:

Dr. Gerald Winfield, Acting Chief of the Communications Resources Division, AID/Washington.
Mr. David Mayer, AID Research and Development.
Mr. Charles Allmon, Assistant Illustrations Editor, National Geographic Society.
Mr. Andrew H. Brown, Senior Editorial Staff, National Geographic Society.
Mr. Harold McPhillamy, Army Quartermaster Corps, Natick, Mass.
Mr. W. B. B. Lyons, Hoffman Electronics Corporation.
Mr. John Hoke, Consultant from Dr. Winfield's Office.
Mr. Fred Blachley, AID Public Affairs Office.

To implement discussion of the Solar Powered Boat Project, rough sketched visuals were prepared (by Mr. Hoke) representing the Solar Boat, and an idealized, modular, 100-watt Solar Power Field Unit for the operation of many pieces of off-the-shelf communications media (audiovisual) equipment. These drawings are being forwarded to Mr. H. L. Hoffman, under separate cover.

All parties concerned agreed that the basic reward of an increased public awareness of the potentials in this field of solar energy conversion would be most effectively attained through a venture such as the projected solar powered boat expedition.

Mr. Brown of National Geographic expressed their interest in the project from the standpoint of the editorial interests of the Society's magazine. He stressed that the proposed Surinam venture was extremely promising material, if carried out as proposed, and if it could be assumed that the Society would have exclusive rights to the coverage of the expedition itself. Their editorial interest lies in the extreme contrasts represented between the ultramodern application of sun power, and the primitive aspects associated with the jungle and its inhabitants. (They are particularly intriqued by the planned accompaniment of the Solar Boat with a native long boat (paddled by Bush Negros) that will carry test gear, personnel, etc). It was suggested that a National Geographic photographer might accompany the trip, if photographic requirements exceeded the capabilities of those already involved.

Apart from the publicity, and prestige accruing to Hoffman upon publication of an article in the National Geographic, rights to other footage taken on the trip can be negotiated with the Society for use in other nonrelated journals.

Mr. McPhillamy, who represented Quartermaster General Research and Development, indicated that early returns from his inquiry into the feasibility of the Army financing of expedition costs are favorable. His suggestion was that the details of the proposal would be better managed if the original proposal forwarded to the Army by Hoke might be assumed by the Hoffman Corporation. In this way, there would be only one agent to deal with, from the Army's point of view. (Mr. Hoke would then deal with Hoffman directly.) Mr. Hoke is in agreement with this course of action. Mr. McPhillamy indicated that the original proposal has not reached the point where the Army can commit itself, but that the nature of replies from Army Offices indicates ultimate favorable support. He advised that ARO support, customarily, can involve material, personnel, and financing. At this time, expedition financing is all that is being solicited. The costs anticipated are in the order of $15,000. Army financing of expedition costs would in no way encumber expedition planning, from the standpoint of Army participation requiring international negotiation (i.e., the expedition would still remain a private organization venture). Mr. McPhillamy cautioned against involving the military in any design or development aspects, for it would involve losing control of time factors, and the risk of opposition to the ventures being publicized in any form.

Dr. Winfield is most enthusiastic about the modularized concept, and sees, in the carrying out of the Solar Boat Project, the development of a modularized solar power field unit, meeting many of the power requirement of many aspects of the oversea AID program. The purchase of additional CLEAR units is the subject of a separate report (mailed to plant January 26), but the suggestion by Mr. Hoffman of injecting the CLEAR units into the objectives of the Solar Boat expedition was discussed and approved by the AID representatives at the meeting.

RECOMMENDATIONS

1. The drawings mentioned above are rough graphic representations of general ideas only. It is suggested that they be studied by concerned individuals, both for their informational content, and with a view to development into a polished presentable form.

2. In view of the interest and favorable responses to our initial exploration of the Solar Boat Project, it is recommended that concerned personnel meet and resolve, as soon as possible, the logistic and administrative aspects of undertaking the Solar Powered Boat expedition as a Hoffman project. At this meeting, requirements for additional detailed information should be developed and forwarded to the Washington Office. (Hoke is available, with several days notice, for consultation and discussion, during the formative stages of developing the overall plan.)

3. Because of numerous timing factors (availability of expedition personnel, National Geographic publication lag, seasonal considerations and Surinam receptivity, slowness of administrative procedures, etc.), if a favorable decision is reached on the part of the Corporation, it is recommended that the Solar Boat Project be begun at once.

JOHN R. O'BRIEN.

Separate cover (drawings).

APPENDIX V—LETTER FROM JAMES S. CERRUTI, SENIOR EDITOR, NATIONAL GEOGRAPHIC MAGAZINE, TO JOHN L. HOKE, AUGUST 2, 1962

NATIONAL GEOGRAPHIC MAGAZINE,
Washington, D.C., August 2, 1962.

Mr. JOHN L. HOKE,
Communications Resources Division, Agency for International Development, Department of State, Washington, D.C.

DEAR JOHN: This is to confirm the agreement we reached in our recent conferences. The National Geographic Magazine is indeed interested in your forthcoming AID expedition to Surinam to test a solar-powered boat and solar-powered radio receivers. As you know, we are sending a photographer to cover the expedition for us, and Jim Godbold, our photographic chief, will make arrangements with you about this.

You have agreed to write a speculative 5,000-word article for us on the expedition, and we should like to see this as soon after your return as possible.

Will you please aim at a November 1 deadline? If you can deliver the article sooner, all the better. We have high hopes for the success of this article, and if it proves to be acceptable we will pay you $1,200 for it. We have agreed that we will have exclusive rights to this article and subject for 3 months following publication, as well as to any still photographs you yourself may make on the expedition. If any of the latter are selected by us, Herb Wilburn, our illustrations editor, will be in touch with you about payment for them.

Before Jim Godbold dispatches a photographer to Surinam, will you please write me, for the record and our guidance, a letter (with a copy to Godbold) in which you will round up the following points: your acknowledgment and acceptance of the terms I've stated to you above; your recommendation on when the photographer should meet you; your estimate of the total time involved in the expedition; a description (as final as possible) of exactly where the expedition plans to go, and precisely what it intends to do; an estimate of the total number in the party; recommendations on clothing and other gear the photographer should take along; and channels of communication available between our photographer and the magazine (radio, phone, etc.).

Please keep in touch with Jim Godbold about photographic arrangements, and with me about the text or problems in general.

Bon voyage and good luck.

Best,

JIM.

APPENDIX VI—LETTER FROM JOHN HOKE, COMMUNICATIONS RESOURCES SPECIALIST, COMMUNICATIONS RESOURCES DIVISION, AGENCY FOR INTERNATIONAL DEVELOPMENT, TO JAMES S. CERRUTI, AUGUST 3, 1962

BETHESDA, MD., *August 3, 1962.*

MR. JAMES CERRUTI,
Senior Editorial Staff,
National Geographic Society.

DEAR JIM: Thank you for your letter of yesterday regarding the upcoming solar recharging system field trials in Surinam. (I'm sorry for writing on home stationery—but I am away from the office.)

I am indeed glad that you will be able to send a man to accompany these field tests. The concept of peaceful terrestrial use of solar energy—our greatest natural resources (and free, to boot)—is quite exciting. It deserves all the attention it can get. This brings to fruition a plan that was over a year in forming, and one that went through many stages of consideration.

One point, however: Earlier, when I first discussed with Mr. Allmon and Mr. Brown, the nature of the solar experiments I wished to carry out, I did so as a private party—and without an actual sponsor for these experiments. As you know, I am now back with the AID agency—and they are the sponsors of this research endeavor.

I intend to prepare the same material we have discussed in as professional manner as is at my command, to accompany the illustrations your photographer will obtain. Inasmuch as I am now back with the AID agency, and in this instance will be writing directly about the project they are sponsoring, there need be no remuneration—or it can be a token honorarium that will go into the Agency. (This depending upon your editorial policy compassing such situations.) As to the pictures I shall be taking, they will be largely of a technical nature—but these, too, will be available to you on the same basis.

It is understood that the pictures taken by your man are naturally your property, and such text as I prepare for your particular application is for your use. As many facets of this endeavor are likely to be of value to other parties, its discussion can be expected to appear in other outlets. Written material is of course first cleared by the agency—but this poses little problem because nature of the subject.

I will write you later on the other matters you raised.

Sincerely,

JOHN HOKE.

APPENDIX VII—MEMORANDUM FROM EDWARD C. FEI, ACTING DIRECTOR, RESEARCH, EVALUATION AND PLANNING ASSISTANCE STAFF, AGENCY FOR INTERNATIONAL DEVELOPMENT, TO HERBERT J. WATERS, MARCH 20, 1962

MARCH 20, 1962.

To: Mr. Herbert J. Waters, AA/MR.
From: Edward C. Fei, REPAS (signed, Edward C. Fei).
Subject: Proposal to Test the Performance of a Solar Powered Battery Recharging Center.

We are ready to underwrite this experiment, which has been under intragovernmental discussion for about six months. The State Desk Officer, Foster, and Kanline, our DO, are fully informed and concur. Hoffman's part in it is to fabricate and provide the hardware, including a shakedown test. Hoffman, as producer of about 85 percent of silicon solar cells is a logical sole supplier.

It seems to me that we could obtain these supplies by a simple commodity purchase order, which I understand is issued under your office, rather than needing to go through the more elaborate stages of a contract. There are no patents involved, and, the labor costs are directly attributable to fabrication. There is no fee, no overhead to negotiate. Item Q, Shakedown Contingency Estimates, is subject to full audit. The estimate of $30,000 is a fixed limit, and the cost may be somewhat under when all vouchers are in.

Will you let me know whether you see any difficulty with this approach? If not, we will start the paper work on a PIO/C immediately.

APPENDIX VIII—MEMORANDUM FROM DR. GERALD F. WINFIELD, CHIEF, COMMUNICATIONS RESOURCES DIVISION, AGENCY FOR INTERNATIONAL DEVELOPMENT, TO MATTHEW M. FLATTERY, JUNE 12, 1962

JUNE 12, 1962.

U.S. Government memorandum.
To: Mr. Matthew M. Flattery, REPAS, 3534 NS.
From: Gerald F. Winfield, PS/CRD, 814 SA-1.
Subject: Research and Development Project in Communications Resources "Television Receiver Program."

An urgent requirement has been established for the purchase of 1,000 transistorized special, 23-inch television receivers employing fiscal year 1962 REPAS funds in the amount of $400,000 in accordance with plans and programs as outlined in memorandum dated June 1, 1962, Subject "Research and Development Project in Communications Resources" provided as Attachment No. 1.

In accordance with cover letter, Attachment No. 1, $400,000 is available for this procurement and moneys must be obligated by June 30, 1962, if the project is to be accomplished on a properly scheduled basis.

It is requested that a sole source purchase order be negotiated for the purchase of the 1,000 television receivers with the following company:

Warwick Manufacturing Corporation, 7300 North Lehigh, Chicago 48, Illinois, Telephone No. Spring 4-6400 (Attention: Mr. Edward S. White, Director of Research and Development).

A copy of the complete proposal made by the Warwick Manufacturing Corporation for this program is provided as Attachment No. 2. You will note that it includes technical specifications and description for the equipment required; literature and specification on similar equipment built and manufactured by this company, facilities information plus other type of helpful literature.

The Warwick Manufacturing Corporation is being highly recommended for this sole source procurement only after exhaustive study and research into the American Receiver Industry and our own requirements.

It is common knowledge that there are more than 25 major manufacturers of television receivers in the United States. All of these manufacturers, including RCA, Westinghouse, Motorola, Zenith, and others have designed their receivers to meet the "large production" American home market where there is only one standard, 525-line scan rate and ample power (125–175 watts, 110 volt, 60-cycle) available. Further, they are designed in a rather aesthetic configuration of light construction and employ parts and components which are low cost, readily obtainable in American Parts stores and repairable by American Television Service Agencies. Receivers are also built by certain major receiver manufacturers for the reasonably lucrative European Market on stand-

ards of the particular countries involved. However, methods of construction, power requirements and electrical operation are quite similar to American domestic units.

The requirements of our programs and projects do not permit us to employ receivers of the type described above. Units employed by AID for use in the underdeveloped countries must employ very rugged construction; be capable of operating from almost *any* power source from power generators to wind chargers. They must be able to operate in almost any environment of heat, cold, humidity and other adverse conditions. They must, with only minor change be able to operate on either American or CCIR standards. They must employ transistorized, modular construction, be light weight and much more simple to operate than American Television sets. Complete specifications on Agency requirements are provided as Attachment No. 3.

It has been very difficult to find a manufacturer who has developed or would develop at little cost to the Government a receiver of the type required.

The sequence of action taken by this office on this program are listed as follows:

A. January 1, 1961–September 1961, efforts were begun to discuss receiver needs with many leading manufacturers such as Motorola. (See Attachment No. 4.)

B. Letter, September 28, 1961, letter to Motorola. (See Attachment No. 5.)

C. On October 12, 1961, at a meeting of EIA (Electronics Industries Association), Dr. Winfield presented the television receivers needs of the Agency to all manufacturers in both verbal and written form. (See Attachment No. 6, entitled "A Research and Development Program in Communications Resources.") Manufacturers of all facets of industry were requested to submit information, informal proposals, literature, etc., on any equipment they might have that would meet Agency requirements.

D. In November of 1961, Westinghouse and RCA visited the Office of Communications Resources, AID to discuss the program. Requests were made for proposals, information, and demonstration of possible equipment. No response was or has been forthcoming and informal discussions with these organizations have indicated complete lack of interest in the program.

E. Letter, April 26, 1962, Motorola, rejecting a receiver submitted for evaluation due to complexity and lack of ability to operate on battery.

F. In January 1962, Sylvania personnel met with Agency personnel on the receiver problem. No response then or now has been forthcoming.

G. In April 1962, the Warwick Manufacturing Corporation through reading printed materials on Agency receiver needs, contacted Dr. Winfield and demonstrated a receiving unit almost exactly meeting desired specifications. Warwick had developed this receiver on their own money as a product but determined not to market it as production would be small in the American Market. So close did the receiving unit demonstrated meet requirements that only very slight work was needed to provide a completely satisfactory unit. After demonstrating this unit, several meetings were held and Warwick definitely proved their capability and interest in producing the desired unit at a price considered extremely reasonable to the Government.

H. On May 31, 1961, General Electric demonstrated a 19-inch television receiver. A conference was held between Dr. Winfield and two representatives of GE on the program. Personnel of GE were not at all sure that their Company had any desire to get into this program. They were given to the 10th of June 1962 to redemonstrate and submit a proposal. As of this date, there has been no further response.

To summarize, many manufacturers have been contacted. Both Motorola and GE demonstrated commercial but inferior equipment for the job needs and showed no interest in further developing their equipment. RCA, Sylvania, Westinghouse, and others, after conferring on the program with Agency personnel have not responded in any way. Only the Warwick Manufacturing Corporation has already developed equipment of the type required and has shown the interest necessary in making this program a success. After more than 18 months effort in communication with many manufacturers, only one, the Warwick Manufacturing Company is qualified to our standards.

It is recommended that the purchase order and/or contract written to the Warwick Manufacturing Corporation should incorporate both AID specifications and the complete technical proposal of the supplier involved.

APPENDIX IX—MEMORANDUM FROM DR. GERALD F. WINFIELD, CHIEF, COMMUNICATIONS RESOURCES DIVISION, AGENCY FOR INTERNATIONAL DEVELOPMENT, TO EDWARD KUNZE, JUNE 21, 1962

JUNE 21, 1962.

U.S. Government memorandum.
To: Mr. Edward Kunze, PS/CSD, 504 SA–1.
Through: Edith Lord, REPAS 3534 NS.
From: Gerald F. Winfield, PS/CRD, 814 SA–1.
Subject: Research and Development Project in Communications Resources "Television Receiver Program."

An urgent requirement has been established for the purchase of 1,000 transistorized special, 23-inch television receivers employing fiscal year 1962 REPAS Funds in the amount of $400,000 in accordance with plans and programs as outlined in memorandum dated June 1, 1962, Subject "Research and Development Project in Communications Resources" provided as Attachment No. 1.

In accordance with cover letter, Attachment No. 1, $400,000 is available for this procurement and monies must be obligated by June 30, 1962 if the project is to be accomplished on a properly scheduled basis.

It is requested that a sole source contract be negotiated for the purchase of 1,000 television receivers with the following company:

Warwick Manufacturing Company, 7300 North Lehigh, Chicago 48, Illinois, Telephone No. SPring 4–6400 (Attention Mr. Edward S. White, Director of Research and Development).

A copy of the complete proposal made by the Warwick Manufacturing Corporation for this program is provided as Attachment No. 2. You will note that it includes technical specifications and description for the equipment required; literature and specification on similar equipment built and manufactured by this companq. facilities information plus other type of helpful literature.

The Warwick Manufacturing Corporation is being highly recommended for this sole source procurement only after exhaustive study and research into the American Receiver Industry and our own requirements.

It is common knowledge that there are many major manufacturers of television receivers in the United States. All of these manufacturers, including RCA, Westinghouse, Motorola, Zenith, and others have designed their receivers to meet the "large production" American home low cost market where there is only on standard, 525-line scan rate and ample power (125–175 watts, 110 volts 60-cycle) available. Further, they are designed in a rather aesthetic configuration of light construction and employ tubes, parts and components which are low cost, readily obtainable in American parts stores and repairable by American television service agencies. Receivers are also built by certain major receiver manufacturers for the reasonably lucrative European Market on standards of the particular countries involved. However, methods of construction, power requirements and electrical operation are quite similar to American domestic units.

The requirements of our programs and projects do not permit us to employ receivers of the type described above. Units employed by AID for use in the underdeveloped countries must employ very rugged construction; be capable of operating from almost *any* power source from power generators to wind chargers. They must be able to operate in almost any environment of heat, cold, humidity and other adverse conditions. They must, with only minor change be able to operate on either American or CCIR standards. They must employ transistorized, modular construction, be light weight and much more simple to operate than American Television sets. Complete specifications on Agency requirements are provided as Attachment No. 3.

It has been very difficult to find a manufacturer who has developed or would develop at little cost to the government a receiver of the type required.

Discussions have been held with marketing managers, sales managers and engineering managers of all 11 of the major TV receiver manufacturers. All generally agree that the American Receiver Market does not justify transistorization except possibly in the small size receivers such as 8-inch, 14-inch and a few 19-inch units. Therefore most of the companies have done little or no work in transistorization.

The sequence of actions taken by this office on this program are listed as follows:

A. January 1, 1961–September 1961, efforts were begun to discuss receiver needs with many leading manufacturers such as *Motorola*. (See Attachment No. 4.)

B. Letter, September 28, 1961, letter to *Motorola*. (See Attachment No. 5.)

C. On October 12, 1961, at a meeting of *EIA* (Electronics Industries Association), Dr. Winfield presented the television receivers needs of the Agency to all manufacturers in both verbal and written form. (See Attachment No. 6, entitled "A Research and Development Program in Communications Resources.") Manufacturers of all facets of industry were requested to submit information, informal proposals, literature, etc., on any equipment they might have that would meet Agency requirements.

D. In November of 1961, *Westinghouse* and *RCA* visited the Office of Communications Resources, AID, to discuss the program. Requests were made for proposals, information, and demonstration of possible equipment. No response was or has been forthcoming and informal discussions with these organizations have indicated complete lack of interest in the program.

E. Letter, April 26, 1962, *Motorola*, rejecting a receiver submitted for evaluation due to complexity and lack of ability to operate on battery. Also, receiver had only a 19-inch screen size.

F. In Jaunary 1962, *Sylvania* personnel met with Agency personnel on the receiver problem. Contact June 21, 1962, indicated that no transistorized equipment is available.

G. In April 1962, the *Warwick* Manufacturing Corporation through reading printed materials on Agency receiver needs, contacted Dr. Winfield and demonstrated a receiving unit almost exactly meeting desired specifications. Warwick had developed this receiver on their own money as a product but determined not to market it as production would be small in the American market. So close did the receiving unit demonstrated meet requirements that only very slight work was needed to provide a completely satisfactory unit. After demonstrating this unit, several meetings were held and Warwick definitely proved their capability and interest in producing the desired unit at a price considered extremely reasonable to the Government.

H. On May 31, 1961, *General Electric* demonstrated a 19-inch television receiver. A conference was held between Dr. Winfield and two representatives of GE on the program. Personnel of GE were not at all sure that their Company had any desire to get into this program. They were given to the 10th of June 1962 to redemonstrate and submit a proposal. On Monday, June 18, 1962, GE advised they are not interested in our program at this time.

I. On the 21st of June, our office talked with personnel of *Zenith*, *Sylvania*, *Philco*, *Magnavox*, *Emerson*, and *Admiral*. None of these companies are developing, have developed, or are producing transistorized television receivers of the 23-inch type.

To summarize, many manufacturers have been contacted. Both Motorola and GE demonstrated commercial but inferior equipment for the job needs and showed no interest in further developing their equipment. RCA, Sylvania, Westinghouse, and others, after conferring on the program with Agency personnel have not responded in any way. Only the Warwick Manufacturing Corporation has already developed equipment of the type required and has shown the interest necessary in making this program a success. After more than 18 months effort in communication with many manufacturers, only one, the Warwick Manufacturing Company is qualified to our standards.

It is recommended that the contract written to the Warwick Manufacturing Corporation should incorporate both AID specifications and the complete technical proposal of the supplier involved.

APPENDIX X(a)—MEMORANDUM FROM WALTER E. SMITH, RADIO AND TELEVISION OFFICER, COMMUNICATIONS TECHNIQUES BRANCH, COMMUNICATIONS RESOURCES DIVISION, AGENCY FOR INTERNATIONAL DEVELOPMENT, TO DR. G. P. WINFIELD, JULY 6, 1962

JULY 6, 1962.

To: Dr. G. P. Winfield.
From: Walter Smith.
Summary: Transistorized Receiver 23-inch Program.

1. The following is a brief summary of actions taken to date on the PS/CRD Transistorized Television Receiver Program.

A. Efforts were begun to establish a Television Receiver Program in early 1961.

B. A presentation of the requirements for transistorized receivers was given by Dr. Winfield at a meeting of EIA, October 12, 1961.

C. At various times, November 1961–June 1962, both verbal and written contacts were made with more than 11 manufacturers of Television Sets to obtain a 23-inch transistorized unit.

D. Of all the manufacturers contacted, only one (1), the Warwick Manufacturing Co. was able to demonstrate and produce a 23-inch Transistorized Television Receiver. Other manufacturers contacted included RCA, Zenith, Admiral, Motorola, Emerson, Magnavox, Philco, General Electric, Sylvania, and Westinghouse. None of the manufacturers listed made 23-inch receivers nor were they interested in the project unless considerable ROD dollars were provided by AID.

E. On or about the 1st of June 1962, and after ORD/REPAS conversation, it was determined that REPAS could and would provide $400,000 for the procurement of 1,000 receivers. The suggested source was the Warwick Manufacturing Co., of Chicago, Ill.

F. On the 8th of June 1962, REPAS requested justification for sale source procurement of the sets by purchase order from the Warwick Manufacturing Co. Such a justification including specifications, Warwick proposal, etc., were provided on June 12, 1962.

G. On the 15th of June 1962, PS/CRD submitted to REPAS a completed "Purchase Order Request," complete with justification, etc., for processing and procurement of the sets.

H. On the 19th or 20th of June 1962, Mrs. Clagett of Purchasing in consultation with AID General Counsel determined that the units could not be bought under a purchase order, but had to be bought by a "contract."

I. On the 20th of June 1962, conversations were held between Mr. Kunze, Dr. Winfield, and W. E. Smith pertaining to the expeditious processing of a "contract" for the receivers.

J. PS/CRD prepared a PIO/T for the required equipment on June 2, 1962, and submitted them the same date to Contract Services.

K. The PIO/T's and a waiver for sole source were signed off by Dr. Winfield, M. Flattery, Dr. Lord, and Mr. Kunze.

L. The entire contract package went to Mr. Robert Daughtridge of Contracts on June 25, 1962.

M. W. E. Smith and R. Daughtridge discussed procurement 26th and 27th of June. Contracts called Warwick people and requested their presence at AID on the 28th and 29th of June for contract discussion.

N. Contract negotiations were held 28th and 29th between Warwick and AID. Present for Warwick was Mr. E. White, Chief of R&D; Mr. Truckenbrod, Sales Manager; Mr. Waggener, Financial Vice President; and Mr. Bowers, General Counsel. For AID, W. E. Smith, and R. Daughtridge and intermittently other personnel.

O. Contract was signed une 29, at 12:30 p.m. p.m. by Dr. E. Fei. of AID, and Mr. Waggener, of Warwick. Final agreed upon contract terms were as follows:

(1) Contract value, $400,000.

(2) Items contracted for included 1,000 Receivers, 23-inch, 1,500 Instruction and Service Manuals and export packing of all units. Units to begin shipment 17 months from June 30, 1962, or earlier.

(3) Contractor to submit recommended spares list for procurement during fiscal year 1963.

2. The above briefly summarized actions to date. Certain actions must be accomplished in the immediate future.

A. Visit to Warwick by Radio and TV Officer to coordinate on Receiver, Manual production, and assure successful relationships and production startup. This is extremely important in that although the Receiver is developed in the most basic sense, considerable development and design effort is to be achieved on the "Power Problem," "environmental" problems, "chassis layout" and "simplicity" problems.

B. Completion of Power (Battery Research) as soon as possible.

C. Submission of battery specifications to be employed with receivers by September 1, 1962. Sample batteries are to be provided during November 1962.

D. Requirement to provide U.S. AID and CMO's with *complete* plan on the entire program including schedules, reporting procedures, etc.

E. Establish shipping destinations and completion of GBL's as soon as possible.

F. Establish testing and evaluation procedures and reporting on performance. Consolidated reports must be evaluated, given to manufacturer and specs revised where necessary.

G. Establish distribution and followup procedures on all sets to permit full reporting.

H. Inspection and acceptance by AID at Warwick plant.

I. Procurement of spares to be shipped simultaneously with sets.

J. Establish technical training programs at receiver destinations to assure proper local maintenance. Establish local maintenance sources.

3. Complete program and scheduled activities will be submitted as soon as possible. Should any question exist concerning the program, please do not hesitate to let me know.

APPENDIX X(b)—COMPANIES CONTACTED CONCERNING 23-INCH TELEVISION RECEIVERS

COMPANIES CONTACTED CONCERNING 23-INCH TELEVISION RECEIVERS

1. Companies contacted by Dr. Gerald F. Winfield:
   (*a*) Warwick Manufacturing Co., Chicago, Ill.: Mr. Ed White, manager of research and development, and Mr. Trukenbrod, sales manager.
   (*b*) Westinghouse Corp.: Mr. M. Geotz, research and development, and Dr. J. Brown.
   (*c*) Radio Corporation of America, Home Products Division: Mr. Clyde Hoyt and Mr. Earl Anderson.
   (*d*) General Electric Corp.: Mr. C. W. Van Geisen.
   (*e*) Motorola: Mr. Pat Calobrisi.
2. Companies contacted verbally by W. E. Smith, June 20, 1962.
   (*a*) Zenith Corp.: Mr. W. G. Frick, marketing manager, radio and TV.
   (*b*) Philco Corp: Mr. Bill Balderson, product manager, television.
   (*c*) Magnavox: Mr. Mulgannon, Washington, D.C., Government sales manager for Washington, D.C.
   (*d*) Sylvania: Mr. Ken Connor, sales manager, radio, television, hi-fi.
   (*e*) Admiral: marketing manager, television receiver sales.
   (*f*) Dumont-Emerson: sales manager, television receiver sales.
3. Verbal requests made to companies under item 2, above:
   Are you in the television receiver business? Do you make, have you made, or do you plan to make transistorized television receivers? Could you provide a television receiver, transistorized, 23-inch, tropicalized, to operate on 12-volt DC with power drain of 30–35 watts with receiver also to operate on 117–220 volts, 50–60 cycles? Could you make the receiver also on CCIR. Do you have one to demonstrate? How long would it take to get one? How far have you gone in transistorization?
4. General consensus of manufacturers contacted:
   Yes, we are in the television business. We have done some basic work in the field of transistorization but have not made any 23-inch receivers. As a matter of fact, we have not seen any market for transistorization except in the very small sizes. The American market simply won't support large transistorized receivers over tube receivers at this time. Costs would be prohibitive to both the customer and the manufacturer. Your specification requirements are real tough. We could not do it at this time as we have nothing. We are interested although there would be some research and development costs.
5. General summary:
   Just about all of the manufacturers contacted on the 20th stated the same thing. All of them were playing with transistors. None had done any serious thinking on the problem as the market simply would not support the development costs and the subsequent raise in price required for transistorization. All indicated interest in the program but just about all of them would require R. & D. funds, a considerable period of time for development and considerably more discussion. None were able or capable of demonstrating equipment. All stated that they knew of no one that could supply the equipment except possibly Motorola who had produced the 19-inch Portable Transistorized Television Receiver.

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AGENCY FOR INTERNATIONAL DEVELOPMENT CONTRACT OPERATIONS

(Office of Research, Evaluation and Planning Assistance Staff)

(Part 2)

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

U.S. Congress. House. COMMITTEE ON

GOVERNMENT OPERATIONS

HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH CONGRESS

SECOND SESSION

SEPTEMBER 10 AND 11, 1962

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AGENCY FOR INTERNATIONAL DEVELOPMENT CONTRACT OPERATIONS

(Office of Research, Evaluation and Planning Assistance Staff)

(Part 2)

MONDAY, SEPTEMBER 10, 1962

HOUSE OF REPRESENTATIVES,
FOREIGN OPERATIONS AND
MONETARY AFFAIRS SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

(This entire record has been reviewed by the Department of State, and the subcommittee has been informed that there is no objection to the publication of the record from the standpoint of foreign policy and national security. See app. I, p. 456.)

The subcommittee met, pursuant to recess, at 10 a.m., in room 304, Cannon Building, Hon. Porter Hardy, Jr. (chairman of the subcommittee), presiding.

Present: Representatives Porter Hardy, Jr., Henry S. Reuss, John S. Monagan, and George Meader.

Also present: John T. M. Reddan, chief counsel; M. Joseph Matan, counsel; Walton Woods, investigator; Charles Rothenberg, investigator; and Phyllis M. Seymour, clerk.

Mr. HARDY. Let the subcommittee come to order.

This is a continuation of a series of hearings which were conducted recently. The subcommittee has been studying certain operations of the Reserach, Evaluation, and Planning Assistance Staff of the Agency for International Development, with particular attention being paid to its contracting practices and procedures.

The Office was established at the end of December 1961, and during the next 6 months—that is, until the end of fiscal year 1962 on June 30, 1962—spent or obligated approximately $8.5 million. Most of it appears to have been hastily obligated during the closing days of the fiscal year, and not any of the contracts were let on a competitive basis. Each was negotiated with a sole source.

Let the record show the presence of Mr. Reuss, Mr. Monagan, Mr. Meader, and myself, constituting a quorum.

On August 9, 10, 15, and 16, the subcommittee held hearings to develop the facts surrounding two contracts let by REPAS; one for an experimental boat powered by solar cells to cruise the rivers of Surinam, and the other for the purchase of $400,000 worth of 23-inch transistorized television sets to be used in underdeveloped lands for

educational purposes. Unfortunately, AID does not know where or specifically how these sets are to be used.

Today we plan to examine two contracts relating to a very important subject—agrarian or land tenure reform. These contracts were selected by the subcommittee because their combined cost is approximately 25 percent of the total amount obligated by the research office. One contract for approximately $1,400,000 is with the University of Wisconsin. The other, for approximately $700,000, is with the American Bar Foundation, an arm of the American Bar Association.

All of the witnesses this morning will be from AID. The first witness will be Dr. Erven Long.

Before calling the witness, Mr. Reuss had a statement.

Mr. REUSS. I should like to make a brief opening statement to clear up any misunderstanding which might conceivably exist, Mr. Chairman.

It happens that the great university of my home State, the University of Wisconsin, is involved as a contracting party in one of the two contracts which are being investigated today. I would just like to say that what I say is based upon prior discussions with you, Mr. Chairman, and other members of the subcommittee—that I believe it is a fact that this investigation in no way casts any reflection upon the expertness or competence of the University of Wisconsin in this entire field of agrarian reform and land tenure. As is well known, the University of Wisconsin for more than a quarter of a century has built up a great body of learning in these fields at Madison, Wis. The Journal of Land Economics, which is generally recognized as the leading periodic authority in this field, has been published for an even longer period.

What the subcommittee is interested in, as I understand it, is the various contracting procedures of AID, in particular whether the contracts entered into with the University of Wisconsin, as well as other contracts, adequately specify the nature of the obligation which the Government is undertaking, and, for that matter, adequately inform the other contracting party, the University of Wisconsin, the obligations which it assumes under the contract.

I wish to make this brief statement, Mr. Chairman, and I believe I have stated the intent of the subcommittee in going ahead.

Mr. HARDY. The Chair is glad to have your statement.

I do not want at this time to prejudge what is likely to be developed. Certainly the competence of the University of Wisconsin in this particular field is not a matter under question by the subcommittee. We are concerned with the procedures under which the contracts were awarded. We are concerned with the magnitude of this. We are concerned with the steps which were apparently taken in the development of these contracts which caused them to grow to such an extent during the period of negotiation. We want to know why AID did not analyze and evaluate the research work already completed in this field before contracting with the University of Wisconsin to initiate independent research which could conceivably do nothing more than retrace the work already done by other research groups. There are many related subjects which we shall pursue.

Certainly the subcommittee does not want to cast any reflection whatever upon the University of Wisconsin, nor, for that matter, upon any official in AID. But we want to examine these contracts minutely to determine whether or not some governmental official has misused his authority in the award of these contracts.

I believe that does not detract at all from your observations, Mr. Reuss.

Mr. Meader, have you anything you wish to say at this time?

Mr. MEADER. No, Mr. Chairman.

Mr. HARDY. Mr. Reddan, we have a number of witnesses to be heard from from AID and I think it will save time if they are sworn at one time.

I think there are one or two on the list who already have been sworn.

If you will call out the list of witnesses we shall ask them to come forward and be sworn.

Mr. REDDAN. Dr. Long, Raymond H. Davis, Samuel Rothstein, James J. Ford, V. Webster Johnson, and Michael R. Belinky.

Are Mr. Oppenheimer and Mr. Weitzen in the room?

Mr. WEITZEN. Yes.

Mr. REDDAN. If they will come forward, please.

Mr. HARDY. Dr. Fei, Mr. Kunze, and Mr. Kanchuger have been previously sworn.

Gentlemen, do you solemnly swear the testimony you shall give in the matter before the subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Dr. LONG. I do, sir.

Mr. DAVIS. I do.

Mr. ROTHSTEIN. I do.

Mr. FORD. I do.

Mr. JOHNSON. I do.

Mr. BELINKY. I do.

Mr. OPPENHEIMER. I do.

Mr. WEITZEN. I do.

Mr. HARDY. Dr. Long, will you come forward, please?

Mr. REDDAN. Will you please give the reporter your full name and address?

Mr. HARDY. Please follow that up with a brief biographical sketch.

TESTIMONY OF DR. ERVEN J. LONG, CHIEF, AGRICULTURE AND NATURAL RESOURCES DIVISION, OFFICE OF EDUCATIONAL AND SOCIAL DEVELOPMENT, AGENCY FOR INTERNATIONAL DEVELOPMENT

Dr. LONG. Dr. Erven J. Long, 217 North Jackson Street, Arlington, Va.

Mr. HARDY. Now if you will give us a brief biographical sketch we would appreciate it, please, sir.

Dr. LONG. I was born in Wisconsin, educated at the University of Wisconsin where I took my bachelor's degree, and most of my Ph. D. degree. I spent 1 year at the University of Chicago as a Farm Foundation fellow and received my doctor's degree in 1948 from the University of Wisconsin.

I was on the staff of the University of Wisconsin, working up to assistant professor until June 1950, when I went to the University of Tennesseee as head of the department of agricultural economics and rural sociology.

I was in that capacity until June of 1956, except for brief tours on leave of 3 months in the Belgian Congo in 1954 and about 6 or 7 weeks in India in 1955.

While at the University of Tennessee, among other offices, I was chairman of the Southern Regional Vegetable Marketing Committee and held various offices in the Association of Southern Agricultural Workers.

Mr. HARDY. What is the Association of Southern Agricultural Workers?

Dr. LONG. An association of workers in all fields of agriculture, and then it is subdivided by subject matter.

Mr. HARDY. Professional people?

Dr. LONG. Professional people.

Mr. HARDY. Extension people and professional marketing specialists?

Dr. LONG. Primarily research rather than extension. I believe the extension people are invited in but not members.

Mr. HARDY. I am a little lax in my agricultural activities. At one time I was pretty active in vegetable marketing activities in the South myself. I wondered about this organization.

Dr. LONG. This organization covers all subject matter fields. As I recall it, I was secretary 1 year, vice president, and I believe president-elect when I left to go overseas. That is not of the organization itself, but the social science section of the organization.

Mr. HARDY. That organization must be comparatively young.

Dr. LONG. No, sir; it is a very old one and a very large one. It is also a very excellent one.

Mr. HARDY. I wouldn't question that for a second. I don't know why I didn't run across it. I was associated with the research people and agricultural people for a considerable period of time, beginning back in 1935 and extending on to about 1945. Somehow or other I missed out on that organization.

Let us get you up to date.

Dr. LONG. In 1956, in June, I went to India as leader of the University of Tennessee contract team which was providing technical assistance to the southern three states of India, and under contract with ICA.

Mr. MONAGAN. What year was this?

Dr. LONG. I went in June of 1956. I had gone in 1955 on a survey team which developed the program in its broad outline and then went back in 1956 to carry out the program.

Mr. MONAGAN. This was a contract between the University of Tennessee and ICA?

Dr. LONG. That is correct. I remained there until October 16 of 1960, I believe, and came back to the United States and joined the agency, at that time the ICA, on November 7 of 1960.

Mr. HARDY. In what capacity?

Dr. LONG. My title was specialist in land problems and policies.

Mr. HARDY. That covered the whole world?

Dr. LONG. That covered the whole world.

Mr. MEADER. Specialist in land what?

Dr. LONG. Problems and policies.

Mr. MEADER. That is your present title?

Dr. LONG. No, sir, it is not. The organization has changed substantially since then. I am now the Chief of the Agricultural and Natural Resources Division of the Office of Educational and Social Development.

Mr. HARDY. High-sounding title.

Dr. LONG. Yes, sir, and it is a very small division.

Mr. REDDAN. What is your geographical area?

Dr. LONG. I am still working, this particular office in which I work, has worldwide responsibilities.

Mr. MONAGAN. Who is your immediate superior in the administrative chain?

Dr. LONG. Dr. Ralph Ruffner.

Mr. HARDY. What is his job?

Dr. LONG. He is the Acting Director of the Office of Educational and Social Development.

Mr. MONAGAN. Where does he stand in the hierarchy here? Do you know who his superior is?

Dr. LONG. I believe he reports directly to the Administrator.

Mr. HARDY. This operation, then, is not tied directly into the Office of Research, Evaluation, and Planning Assistance?

Dr. LONG. That is correct.

Mr. HARDY. It is a collateral operation?

Dr. LONG. Correct.

Mr. HARDY. How do you get your ties with that office?

Dr. LONG. On an informal, professional, advisory or counseling basis. The office is an office of professional people. It is not an office with operational responsibilities.

Mr. HARDY. It has no operational responsibilities?

Dr. LONG. Not as I understand the term. It is a professional group, professional office.

Mr. MEADER. You say your particular office is not large. How many people do you have?

Dr. LONG. As of now I have one full-time assistant.

Mr. HARDY. Is that all?

Dr. LONG. And I have been utilizing the part-time services of Mr. Davis as a consultant, primarily until this one full-time assistant came with me, which is about 2 or 3 weeks ago.

Mr. HARDY. You have been a one-man operation?

Dr. LONG. I have been working very hard.

Mr. HARDY. How in the world did you do it?

Thank you, Doctor.

Mr. REDDAN. Do you advise the Office of REPAS in any of their operations?

Dr. LONG. Not on their operations as such but I advise them to the limit of my ability in technical questions.

Mr. REDDAN. Is that part of your job, to do that on your own, or do you do it at the request of REPAS?

Dr. LONG. I do that at the request of the Office of REPAS. This is a general relationship we have with many other offices in the Agency.

Mr. REDDAN. What request did you receive from REPAS with respect to the matter which eventually developed into this contract with the University of Wisconsin?

Dr. LONG. The request that I got from them in specific terms was for general consulting advice regarding the soundness of this proposal.

Mr. HARDY. Did you have anything to do with the initiation of this project?

Dr. LONG. This is a point I wanted to make clear. I was working in this capacity before the REPAS office was established.

Mr. HARDY. That is what I was thinking. Perhaps we can bypass some of this other thing and get down to the meat in the coconut. Were you not the father of this idea?

Dr. LONG. I wouldn't say I was the father——

Mr. HARDY. You wouldn't want to be the mother.

Dr. LONG. I was working in the field. My job description as I was brought into the Agency required that I do the kind of work I did in furthering the advance of land reform activities.

Mr. HARDY. Then you suggested this to REPAS, rather than REPAS asking you for information?

Dr. LONG. REPAS was thoroughly knowledgeable about the interest of the University of Wisconsin and their submissions, and so forth. I wouldn't say I suggested it to them. It was knowledgeable about this when it was established.

Mr. HARDY. Is that because you and Dr. Fei had known each other previously, had worked together previously, and this naturally developed?

Dr. LONG. Sir, on this point I want to say I had not known Dr. Fei previously. My connection with the University of Wisconsin, of which I am very proud, had terminated 12 years previously and I had not gone back to the university campus in several years. I had heard of Dr. Fei professionally but I had not met him until he came with the Agency.

Mr. HARDY. Thank you, sir.

Mr. REDDAN. Doctor, you are familiar with the contract which was entered into with the University of Wisconsin on May 11, 1962, for land reform survey, or land tenure survey in Latin America?

Dr. LONG. I am familiar with the work contemplated under the contract.

Mr. REDDAN. What was the end product sought by the Office of Research under that contract?

Dr. LONG. The end product sought?

Mr. REDDAN. What were they seeking? What was the contract supposed to produce?

Dr. LONG. I can speak better as to what I think the contract should produce. I don't know what was in their minds, although I assume there is no conflict.

The land reform problem, as everyone recognizes, is not only important but extremely difficult; to know what to do that will be productive of desirable results, and the inadequacy of knowledge pertaining to all the economic aspects of the problem is generally recognized to be a very great limiting factor.

This research project in its broad outlines was to provide the knowledge foundation for sound land reform programs within the countries of Latin America.

Mr. REDDAN. Can you tell us why the University of Wisconsin was selected for this contract?

Dr. LONG. Largely because they were very interested in doing the work and, at least, had outstanding competence in this field, a long history of having worked in the land reform field going back decades, and having worked with ICA going back at least one decade.

We were interested in getting this kind of assistance from the most effective institution possible.

Mr. HARDY. Aren't you getting into operations now? I am just trying to separate out, based on your own statement a moment ago, what the situation is. I am a little puzzled as to the genesis of this. Can you tell us exactly how this originated, who came to you and to whom did you go? If you advanced the idea in the beginning—you must have—let us find out how it originated. Give us the whole background of the conception of this thing.

Dr. LONG. When I first came to work it was not, as you remember, in my present office but in the office of Food and Agriculture, as a specialist in land problems and policies.

When I was recruited it was first of all to organize and develop a conference in Santiago of our agricultural people to discuss the problems and needs of land reform.

Mr. HARDY. That was in 1956?

Dr. LONG. No, this was in 1961, February of 1961. When I was brought in in November this conference had already been budgeted. I believe the exact dates had not been set but it was to be early in the calendar year of 1961.

All the missions had been circulated before I arrived with information to do some background work.

I immediately took up the job of developing the conference agenda, writing to the missions, getting their participation, and getting more specific information from them which they brought to the conference.

At this time I was working very closely with Mr. Harry Steele of the Department of Agriculture who had, before I arrived, been advising with ICA on this subject matter area.

He and I, and other people in the Office of Food and Agriculture, discussed the question of who would serve as a third person, in addition to Mr. Steele and myself, to lead the discussion at the Santiago conference to provide background papers and lead the conference.

After considerable discussion Dr. Penn was selected as being outstanding and qualified.

Mr. REDDAN. Who is Dr. Penn?

Dr. LONG. Dr. Raymond J. Penn of the University of Wisconsin.

We went to the conference leaving Washington, as I remember, on February 8.

I had not been in Latin America before. The other two men had been. We made some stops in Guatemala and Costa Rica and visited our mission people and local people and projects; not with the idea of making recommendations but with the idea of getting background for the conference—and also in Colombia.

In Colombia I could not get out into the field very much because I had to stay in Bogotá to meet with the food-for-peace mission which was down there at the time, so Dr. Penn and Mr. Steele did go out into the country more than I was able to.

Throughout this trip and conference, Mr. Steele and I, and Dr. Penn were impressed with the obvious need for research, the complexity of the problems being undertaken, and being research people we talked about the need for research.

I had known by this time that the University of Wisconsin was interested in a general way in research in this field; indeed, they always have been.

We did not on that trip discuss a research proposal or project as such.

Mr. HARDY. This was in Colombia?

Dr. LONG. I mean on the entire trip to Santiago. This was a series of 3- or 4-day stops at each place.

In Santiago, then, we had a 4-day meeting, the 21st through the 24th of February. It was an excellent meeting in my opinion and it was attended, also, by Mr. Herbert Waters, Assistant Administrator of the Agency, and Mr. S. N. McIntosh, who was my administrative superior in the Office of Food and Agriculture.

We had a thorough discussion of the problem of land and agrarian reform in general terms, and throughout this discussion the obvious need for factual knowledge and understanding of economic relationships upon which sound land reform programs could be based was built into the entire discussion.

We returned, after putting the report together, Mr. Steele and I to Washington and Dr. Penn to Madison.

Sometime following this, a matter of——

Mr. REDDAN. During the time that you were in Latin America with Dr. Penn, was it suggested that the University of Wisconsin put together a proposal for a land survey or a land study in Latin America?

Dr. LONG. Not to my knowledge in those terms. I knew they were interested and we talked about research and the kind of research that would be needed. I did not make any suggestion that they come forward with a proposal.

Mr. REDDAN. A proposal of any sort?

Dr. LONG. No.

Mr. HARDY. Go ahead, Doctor, and bring this on up to date if you will.

Dr. LONG. I should at this time say that Mr. Gibson, my immediate superior in the Agency at that time, had been to Madison in January and had picked up in conferences and discussions there—he had been there for another purpose but he picked up the expression of interest on the part of the university in doing work on a subject matter basis, and that their first and foremost interest was in land reform.

When I got back from this conference my immediate job then was to try to pull these pieces together.

Mr. HARDY. If you wish to refer to your notes you may.

Dr. LONG. If I may. The date escapes me at the moment.

I haven't the exact date, sir, but it was somewhere shortly after the middle of March, as I recall.

We received a letter from Dr. Penn. It was a dittoed letter, informally prepared, for discussion with the staff of the University of Wisconsin, indicating the general character of the university's interests and resources as they saw them, and indicating their interest in determining whether ICA would be interested in entering some kind of a contract arrangement with them in the future.

Mr. REDDAN. Is that a dittoed letter of March 20, 1961?

Dr. LONG. That would be the date, I believe, sir.

Mr. REDDAN. I show you here a photostatic copy of that letter if you do not have it, and ask if that is the one to which you refer.

Dr. LONG. I find that I do have the letter.

Mr. REDDAN. Is that letter addressed to you?

Dr. LONG. The letter was not addressed to me, as I recall. It was——

Mr. REDDAN. Is there a salutation on that letter?

Dr. LONG. The saluation has my name on it.

Mr. REDDAN. What does it say?

Dr. LONG (reading):

Erven Long—

Mr. REDDAN. Is there a handwritten note on the bottom of it?

Dr. LONG. Yes, sir.

Mr. REDDAN. Is that addressed to you?

Dr. LONG. Yes, sir; it is addressed to me.

Mr. REDDAN. Would you read that, sir?

Dr. LONG (reading):

This is a start. It is out to the staff for suggestions and revisions. Assuming revisions, of course, I think we could get Dean Frocker, Vice President Harrington, or perhaps even the president. Which should it be? And who should the letter be written to?

Mr. REDDAN. How is it signed?

Dr. LONG. "Ray."

Mr. HARDY. Does the copy in your file have the same thing?

Dr. LONG. Yes, sir.

Mr. HARDY. Are we up to date on this, Mr. Reddan?

Mr. REDDAN. Not quite. This handwritten part is addressed to "Dear Erven"?

Dr. LONG. Correct.

Mr. REDDAN. Did you have a communication prior to that, Dr. Long, on March 6, 1961?

Dr. LONG. Yes. This was a communication referring to his trip back home and so forth.

Mr. REDDAN. Would you read the first sentence of the fourth paragraph, please?

Dr. LONG (reading):

I want to take some more time, however, on the more important question of the kind of program the university should develop.

Mr. REDDAN. What was Dr. Penn referring to there?

Dr. LONG. I would not know for certain what he had in mind except that the university had been deliberating and discussing this thing for many months. I suppose following the experience he had in Santiago, and enroute to Santiago, he was referring to the kind, as I say, of program the university might develop.

Mr. HARDY. That sounds to me as though you and Dr. Penn reached some agreement as to what he would do.

Dr. LONG. No, sir. We had not reached an agreement. I had not seen anything to agree to.

Mr. REDDAN. Had you made any suggestions or had any discussions with him as to a possible program which the university could have agreed to in Latin America?

Dr. LONG. As to a possible program?

Mr. REDDAN. Yes.

Dr. LONG. We discussed the need for research, as I always do when I am talking with professional people, as this was my job. We were, of course, struck by the importance of the need for research in Latin America.

Mr. HARDY. This sounds to me—and maybe this is wrong—as though you told Dr. Penn to go back and develop the program. If that is not what you mean, clear it up right now because I certainly got the impression from that letter Dr. Penn wrote to you. I have not seen anything in the file to indicate you suggested otherwise.

Dr. LONG. It just did not happen that way.

The university was interested in this before I even met Dr. Penn or remet him. I should say, after returning from overseas, and indicated so to Mr. Gibson in January. I knew they were interested in doing research and he returned to Wisconsin, filled with additional knowledge as to the character of this research should take. Discussions had been going on all this time.

Mr. HARDY. It would seem to me to be perfectly natural, if you and Dr. Penn were both on the trip and both of you are expert in this field, it would be perfectly natural that you would discuss the possibility of his concerning himself with the research program to be conducted by the University of Wisconsin.

That is why I find it so difficult to understand your protestation that that was not done. It would be a perfectly normal thing to do, it seems to me. Anyway, if that is your testimony, that is yours.

Dr. LONG. Let me say one thing, if I may, to clear up this point. We went to Latin America, we went to these countries in Latin America, in order to get background material for the conference. The conference was very much on my mind. I had the burden of carrying this conference off and I wanted to do a good job. It was my first major assignment for the Agency.

Though we discussed the need for research we did not discuss a research proposal or anything coming close to the specifics of a research proposal.

Mr. HARDY. Did you not suggest he go back and develop a proposal?

Dr. LONG. I certainly did not, sir.

Mr. HARDY. All right; go ahead.

Mr. REDDAN. You received a draft of a proposed letter from the University of Wisconsin to ICA under date of March 20, 1961, is that right?

Dr. LONG. Yes, sir. That is the one we have just referred to.

Mr. REDDAN. Yes; but what was the purpose of that proposed letter?

Mr. HARDY. That was not a letter officially sent to ICA but a proposal, is that right?

Dr. LONG. It was a proposed letter which had been prepared originally for distribution to the staff. A good many people in the staff had participated, as I understand it, now, in this first draft.

Mr. HARDY. Is this a draft of a letter the University of Wisconsin is going to write to AID?

Dr. LONG. Yes, ICA.

Mr. HARDY. Then you had the staff of ICA preparing a draft of a letter for the University of Wisconsin to write back to you; is that right?

Dr. LONG. The staff of ICA did not prepare this.

Mr. HARDY. That is what I am asking you.

Dr. LONG. The staff of the University of Wisconsin prepared this. It was dittoed and distributed among a large number of the staff.

Mr. HARDY. It was sent to you, was it not?

Dr. LONG. A ditto copy was sent to me with my name on it.

Several copies were sent to ICA at that time.

Mr. HARDY. Certain copies to ICA for what purpose? For you to tell them what you thought he ought to do, is that right?

Dr. LONG. For ICA to react to.

Mr. HARDY. Were officials in ICA being asked to suggest what the University of Wisconsin should say to ICA officially? Did you do that?

Dr. LONG. When this letter was received, Mr. Gibson who was my superior officer requested a meeting with Mr. McIntosh, who was the Acting Director of the Office of Food and Agriculture, to review the letter and make recommendations pertaining to it. Because it was a letter requesting ICA reaction in terms of what would be to our best interests, we did this and I prepared a letter to Dr. Penn at their request—it was initialed by Mr. Gibson—in which I conveyed these staff reaction responses.

Mr. HARDY. The ICA staff people did suggest to the University of Wisconsin what kind of a letter they should write officially; is that right?

Dr. LONG. The context indicated——

Mr. HARDY. It is either right or wrong, Doctor. The purpose of it is another matter.

Dr. LONG. All right.

Mr. HARDY. This is an interesting little detour I am going to take now.

Was this proposal of the University of Wisconsin listed as one of these unsolicited proposals?

Mr. REDDAN. Yes, sir.

Mr. HARDY. This was unsolicited. All right.

Mr. REDDAN. Doctor, in that March 20, 1961, proposed draft, I will ask you to refer to point No. 6 on page 3 at the bottom of the page. Do you see that?

Dr. LONG. Yes, sir.

Mr. REDDAN. Would you read that?

Dr. LONG (reading):

> Experience and competence in comparative law and particularly Spanish law will be an important part of any program in landownership. The Wisconsin Law School which has been so active in land problems could develop the legal support for this international commitment of the university.

Mr. REDDAN. Is there any budget attached to this draft proposal?

Dr. LONG. I do not think so.

Mr. REDDAN. Did you subsequently get another proposal or revised copy of the suggested letter?

Dr. LONG. Yes; on April 6.

Mr. REDDAN. Would you read that, please?

Dr. LONG. The letter?

Mr. REDDAN. Yes, sir.

Dr. LONG (reading):

Attached is a revised copy of a suggested letter from the university to ICA. Thirty-five people from 13 departments in the administration made valuable suggestions for revision of the first draft and I have tried to incorporate them in this draft. I am submitting this draft to the university administration.

Thank you very much for your comments and suggestions. There is still time, of course, to correct any violence I have done to your ideas.

Mr. REDDAN. That letter is addressed to you?

Dr. LONG. Yes, sir.

Mr. REDDAN. Is there anything written on the bottom? Is that letter signed by Raymond J. Penn?

Dr. LONG. Yes, sir. But may I clarify my last answer to your last question?

This, again, is a ditto thing circulated generally. The dittoed version was not addressed to me but to everyone, presumably, who had made a contribution.

Mr. REDDAN. Is there a handwritten note on the bottom?

Dr. LONG. There is a handwritten note on the bottom.

Mr. REDDAN. Is that addressed to you?

Dr. LONG. This is to me, I would assume.

Mr. REDDAN. Would you read that, please?

Dr. LONG (reading):

Thanks for your comments. I have made some changes but perhaps not enough. I was certainly pleased with the response from the faculty here and the constructive comments. Have no word yet on how it will go through the ADM.

I assume he means administration, university administration.

Mr. REDDAN. All right. What is the next step in this contract?

Dr. LONG. As I recall, the Office of Food and Agriculture, including myself, reread this letter and decided this did not require any additional comments.

Mr. REDDAN. Did it contain a budget?

Dr. LONG. I do not believe so, sir.

Mr. REDDAN. At that point you did not know how much it would cost?

Dr. LONG. No, sir.

Mr. HARDY. Did you have any conversations or contacts with Mr. Steele during this period about this thing?

Dr. LONG. I presume some mention was made of this but I do not recall anything systematic.

Mr. HARDY. Mr. Steele was a member of the team that went down to Santiago?

Dr. LONG. Correct.

Mr. HARDY. He was not called upon to assist in the preparation of this program or this plan for the contract, I take it?

Dr. LONG. I think that is correct.

Mr. HARDY. Mr. Reddan, if you have not already done it, I want somebody to go over to Agriculture and check the files of Mr. Steele's office on this particular matter.

Mr. REDDAN. Yes, sir.

Did you write to Dr. Penn commenting upon the second proposed letter to ICA?

Dr. LONG. I do not believe I did. I have no——

Mr. REDDAN. Let me show you a photostatic copy of a letter dated March 30, 1961, addressed to Dr. Penn from you and ask you if you did write such a letter.

Dr. LONG. This was a reaction to—this was a letter I was referring to a moment ago which was in response to his first letter. That is to say, his letter of——

Mr. REDDAN. Is this a response to the first letter?

Dr. LONG. I am quite sure that is right; to his letter of March 20. The date of that one is March 30 and then his revised letter was on April 6.

Mr. REDDAN. I see.

Dr. LONG. This letter was the one which I wrote following the meeting of our staff. I was requested to write this letter on behalf of the Office of Food and Agriculture.

Mr. HARDY. You had a meeting of your staff to consider this particular inquiry from Dr. Penn; is that right?

Dr. LONG. I met with my immediate superior and, in turn, his superior who was then the Acting Director of the Office of Food and Agriculture.

Mr. HARDY. Dr. Gibson and who else?

Dr. LONG. Mr. McIntosh.

Mr. HARDY. You, Dr. Gibson, Mr. McIntosh had a meeting to consider the request from the University of Wisconsin to comment on and make suggestions with respect to the letter which they were going to send officially to ICA; is that correct?

Dr. LONG. Correct.

Mr. HARDY. Who else attended that meeting?

Dr. LONG. As I recall, no one.

Mr. HARDY. Were any minutes kept?

Dr. LONG. It is possible that Mr. Steele, from USDA, did attend but I am not certain about that. He was in some meetings but I am not certain whether he was in this one or not.

Mr. HARDY. Were any minutes kept of that meeting?

Dr. LONG. I do not believe so.

Mr. HARDY. Did you write a memorandum of what went on?

Dr. LONG. No, sir.

Mr. HARDY. You have no knowledge that there was any record made of the meeting or its purpose or its conclusions?

Dr. LONG. I wrote a letter to Dr. Penn at their request which was cleared by my administrative superior and kept as a part of the records.

Mr. HARDY. That is the letter of March 30?

Dr. LONG. Yes, sir.

Mr. HARDY. Who else participated in the preparation of that letter besides you?

Dr. LONG. I wrote the letter.

Mr. HARDY. Anybody else?

Dr. LONG. I wrote the letter from notes taken at the meeting and from notes taken on one of these drafts.

Mr. HARDY. You did take notes at the meeting? Do you still have them?

Dr. LONG. No; I do not. They were just for the purpose of drafting a letter in a few minutes; very rough notes.

Mr. HARDY. That, in itself, would constitute the substance of the action taken at the meeting; is that right?

Dr. LONG. The letter would.

Mr. HARDY. Yes?

Dr. LONG. The best record we have of the substance of the meeting; yes.

Mr. REDDAN. Doctor, it was your understanding that this proposed activity would be beneficial to the University of Wisconsin?

Dr. LONG. The University of Wisconsin was proffering assistance to ICA in achieving our objectives. My interest in it was the interest that would be to the ICA.

Mr. REDDAN. That was not the question I asked you. Did you understand or have this discussion with Dr. Penn as to possible benefit which the University of Wisconsin would derive from this study?

Dr. LONG. Not as such. I knew that the University of Wisconsin, like all universities, is conscious of the significance to education generally of being of public service. As far as any specific benefits to the University of Wisconsin; no, sir.

Mr. REDDAN. Was this to be a cooperative project in any way?

Dr. LONG. Cooperative? This word I do not know what it really means in this context.

Mr. REDDAN. We will come to it several times in a few minutes, Doctor.

In your letter of March 30, 1961, there is a suggestion that this is a problem which you may have discussed with Dr. Penn.

The second paragraph states:

> The only exceptions taken to the draft were, I think, merely matters of clarification, as I do not sense any substantive difference of view. They are: (1) the final statement should indicate more sharply the fact that ICA financing will be for activities on behalf of ICA. In other words, we are, of course, not in a position to finance general university programs or development, only those that serve identifiable objectives.

Mr. HARDY. What does that mean?

Dr. LONG. It means exactly that. The wording of the proposal, not so much the wording but the position of certain of the sentences in there, did not make clear this point and I wanted to advise him very clearly that any proposal which could be taken seriously would have to make this point clear.

Mr. HARDY. You spoke of relating it to identifiable ICA objectives. The clear inference is that there were some other objectives involved. Whose objectives, unless they were the University of Wisconsin's?

Dr. LONG. As I said, I wanted to be certain that any statement that was made formally would be absolutely clear on that point. There was a clarification of wording.

Mr. HARDY. What specific expenditures were you trying to avoid? You said:

> I would not spend money except to accomplish ICA objectives.

What others would be involved?

The thing that is worrying me here in the context of what you said in your own letter——

Dr. LONG. Yes, sir.

Mr. HARDY. What else did you have in mind? There must have been something involved there that would have served somebody else's purposes which the original program contemplated. Otherwise, I do not know why you would have gotten yourself in that kind of shape to disavow any use of Government funds for somebody else's objectives. I get the impression——

Dr. LONG. May I comment on this?

Mr. HARDY. Let me say this: I get the impression that the University of Wisconsin specifically said, "We are interested in this thing, too, for our purposes in connection with our own programs. Let us make this a cooperative program."

That is the way I add it up. If I am wrong, straighten it out for me, please.

Dr. LONG. The specific point I had in mind, as I recall, is on page 2 of the March 20 submission. This is the first full paragraph which says:

> The following are some educational functions which the university is capable of performing but could not finance from existing university budget.

Then it lists several items under No. 1 and refers, the last paragraph under item 1, says:

> Increasing numbers of U.S. students will also be served by courses that would help them to examine land tenure problems of the underdeveloped areas of the world.

I felt this was because of its position under this paragraph, it might be interpreted to mean that we could support them in giving general assistance in the training of U.S. students who would be a part of the normal workload not specifically related to our objectives. I told him this point should be made clear and this was discussed in our conference.

Mr. HARDY. Had he not already suggested in his letter, at least by inference, there were certain aspects of this matter he could finance through the university's budget?

Dr. LONG. Yes.

Mr. HARDY. Did he finally finance it or did the ultimate contract indicate any aspects of it would be financed by the university?

Dr. LONG. The university was putting its many resources into the overall land tenure field. It has been doing so all the time. In order to achieve our objectives specifically we had to add to those resources.

Mr. HARDY. It is all right to add to them for that purpose?

Dr. LONG. This is the point I wanted to make clear.

Mr. HARDY. I hope that point will be cleared up as we go along.

Go ahead, Mr. Reddan.

Mr. REDDAN. Under date of April 30——

Mr. HARDY. How about the April 6th letter? Whatever happened to that one? That was a letter Dr. Long received, I believe.

Mr. REDDAN. Yes; that is the revised copy of the suggested letter from the university to ICA.

Dr. LONG. Yes, sir.

Mr. REDDAN. What, if anything, did you do with that letter, Doctor?

Dr. LONG. As I recall, we did nothing.

Mr. HARDY. You did not even call him about it? You did not call up and say, "This is fine" or "Something ought to be changed"?

Dr. LONG. Not that I can recall.

Mr. HARDY. After that nice little longhand note, it looks like you would have at least done something. Go ahead.

Mr. REDDAN. Did you have a meeting on April 27?

Dr. LONG. April 27?

Mr. REDDAN. On agrarian reform?

Dr. LONG. Yes, sir.

Mr. REDDAN. What was the relation of that meeting to the proposed contract with the university, if any?

Dr. LONG. No organic relationship. This meeting on April 27 came about in this way: The U.S. Department of Agriculture has had the responsibility largely of developing general training programs in various subject matter fields and to do so, they develop what they call a prospectus. This meeting was called to provide background discussion out of which a training prospectus could be developed. This was the immediate purpose of the meeting.

Mr. REDDAN. Under date of April 30, 1961, did you receive a letter from Kenneth H. Parsons?

Dr. LONG. Yes. Wait a minute. Yes, sir.

Mr. REDDAN. Was there an enclosure with that letter?

Dr. LONG. Yes, sir.

Mr. REDDAN. What was the enclosure?

Dr. LONG. It was his note on his ideas of some things that could be done in the way of research.

Mr. REDDAN. Would you read the covering letter, please?

Dr. LONG (reading).

I have spent the day—

Mr. REDDAN. Excuse me. Start at the top, please.

Is this marked "Personal"?

Dr. LONG. Yes, sir. It is marked "Personal" and addressed to me, Dr. Erven Long.

I have spent the day trying to systematize some ideas regarding a possible ICA contract for training and research on land tenure adjustments and economic developments. This at least records the thinking on this problem which a busy week has stimulated. I am sending this to you on a personal basis and your criticisms will be appreciated.

Mr. REDDAN. Was this letter placed in your personal file or in the official ICA file?

Dr. LONG. I placed it in the ICA file.

Mr. REDDAN. Do you keep separate personal files?

Dr. LONG. No.

Mr. REDDAN. Do all copies of your correspondence appear in the REPAS files when they relate to a matter under REPAS consideration?

Dr. LONG. I do not believe REPAS was formally constituted at this time.

Mr. REDDAN. That may be so.

Dr. LONG. As of now, certainly.

Mr. REDDAN. As of 2 weeks ago, did they?

Dr. LONG. I am not certain on this point.

Mr. REDDAN. Did you, as a matter of practice, send to REPAS, after it was formed, all correspondence which you had with the university, or with anyone else, with respect to this contract?

Dr. LONG. I made the effort to do so.

Mr. REDDAN. Was this successful, Doctor?

Dr. LONG. Whether it was perfect or not, I would not say.

Mr. HARDY. What kind of effort did you make?

Dr. LONG. My secretary was instructed to do this as a matter of course.

Mr. REDDAN. If your correspondence was not in the REPAS file, it was the fault of your secretary? Who was your secretary, Doctor?

Dr. LONG. Mrs. Crickenberger.

Mr. REDDAN. What was her first name?

Dr. LONG. Dorothy.

Mr. REDDAN. Do you know whether or not the negotiator on this contract had before him all your correspondence at the time he was negotiating the contract?

Dr. LONG. I do not know whether he did or not, sir.

Mr. REDDAN. In this proposal which was sent to you under date of April 30, there was a budget attached to that proposal?

Dr. LONG. Yes, sir.

Mr. REDDAN. For what period of time did it cover and what was the total amount?

Dr. LONG. It covered 3 years and in the amount of $340,000.

Mr. HARDY. For 3 years?

Dr. LONG. Yes, sir.

Mr. REDDAN. This was to be a research and training project?

Dr. LONG. This was Professor Parsons' 1-day effort to jot down his ideas.

Mr. HARDY. How do you know that?

Dr. LONG. Because he says so in his letter.

Mr. HARDY. Dr. Penn subscribed to that?

Dr. LONG. This proposal of Dr. Parsons was submitted on May 1 to the university people, to the vice president, and to Dr. Penn and others. I had no indication afterward that this had any more status than just something which he dashed off in a day——

Mr. HARDY. Dr. Penn and others in the university had been working with you on this matter over a considerable period of time?

Dr. LONG. Yes.

Mr. HARDY. Yet they did not come up with a budget that is based on any more than somebody's 1-day effort. This is a gentleman who has not been involved in this up to now?

Dr. LONG. I am sure he had been involved in discussions at the university of a general nature but this represented something which he put down, as he says, in 1 day.

Mr. MEADER. Who is Mr. Parsons? I did not get his connection.

Dr. LONG. Professor of agriculture economics and a well-known authority in the land tenure field.

Dr. MEADER. That was at Wisconsin?

Dr. LONG. At Wisconsin.

Mr. REDDAN. Did he suggest the area to be covered by the university in its survey?

Dr. LONG. You mean the geographic area?

Mr. REDDAN. No; I am referring specifically to the items which appear on page 2 of that proposal, under the heading "A Comment on Decreasing the Capacity of the University."

* * * comments on increasing the capacity of the university—

and then No. 1 under that, if you will read that, please.

Dr. LONG (reading):

That this program be interdisciplinary, with regular participation by members of the faculties of law and rural sociology, with provision for eliciting the participation of colleagues in other fields, according to the nature of the problem.

Mr. REDDAN. The next one?

Dr. LONG (reading):

* * * The capacity of the University of Wisconsin to undertake this expanded program shall be increased by the enlargement of the faculties in the fields of agricultural economics, laws, and rural sociology, together with approximate research and teaching assistance.

Mr. REDDAN. Would it be a fair comment to say that the University of Wisconsin was considering a study which would embrace the legal aspect of land reform and agrarian reform?

Dr. LONG. I do not know to what extent the University of Wisconsin was considering this proposal at all. This was just one professor's notations for a day and it was put into the mill.

Mr. HARDY. Why did he send that to you if it had not been thought through as one man's thinking? Did it come to you officially or was this a personal thing?

Dr. LONG. This was a communication, personal, of his ideas to me for personal purposes. This had no status as a proposal.

Mr. REDDAN. Are you suggesting the university did not consider they would do such legal work as was necessary to cover the research in land agrarian reform?

Dr. LONG. I have no indication that the university ever intended to do all that, or even a major part of the legal research involved in agrarian reform.

Mr. HARDY. I thought one of the letters we had a while ago specifically referred to their competence in that area.

Dr. LONG. They have competence in this area.

Mr. HARDY. One of the earlier letters certainly led me to believe that that was a part of the original idea, that they would do the whole thing. I believe it was in some of this correspondence you had with Dr. Penn.

Dr. LONG. They used such terms as "supporting legal work," "legal work in support of economic work in agrarian reform."

Mr. REDDAN. Let us come to the proposal which was finally submitted to the Agency in September of 1961.

Do you have a copy of that before you?

Dr. LONG. Yes, sir.

Mr. REDDAN. Will you turn to page——

Mr. MEADER. While you are hunting that, would you let me clarify something in this proposal of these notes of Professor Parsons of April 30, where he suggested a 3-year program at a total of $340,000; is that correct?

Dr. LONG. This was my understanding. This is what he states in his proposal; yes, sir. Whether this was to be all of the university

effort or only the part that Professor Parsons was interested in, I do not know.

Mr. HARDY. Was that put in detail?

Dr. LONG. It could be detailed even though it was only partial.

Mr. MEADER. Let me see, Doctor, where this money was going to come from. Did you have any idea of what appropriation it would be charged to?

Dr. LONG. For this proposal of Dr. Parsons?

Mr. MEADER. Yes.

Dr. LONG. We did not consider this as a proposal.

Mr. MEADER. But they were apparently seriously working up to the point of making a proposal for a research grant or contract in land reform. Were there funds available to pay for such a research project at that time? If so, where were they and who had control of them?

Dr. LONG. I am not competent to answer as to where the funds were or who had control of them.

Mr. HARDY. I do not think you need to pursue that one too far because they were using funds over there for most everything they wanted to. I do not know why they could not have done this.

Dr. LONG. My responsibility was to work in the technical field of the land reform, agrarian reform. The operational question, as to how this could be handled, is taken up elsewhere in the Agency.

Mr. MEADER. As I get it, you and Dr. Penn and Mr. Steele went down to Santiago to this conference and wrote up this report. Then begins this correspondence back and forth in which you seem to be involved.

It looks as though this is the beginning of some kind of a monetary arrangement between ICA and Wisconsin dealing with research and land reform. It would be idle to do all of this considering and corresponding unless there were some funds available for this purpose.

My question to you, if you know, is this: Were such funds available? If so, who had control of them? Would you have control of them?

Dr. LONG. No.

Mr. MEADER. You would be in a position to recommend to somebody else that this is a worthwhile undertaking?

Dr. LONG. Yes, sir. The Agency was going through a reorganization and responsibilities were moving from office to office during that period. There had never been any indication except to the effect that the Agency would be concerned with the land reform work; through this period I kept working as a technical person as best I could.

Mr. REDDAN. I can now come back to this September 1961 proposal which was submitted to ICA. I refer to item 11 on page 9, one of the program activities.

Dr. LONG. Yes, sir.

Mr. REDDAN. Which the university will undertake. What is item No. 11?

Dr. LONG (reading):

> Analyze the legal basis for landownership and tenure in each country and the legal effects of agrarian reform.

Mr. REDDAN. There is no limitation placed on the legal research in that paragraph, is there?

Dr. LONG. Not within the paragraph except within context there is.

Mr. REDDAN. All right; show me any place else in there where, in the context of the overall document, it limits the legal aspects of the research.

Dr. LONG. This is one item out of a list of some 15.

Mr. REDDAN. Yes.

Dr. LONG. It is known that a certain amount of legal research, or at least, legal competence has to be built into economic research in order to validate the economic research. The same thing may be true in many other fields, such as political science or sociology or perhaps history or some of the technical sciences.

This was a supporting type of research or competence from the legal side.

Mr. REDDAN. Is the university here suggesting, according to your interpretation, sufficient legal research would make that a valid undertaking?

Dr. LONG. To make the economic investigation valid as an economics study.

Mr. HARDY. Where do they distinguish in setting that out? I did not understand that that was singled out, economic evaluation. How do you determine that?

Dr. LONG. This would have been their interest from the first and the program was to be administered from the Agricultural Economics Department. It was to be a study of the many, many fundamental aspects of the economics of land reform, land settlement, case studies, cost-benefit ratios, and so forth.

Mr. REDDAN. Would you read the first objective, Doctor? That is shown on page 7.

Dr. LONG (reading):

> Build a comprehensive body of knowledge about landownership, land tenure, and agrarian structure in the countries of Latin America.

Mr. HARDY. That is a limiting item? I do not understand your definition of limiting, Doctor.

Mr. REDDAN. Was there a budget attached to this draft proposal?

Dr. LONG. Yes, sir.

Mr. REDDAN. What was the total cost?

Dr. LONG. $251,000 plus an overhead item to be determined.

Mr. HARDY. That was in September of 1961?

Dr. LONG. Correct.

Mr. MEADER. Was this for 1 year or how many years?

Dr. LONG. This was an annual budget.

Mr. MEADER. Annual?

Dr. LONG. Yes, sir.

Mr. MEADER. Between May or April 30, when Dr. Parsons sent a note to you, it has grown from approximately $113,000 a year to $251,000; is that correct?

Dr. LONG. Dr. Parsons' note to me had no status as a university submission. It was something he dashed off one day and sent to me. After sending a copy to me, he circulated it to the university administration.

Mr. MEADER. In September of 1961 did you know what source of funds could be found within ICA for this research?

Dr. LONG. As I have indicated before, I know that the Agency was interested in the land reform field and we were going through a period of reorganization. I presumed somewhere there would be these kinds of funds available, funds for these purposes available.

Mr. HARDY. The Assistant Administrator, Mr. McIntosh, had been participating in these things had he not? Was he not an Assistant Administrator?

Dr. LONG. No; he was an Assistant Director of the Office of Food and Agriculture.

Mr. HARDY. Dr. Gibson had been participating?

Dr. LONG. He was my chief.

Mr. HARDY. Somewhere along the line, I thought you mentioned the Assistant Director of ICA or the Administrator, or whatever he was.

Dr. LONG. Yes, sir; the present Assistant Administrator, Mr. Herbert Waters, attended the Santiago Conference.

Mr. HARDY. He did not participate in any of the conferences or discussions?

Dr. LONG. Did not participate in the discussions, no.

Mr. HARDY. Was he not aware of what you were doing?

Dr. LONG. Generally knowledgeable about them, I am sure.

Mr. HARDY. Is he still in the Agency?

Dr. LONG. Yes, sir.

Mr. REDDAN. Doctor, was there a covering letter that came in with this proposal from the University of Wisconsin?

Dr. LONG. There was, I believe, but I do not have it with me.

Mr. REDDAN. I have a photostatic copy of a letter dated September 25, 1961, without any salutation on it. It was from the University of Wisconsin and it appears to refer to his proposal.

Dr. LONG. Yes.

Mr. REDDAN. This was supplied to us by the AID Agency.

Dr. LONG. It was not addressed to me. I do not know to whom.

Mr. REDDAN. This did accompany the proposal?

Dr. LONG. It accompanied the proposal. I believe that is correct but I am not certain.

Mr. HARDY. Do you know to whom it went?

Dr. LONG. I do not have any knowledge of that. I do not of my own knowledge know.

Mr. REDDAN. Who signed it, Doctor?

Dr. LONG. The vice president of the university and Mr. Hill, Coordinator of International Studies.

Mr. REDDAN. Will you read the second paragraph of that, please?

Dr. LONG (reading):

> The university administration considers this proposal to be particularly suited to our capacity. We are prepared to use our own resources in supporting this program in cooperation with the Federal Government.

Mr. REDDAN. What does that mean? Do you know? What is your interpretation of it?

Dr. LONG. My interpretation of this is that the university will be drawing upon many of its resources to backstop and make more effective this effort and to call upon expertise that reside in many, many departments of the university in a large number of ways.

Mr. REDDAN. This is not what ICA would be paying for.

Dr. LONG. No, sir. The ICA would pay for those things in the budget, but this university——

Mr. REDDAN. What are they contributing to this particular survey that ICA would be paying for?

Dr. LONG. They could contribute many things——

Mr. REDDAN. Not what they could, but what were they?

Dr. LONG. What will they?

Mr. REDDAN. Yes, or what were they intended to use in support of this program? What part of their resources were they to use to support this program, other than those things which you normally would expect them to do?

Dr. LONG. This is what I would normally expect them to do, if I understand your question. They would put in the technical competencies of the staff in many fields.

Mr. REDDAN. You were employing technically competent people. If they were not, you would not have employed them.

Dr. LONG. That is correct.

Mr. REDDAN. What were they giving that you would expect?

Dr. LONG. Additional technically competent people.

Mr. REDDAN. Whom you were not going to pay for?

Dr. LONG. Whom we were not going to pay for.

Mr. REDDAN. Where is that spelled out?

Dr. LONG. It is not spelled out. That is the normal procedure.

Mr. HARDY. That is not covered in your overhead cost. That is extra.

Dr. LONG. It is not the sort of thing that is covered in the overhead cost as such, as I understand it.

Mr. HARDY. If it was not covered when you got to the final figure, then I do not know what else was covered, because the final figure seemed to jump.

Mr. REDDAN. When did this get into the Office of Research, Doctor? How did it get there?

Dr. LONG. I believe their proposal was probably addressed to the Office of REPAS.

Mr. REDDAN. This was September of 1961. The office was not established until December 29, 1961.

Dr. LONG. I do not recall exactly how it came in, but when the office was established, it was part of the file turned over to them. Mayer was assembling a file on research. This was in that file.

Mr. HARDY. What happened to it between September and December?

Dr. LONG. Nothing in particular happened during this time, as I know it.

Mr. HARDY. Is there any way we can find out to whom this letter went? When did you first see it?

Dr. LONG. I am sure I saw it, sir, very promptly after it was submitted. Copies were perhaps sent to me at the time.

Mr. HARDY. Up to this point, you had done all of the contacting with the University of Wisconsin, had you not?

Dr. LONG. Not all of it.

Mr. HARDY. Who else had?

Dr. LONG. Mr. Gibson had been to the campus. Dr. Penn had talked to Mr. David Mayer.

Mr. HARDY. Where will we find out about Mr. Gibson going to the campus and what he did? I have not run across that in any of the information which has been supplied to us previously. Maybe something has been held out.

Dr. LONG. The staff has it, sir.

Mr. HARDY. I did not come across it.

Mr. REDDAN. What is this, Doctor?

Mr. HARDY. We have no information about Gibson's visit up to Wisconsin and what he did. What was the purpose of it and what did he do? What written documentation do we have of it, if any?

Mr. MEADER. I have a note here that sometime earlier Dr. Long testified that Mr. Gibson went up to the University of Wisconsin for some other purpose, but while he was there discussed the interest of the University of Wisconsin in doing this research on land reform.

Dr. LONG. That is correct. I have a memo of March 24 from Mr. Gibson to Mr. McIntosh which pertains to that.

Mr. HARDY. Let us see what this document says. [Reading:]

Wisconsin is interested in an arrangement with ICA that would permit them to concentrate on a subject matter area rather than a country. Because of long interest in land tenure, they feel they have something to offer. When I was there in January, Dean Froker was definitely interested.

As plans take shape for Latin America, the lack of qualified leadership in agrarian reform matters becomes real. Wisconsin has interest, experience, and professional competence to contribute to leadership development and other supporting roles.

This is a preliminary draft of their initial thinking from Penn to Long. Would you look this over and let Long and me discuss this with you Monday, the 27th, or at your convenience?

That was a preliminary memorandum which Gibson sent to McIntosh and which led up to the conference you mentioned earlier. Is that correct?

Dr. LONG. That is correct.

Mr. HARDY. This does not indicate anything about a trip which Gibson made to Wisconsin or what he discussed out there. At least, I do not get that from it.

Dr. LONG (reading):

Because of long interest in land tenure, they feel they have something to offer. When I was there in January, Dean Froker was definitely interested.

Mr. HARDY. In January. That was even before you went to Santiago.

Dr. LONG. That is correct.

Mr. HARDY. So he did not go out there on this particular interchange that you were having. This was something that antedated your effort in this area.

Dr. LONG. That is right. He went out there for other purposes. He was working in the extension field and went out there for something to do with this extension work. While he was there, he discovered that the university was activating an interest or had an interest, rather, in land tenure work.

Mr. HARDY. Is this the only contact that Gibson had with this matter, to your knowledge? You were in the middle of it.

Dr. LONG. Surely I was in the middle.

Mr. HARDY. You were negotiating this thing all the time.

Dr. LONG. I was in the middle of it as a technical person, of course. It was my job.

Mr. HARDY. What else did Gibson know about it? What part did he play in it?

Dr. LONG. He was my senior official, and we discussed matters back and forth over the months.

Mr. HARDY. Did he follow up on these suggestions that you made to the university?

Dr. LONG. Yes; we did this in a staff meeting with Mr. McIntosh and Mr. Gibson.

Mr. HARDY. On a continuing basis, or just that one staff meeting that you referred to?

Dr. LONG. On a continuing basis.

Mr. HARDY. So you and McIntosh and Gibson met every time you had something to discuss and before you wrote to Wisconsin giving them your suggestions. Is that the impression you want to leave?

Dr. LONG. I want to leave the impression that Mr. Gibson and I were in frequent contact with each other. We shared office suites. He was in the next office to mine. We discussed this all the time, back and forth, informally.

Mr. HARDY. Then the ideas that you advanced were not necessarily yours alone. They reflected his thinking, also.

Dr. LONG. Yes; and the thinking of the Food and Agriculture Office.

Mr. HARDY. I would like to get back, if I could, to the September 1961 document, and find out who received it, what you knew about it, and where it stayed from September to December. Did it come to your attention initially? Did it go to Gibson, or to whom did it go?

Dr. LONG. As I say, I do not know to whom the covering letter was addressed, but I did see a copy of the proposal very early, and I assume I received it the same day as the addressee received it, since several copies were sent to the Agency.

Mr. HARDY. Mr. Hoskins, we have not seen the original of that letter. We have a copy of it. It is a rather strange document because it is not addressed to anybody. Would you find out for us where the original is?

Mr. JOHN HOSKINS (Office of General Counsel, AID). Yes, sir.

Mr. REDDAN. This proposal of September 1961 carried a budget of $251,000 with overhead to be determined. The final contract of May 11, 1962, was for $1,393,275. Could you tell the committee the steps that intervened to bring that contract up to that price, and whether additional proposals were submitted and what they contained?

Mr. MONAGAN. Is there not an additional contract covering this legal aspect, with the American Bar Foundation?

Mr. REDDAN. Yes.

Mr. MONAGAN. And that is a development from the proposition here?

Mr. REDDAN. Yes. What took place after September 1961 which brought the contract up from $251,000 to $1,393,000?

Mr. MEADER. May I ask, is that $1,393,000 for 1 year?

Mr. REDDAN. No, sir. That is the total contract.

Mr. MEADER. For how many years?

Mr. REDDAN. That is on a 3-year basis.

Mr. MEADER. What was the date?

Mr. REDDAN. May 11, 1962. What happened after the proposal came in in September of 1961?

Dr. LONG. The September 1961 proposal of $251,000, plus overhead, for 5 years——

Mr. HARDY. Five?

Dr. LONG. A 5-year proposal. If my mental arithmetic is correct, this would be approximately $1,250,000, plus overhead.

Mr. REDDAN. Yes.

Dr. LONG. The current proposal was speeded up.

Mr. REDDAN. That is right. It is $1,400,000 for 3 years instead of 5, with the next 2 years to be negotiated. If it were negotiated on the same basis, what would be the total figure for 5 years?

Dr. LONG. I have not computed that, but there was no implication that it necessarily would have to be extended to 5 years. This will be determined on its merits at the time.

Mr. HARDY. But what is there to indicate this was to be any more a complete program in 3 years than the other one was to be in 3 years?

Dr. LONG. Certainly it would be a more complete program in 3 years than this one would have been.

Mr. HARDY. Why do you say "certainly"? You have not shown me any evidence of it. You have a 3-year program that you say you are going to negotiate the last 2 years of. Both of them were 5-year proposals, were they not, and in this one you merely fixed the fee for the 3 years at $1,393,000. You said you would negotiate the other 2 years.

Dr. LONG. The difference between the September proposal and the one of March which was finally used as the basis for the contract, as I understand it, was that the latter proposal included provision for a good deal more senior research work in Latin America relative to the amount then done on the campus.

Mr. HARDY. Is that spelled out in the proposal?

Dr. LONG. Yes.

Mr. REDDAN. Did you review the proposal, Doctor?

Dr. LONG. Yes.

Mr. REDDAN. Did you submit a memorandum to Dr. Fei?

Dr. LONG. Yes.

Mr. REDDAN. What was the date of that?

Dr. LONG. February 5, 1962.

Mr. HARDY. Before you get into that, Mr. Reddan—I hate to digress, but every now and then I run across something like this which bothers me. You say the final proposal was increased, in substantial part at least. They were going to provide more senior professional personnel. Is that right?

Dr. LONG. To provide for that; yes.

Mr. HARDY. I believe there has been only one employee who has been specifically brought to my attention, and I understand there was one who was selected who was supposed to go to South America, and I have not understood he was very senior. I want to come back to that a little bit later, because if that is your example of what senior personnel consists of, you took a fellow who, as I understand it, actually had no experience in actual employment and gave him a pretty high salary. If that is your concept of what senior professional people——

Dr. LONG. That is not my concept.

Mr. HARDY. We will get to that a little bit later.

Mr. REDDAN. Mr. Chairman, before I ask Dr. Long to read from this, may the memorandum from Dr. Long to Dr. Fei, dated February 5, 1962, be put in the record as an appendix?

Mr. HARDY. Without objection.

(The memorandum appears as app. 6, p. 465.)

Mr. REDDAN. Do you have before you there your memorandum of February 5 to Dr. Fei?

Dr. LONG. Yes, sir.

Mr. REDDAN. Point No. 2, sir. Will you read that, please?

Dr. LONG (reading):

This is an unsolicited research proposal so limited to the University of Wisconsin as the sole source of this service.

Mr. HARDY. Was that your statement?

Dr. LONG. This was a position taken in the REPAS office. This was an administrative decision which was obviously not in my particular area of responsibility. I prepared this memo after discussions as to what might go under these administrative items.

Mr. HARDY. You prepared the memo and you termed it unsolicited.

Dr. LONG. I did in this memo, but this was upon advice and instructions from the Office of REPAS.

Mr. HARDY. Doctor, if anybody knew what went into the preparation of that proposal, you did.

Dr. LONG. Certainly I knew what went into it.

Mr. HARDY. If anybody knew that it was not unsolicited, you knew that.

Dr. LONG. Yes.

Mr. HARDY. You drafted it with that statement in there; how in the world could you do that?

Dr. LONG. It was not a solicited research proposal. I have always discussed research with every university that comes——

Mr. HARDY. You even helped prepare this one.

Dr. LONG. The representative of our Agency would be remiss in his duties if he did not try to make certain that the contracts that we have serve our purposes.

Mr. HARDY. We are not talking about the same thing now. How in the world could you stretch your conscience to write a statement like that, that this is an unsolicited proposal?

Dr. LONG. My conscience is extremely clear, sir.

Mr. REDDAN. Did you comment on the overhead provision in that contract?

Dr. LONG. Yes, I did.

Mr. REDDAN. What did you say with respect to that in the last paragraph?

Dr. LONG. I was asked to prepare comments on cost, and I said:

The costs seem generally appropriate, assuming that university overhead shall be absorbed with—

this is a typographical error; it should be "within"—

the $1,250,000 for the 5-year period. It should be anticipated that expenditures during the first year of the contract may fall below the pro rata amount in order to permit careful planning and staffing, but will be expanded later to absorb the short fall.

Then I went on to point out:

In all probability the $5,000 per year suggested in the proposal for library materials and publications will prove inadequate, and should be enlarged by transfer from other items.

Mr. REDDAN. In other words, as I understand it, you felt that there were sufficient funds in that contract for the university without any additional overhead, without a line item for overhead. Is that right?

Dr. LONG. At this time I did. I felt that the negotiators should at least look into this possibility.

Mr. MONAGAN. Was this $5,000 for 1 year?

Dr. LONG. Yes.

Mr. MONAGAN. For the purchase of publications?

Dr. LONG. No. In part, but primarily, I had in mind the publications of the results of the findings and the uses for them. In one sense, this is the ultimate outcome of the study, and I assumed that this would cost more than $5,000 per year on the average.

Mr. HARDY. I thought you called this library materials.

Mr. MONAGAN. Library publications and periodicals, it says.

Dr. LONG. Library materials and publications. I took this to mean the publications of the results of the findings of the study.

Mr. MONAGAN. It does not say that there, does it?

Dr. LONG. By implication, I would say that it does.

Mr. MONAGAN. By implication, but it is not there expressly.

Dr. LONG. I assumed that is what it referred to. I cannot see any reference. It seemed to be a pretty small amount for publications, that is all.

Mr. HARDY. I never heard of the reports of any organization being in the budget item for the procurement of library materials.

Dr. LONG. The results had to be published, and this would be a major item. I assumed this was what was referred to.

Mr. HARDY. Is there anywhere else in that budget where funds would have been available for the publishing of these documents?

Dr. LONG. There is an item on supplies and expense for $15,000, but what this was to cover, I don't know. It is a general item to cover a lot of matters.

Mr. HARDY. Does not AID have a lot of funds for the publication of propaganda materials in addition to this kind of thing?

Dr. LONG. I wouldn't know about this, sir.

Mr. MONAGAN. May I ask one question? As I understand it, the inclusion of the overhead in the 5-year proposal was later changed, is that correct?

Dr. LONG. This matter of overhead is not my responsibility, but I was merely indicating the general point that in this particular instance the overhead might be incorporated within the $1,250,000.

Mr. MONAGAN. And in the final product that was not the case, is that so?

Dr. LONG. Not as I understand it.

Mr. REDDAN. Doctor, did you subsequently change your position with respect to overhead under this contract?

Dr. LONG. I would say that subsequently the proposal had changed substantially so I did not press for the idea.

Mr. REDDAN. When did this change take place?

Dr. LONG. The March 30 submission was of a different character than the September one in some respects.

Mr. REDDAN. In what respects did it change so you changed your position on overhead?

Dr. LONG. My position had been purely an advisory one, and I had no responsibility in this matter of overhead. I just felt this should be given consideration by the Research Office.

Mr. REDDAN. That was outside the scope of your——

Dr. LONG. Outside the scope of my responsibility, that is correct, insofar as the determination is concerned.

Mr. HARDY. Mr. Belinky, will you come up.

Sit still, Doctor. We wish to ask a question or two of Mr. Belinky.

TESTIMONY OF MICHAEL R. BELINKY, CONTRACT SPECIALIST, CONTRACT SERVICES DIVISION, OFFICE OF PROGRAM SUPPORT, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. HARDY. You were previously sworn.

Mr. REDDAN. Will you please state your full name, address, and present position?

Mr. BELINKY. My name is Michael R. Belinky. I reside at 314 Winthrop Street, Glassmanor, Prince Georges County, Md. I am a contract specialist, commonly known as a contract negotiator, with the Agency for International Development.

Mr. REDDAN. We shall get a biographical background from you shortly, Mr. Belinky, but I want to bring your attention to the negotiations on this University of Wisconsin contract. You were assigned that contract as a negotiator?

Mr. BELINKY. Yes, sir.

Mr. REDDAN. When, sir, and by whom?

Mr. BELINKY. I am regularly assigned in the Contract Services Division of the Agency, but about the middle of January I was detailed to REPAS, the Research Office, to do the contracting. I believe I reported there on or about January 16 of this year.

About January 22, I received the case on the Wisconsin contract. May I refer to my notes?

Mr. REDDAN. Yes, surely. In connection with your negotiations of this contract, did you keep a day-to-day diary of your operations?

Mr. BELINKY. Yes, I did.

Mr. REDDAN. Do you have that with you, sir?

Mr. BELINKY. I have a photostatic copy of it.

Mr. REDDAN. All right.

Mr. BELINKY. I received a copy of the proposal on January 22, but no other supporting papers.

Mr. HARDY. You received a copy of the proposal, but no other supporting papers?

Mr. BELINKY. That is correct.

Mr. HARDY. What were you supposed to do with it?

Mr. BELINKY. Look it over, get in touch with the project manager, who was Dr. Long, and get other information from other echelons of the Agency.

Mr. HARDY. By this time, Dr. Long was the project manager?

Mr. BELINKY. On the following day, it was suggested by the executive officer of REPAS that Dr. Long would be the project manager.

Mr. HARDY. When did you become project manager, Doctor?

Dr. LONG. To my knowledge, I never was designated as the project manager. I was available for consultation always with the Research Office, and I was knowledgeable about the background, and I made myself available for that purpose.

Mr. HARDY. Now apparently you pulled out of this strictly technical job that you had been doing, and, as project manager, you would be in the administrative field.

Dr. LONG. I could not be, sir, because I was not in the Office of Research.

Mr. BELINKY. May I clarify that?

Mr. HARDY. Please do.

Mr. BELINKY. The project manager is commonly known as the technical officer in the Agency. He is responsible for the technical aspects of the contract or of the proposed contract. In that capacity, it was my instruction that Dr. Long would be the so-called technical officer or project manager.

Mr. HARDY. He did not have anything to do with administration, but merely was technical adviser?

Mr. BELINKY. That is correct.

Mr. REDDAN. We have just been discussing with Dr. Long this question of overhead, particularly his memorandum of February 5 where he suggested the university could absorb the overhead in the annual cost figure which they submitted. He said he subsequently changed that position because of an increase or change in the contract. Did you have discussions with Dr. Long on March 22?

Mr. MONAGAN. A change in the proposal. It was not a contract.

Mr. REDDAN. Change in the proposed contract.

Mr. BELINKY. To correct something that Dr. Long said a few moments ago, the overhead was included in the total estimated cost of the contract.

Mr. REDDAN. In the proposal submitted in September 1961?

Mr. BELINKY. No.

Mr. REDDAN. The 1961 contract is what I was referring to.

Mr. BELINKY. No, there was no overhead mentioned in the September 1961 proposal, other than a statement that the overhead was to be determined.

Mr. HARDY. Speak just a little louder, if you will, please.

Mr. REDDAN. The question came up about overhead when you were negotiating the contract with the university?

Mr. BELINKY. Yes.

Mr. REDDAN. The overhead rate?

Mr. BELINKY. That is correct.

Mr. MONAGAN. When did the negotiations resume, so far as you are concerned?

Mr. BELINKY. I would consider the negotiations started on January 23 when I had a discussion with Dr. Long and gave him a suggested list of what would be required before the contract process could begin. Certain information would be required, including the scope of the work, the type and frequency of the reports that would be required.

Mr. MONAGAN. When did you first talk with someone from the university?

Mr. BELINKY. On March 5; there was a meeting that day, and that was the first time I talked with anybody from the university.

Mr. REDDAN. During your negotiations, did you have conversations with representatives of the university with respect to the formula for overhead?

Mr. BELINKY. That was later, yes.

Mr. REDDAN. Was there any dispute or difference between you and the university as to the way in which overhead should be computed?

Mr. BELINKY. In their proposal of March 1962, they indicated and requested overhead of 20 percent of total cost.

Mr. REDDAN. Twenty percent across the board?

Mr. BELINKY. Twenty percent across the board. I felt that since the contract was to be a cost-sharing contract, we should negotiate the overhead; rather, we should make certain propositions. In other words, a cost-sharing contract is one where both parties are participating in the efforts of the work and also in the cost of the work. Since that was my understanding, and since the contractor's proposal offered to do the work on a cost-sharing basis, and since the revised proposal did not indicate the extent of contractor's participation in cost sharing, I suggested to the university representatives that contractor absorb the direct cost of salaries for on-campus personnel and overhead on on-campus personnel and we would pay all other costs. Of course, they refused that. Contractor said they had already made certain contributions and that they intended to supply other contributions that were not included in the budget.

I then made an alternative suggestion which was that they should share in the overhead. I pointed out that we could not go along with contractor's request for 20 percent of direct costs, since the previous negotiated rates by the Navy Department, which is the cognizant Government agency for overhead with the university in its negotiation report dated February 7, 1962, had negotiated overhead rates of 44 percent of on-campus salaries on a provisional basis, and 10 percent of off-campus direct salaries on a provisional basis for off-campus; that the basis of the application of these rates, as indicated in the Navy negotiation report is direct research salaries, including sick leave, holiday and vacation allowance. I told them at the outside we could not go beyond what the Navy had given them, because that was the negotiated rate. I therefore told contractor's representatives that we would use the same base, viz: direct research salaries (not all direct costs) and would allow 10 percent for off-campus and 44 percent for on-campus (same as Navy). I therefore suggested that since it was a cost-sharing basis we divide in two; namely, 22 percent provisional for the on-campus and 5 percent provisional for off-campus. They turned that down, too. They said they were participating in other respects and that they had already expended considerable sums of money on the project, and they had anticipated spending additional sums by way of furnishing personnel over and beyond what they had indicated in the proposal.

Mr. MONAGAN. The personnel would be paid directly under a salary provision, would they not?

Mr. BELINKY. The number of personnel indicated in their proposal would be paid under the contract, but on a cost-sharing basis, they said they had anticipated sending additional personnel beyond

what was in the contract, and if they did that, these additional people would not be paid under the contract.

Mr. MONAGAN. On a contract of $1,300,000, 20 percent would be $260,000; is that correct?

Mr. BELINKY. No. If you take the total cost as the basis, it could be about that.

Mr. MONAGAN. That was their first proposal.

Mr. BELINKY. Their first proposal was 20 percent of their total cost, the overhead of which amounted to about $88,000-some-odd hundred.

Mr. MONAGAN. You mean a year?

Mr. BELINKY. No. That is correct. That was on an annual basis.

Mr. REDDAN. Were these discussions which you had with respect to the rate of overhead on the telephone with the university?

Mr. BELINKY. With the university—it was on the telephone, yes, sir.

Mr. REDDAN. After your telephone conversation with the university, did you get a call from Dr. Long?

Mr. BELINKY. I believe I did.

Mr. REDDAN. Approximately how long after that?

Mr. BELINKY. Yes; I received a call from Dr. Long on the same day, which was March 22, I would say about 5 or 10 minutes after I had talked with the university.

Mr. REDDAN. Did you make a notation in your diary at or about the time this matter took place?

Mr. BELINKY. That is correct.

Mr. REDDAN. Could you read that to the committee, please?

Mr. BELINKY (reading):

March 22, 1962. Received a call from Dr. Long, who asked me to come to see him. I went to his office and met him and a Mr. Ray Davis who will assist Long. Long was to review the revised budget which Dr. Fei had sent to him and give me his written comments. Very little was offered to me by Dr. Long except a 2½-hour discussion on overhead and his adamant position that we should give contractor what he asks for. I told him I was not going to be a rubber stamp for his requests, which I did not believe to be judicious and which in my opinion were contrary to good business or procurement practices. I suggested we wait until I heard from contractor on March 26, 1962, and then I would have a representative from CAB—

The Contract Audit Branch—

come over and we will discuss overhead, and if he will furnish a written justification for giving contractor more overhead than it is entitled to, we will consider his request.

Mr. REDDAN. Dr. Long, have you any comments to make on the diary entry which Mr. Belinky has just read?

Dr. LONG. Yes. It is an entry which came as a total surprise to me.

Mr. HARDY. Let us go back. Did you call him and did he come over, and how long did you spend with him?

Dr. LONG. My recollection as to the call was that I had it from him, because he was in the process of negotiation with the university and he wanted to see me about it. I am not certain. This is just my recollection. It is rather difficult to determine what the notes that my secretary has on it mean, but this is my recollection.

Mr. HARDY. Does your secretary have notes on that conference?

Dr. LONG. No, sir. She was not in the conference.

Mr. HARDY. Where did she get any notes?

Dr. LONG. I mean regarding the call. She just has a note, "Mr. Belinky," and it has no indication that our conference had been set up. It is just my recollection.

Mr. HARDY. How did you happen to check that one?

Dr. LONG. I was looking through the calendar to see if there were any notes on the conference.

Mr. HARDY. When did you first learn about this conference?

Dr. LONG. About the conference?

Mr. HARDY. When did you learn that Mr. Belinky had a memorandum about it?

Dr. LONG. From Mr. Woods and Mr. Rothenberg.

Mr. HARDY. You had not known about it before?

Dr. LONG. No.

Mr. HARDY. Did you make any memorandum of the conference?

Dr. LONG. No, sir; I did not. I didn't make any notes whatever regarding the conference.

Mr. HARDY. Judging by the notes that Mr. Belinky made, there might be some that you would hope would not be recorded.

Dr. LONG. No, sir; this is not the point at all. Mr. Belinky wrote a few lines to summarize a very substantial amount of discussion, which I think represent a very complete misunderstanding of the points that I was trying to make at the conference.

Mr. HARDY. Mr. Belinky wrote those immediately after that conference. You are testifying about something that happened some months back, and you did not even take the trouble to make any notes about it. My reaction to this testimony would be to rely on Mr. Belinky's, because at least he wrote them immediately afterward when his recollection was fresh.

Dr. LONG. I should think if he were wanting to make them a meaningful memorandum of the conference, other people would have seen these notes.

Mr. HARDY. This is his diary.

Dr. LONG. Yes, sir.

Mr. HARDY. If you had given him a bawling out and lecture for 2½ hours, you think he should have submitted it to you to get you to pressurize him to change it?

Dr. LONG. It would have been a matter of record if someone had seen them.

Mr. HARDY. It is a matter of record now.

Mr. REDDAN. Dr. Long, do you not know that these notes are and have been part of the official files of AID?

Dr. LONG. I learned of the existence of these notes from either Mr. Rothenberg or Mr. Woods.

Mr. REDDAN. Do you not know that they are part of the official files of AID?

Dr. LONG. Now I know it, but the entire point of this——

Mr. REDDAN. These were not some secret notes he was keeping.

Dr. LONG. I did not know he was keeping notes.

Mr. HARDY. Would you not think a man doing the kind of job he is doing should keep notes? Do you not think maybe you should have kept some notes?

Dr. LONG. Yes, sir; I think I should have kept notes of this meeting.

Mr. HARDY. I think you should have kept some notes in connection with your negotiations and maybe some of your telephone conversations with the University of Wisconsin, if you do not have any.

Mr. BELINKY. These notes were kept not only for this case. I keep them on every case.

Mr. HARDY. Of course. You keep that kind of notes in connection with every negotiation you enter into, do you not?

Mr. BELINKY. Yes, sir.

Mr. REDDAN. Speaking about the availability of documents, do you now know whether or not you had the complete file on this University of Wisconsin contract at the time you were negotiating?

Mr. BELINKY. I know now that I did not have them.

Mr. REDDAN. What documents did you not have?

Mr. BELINKY. There was a lot of corespondence referred to earlier this morning.

Mr. REDDAN. Correspondence with whom, sir?

Mr. BELINKY. Between the university and Dr. Long.

Mr. REDDAN. Do you know where that material was at the time you were negotiating the contract?

Mr. BELINKY. No; I didn't even know it was in existence.

Mr. REDDAN. You had the official files of the Agency before you when you were negotiating.

Mr. BELINKY. No, sir; all I had was the file that I established, with the first papers being the proposal of September 1961. I put those and all other relevant material which developed since then, up to the time that I left REPAS, in a file folder. It was not until August 28, when I had occasion to look at the file, that I saw a lot of these other papers in there.

Dr. LONG. Mr. Chairman, may I clarify a little bit?

Mr. HARDY. If you can clarify anything, I wish you would, because you do not look very good.

Dr. LONG. In this meeting with Mr. Belinky, I was being consulted, as he says correctly, as a technical person. I was not in a position to comment intelligently as to matters pertaining to negotiation. As a technical person working overseas for some time, I had very deep convictions pertaining to one point, and that is that research in foreign countries should be done under the competent, on-the-spot surveillance of senior technical people. I did not discuss with Mr. Belinky or recommend to him any particular formula for the University of Wisconsin, any amount. I had not analyzed whether one overhead figure would add up to more money than another. I was not interested in this point.

Mr. REDDAN. Actually, it did, did it not?

Dr. LONG. I believe so. I am not certain on this point. But I was making one point only, sir—and I speak of this with absolutely clear conscience—and that is that I was suggesting to Mr. Belinky that he explore the possibilities of a different approach to overhead than the off-campus, on-campus arrangement that he has referred to. I understood in a general way that any overhead negotiation would be provisional, and so forth, but it was my desire that the overhead reflect a situation which would not provide any kind of impediment, over

the duration of the contract, to getting the optimum number of people into the field.

This long discussion was not all about overhead. We discussed a good deal the matter of how you do research overseas, and my experience in India, Mr. Davis' experience, and so forth. I was arguing simply for a principle. I had no knowledge as to whether this would mean more overhead or less overhead. As a matter of fact, at one time I indicated to him very clearly that, as far as I was concerned, it was not the amount of overhead. If he could get by with zero overhead, it would be all to the good if he could get by with it, but this kind of formula which is so much higher for people on campus than for those off campus does not serve the AID's interest.

Mr. HARDY. I do not want to get into a discussion of overhead. I have known a little something about it. I wish I could get away from the feeling that you had a complete disregard for the expenditure of taxpayers' funds.

Dr. LONG. I did not have such a feeling. I was trying to protect the taxpayers' funds.

Mr. REDDAN. Correct me if I am wrong, Doctor, but did I understand you to testify earlier that you had no responsibility in this area of overhead computation?

Dr. LONG. I had no responsibility for the determination of the amount of overhead, and I was not trying to persuade Mr. Belinky on this point, but merely the desirability of seeing whether there could be some other type of approach, some other type of formula. I have learned since probably this isn't possible, but I was talking to him in those terms.

Mr. REDDAN. Have you any experience as a negotiator, Doctor?

Dr. LONG. No, sir.

Mr. REDDAN. Have you any competence in this area?

Dr. LONG. No, sir.

Mr. HARDY. I wish we could find out a little bit more about why these files with this background information were not available to the negotiator. I think we shall have to find that out. I hope it was not deliberate.

Dr. LONG. It was not deliberate, sir.

Mr. HARDY. But it certainly apparently was rather expensive.

Mr. REDDAN. By the way, we will have testimony later about what is called by the Agency a companion contract to this one; one which is being negotiated and on which a letter contract has been issued to the American Bar Foundation. Did you have knowledge of this so-called companion contract at the time you were negotiating this one with the University of Wisconsin?

Mr. BELINKY. No, sir.

Mr. REDDAN. You mentioned briefly, a moment ago, about this being a cost-sharing contract, or that the contract was to be on a cost-sharing basis. Have you any notes in your diary with respect to this particular idea that this would be a cost-sharing operation?

Mr. BELINKY. I believe I do have.

Mr. REDDAN. I believe it is dated March 22.

Mr. BELINKY. At the March 5 meeting, which was the first meeting I had with the representatives of the university, Dr. Clodius, of the university, explained some of the technical aspects. He indicated the

contract was to be on a cost-sharing basis. There was considerable discussion among the people who were there at the meeting.

Mr. MONAGAN. Was this the first time you knew it was to be on this basis?

Mr. BELINKY. No, sir; at least it was my opinion that it was going to be on a cost-sharing basis from the letter of transmittal of the September 1961 proposal.

At this March 5 meeting, during the discussion, the contractor's representatives, Dr. Clodius and Dr. Penn, said they would send in by March 12 a revised budget, overhead, and financial statements.

Mr. REDDAN. Was there any discussion had at that time with respect to what was meant by cost sharing?

Mr. BELINKY. To this extent, that Dr. Clodius did say that the undergraduate school at the university allocates $2 million a year for research and they felt that that was part of their contribution.

He also indicated——

Mr. MONAGAN. That sum was not related specifically to this particular project?

Mr. BELINKY. I couldn't answer that. It was part of the discussion. I would assume it related to this project.

Mr. MONAGAN. The whole $2 million?

Mr. BELINKY. No. I didn't understand that they were going to assign the whole $2 million.

Mr. MONAGAN. That was something they assigned, anyway?

Mr. BELINKY. That is correct.

Mr. MONAGAN. For research throughout the university?

Mr. BELINKY. That is right. I assumed part of it would be allocated to this contract, also.

He did mention, also, a certain documentary film which would be prepared by them which was considered to be part of the cost-sharing contribution on their part. There wasn't too much said about that concerning the cost sharing at that meeting.

Mr. HARDY. This might be a good time to recess.

Let the subcommittee stand adjourned to reconvene in this room at 1:30 p.m.

AFTERNOON SESSION

Mr. HARDY. Let the subcommittee come to order.

Let the record show the presence of Mr. Monagan and myself, constituting a quorum. Mr. Meader has advised that he will be here in just a couple minutes.

(Mr. Meader subsequently arrived in the hearing room.)

Dr. Long, if you and Mr. Belinky will come back up to the table we would appreciate it.

Go ahead, Mr. Reddan.

Mr. REDDAN. Mr. Belinky, now that you have had an opportunity to review the files of the Agency in connection with this University of Wisconsin contract, could you tell the committee whether it is your judgment that this was an unsolicited proposal?

Mr. HARDY. I think maybe that is all right to start off that way, but I think we should have somebody give us a definition we can live with.

Mr. BELINKY. My concept of an unsolicited proposal in the field of research would be one where the proposed contractor got the so-

called brainstorm on a particular project and offered it to the sponsoring agency.

Mr. REDDAN. Is there any magic connected with the words "unsolicited proposal" insofar as a negotiator would be concerned?

Mr. BELINKY. To the degree that in an unsolicited proposal you would not be expected to go out and ask another proposed contractor to bid, or submit a proposal, on the same subject. You wouldn't want to divulge any of the information which you received from the so-called unsolicited source.

Mr. REDDAN. Is that the subject of any regulation or direction within the Agency to negotiators?

Mr. BELINKY. To my knowledge I don't recall, but it is quoted in the current literature on research projects and contracts and things of that sort.

Mr. REDDAN. From your experience in the Agency could you tell the subcommittee whether in the case of an unsolicited proposal it is customary to deal with the proposer as a sole source?

Mr. BELINKY. Yes; it would be customary on an unsolicited proposal.

Mr. REDDAN. In this case did you consider any source other than the University of Wisconsin?

Mr. BELINKY. I didn't, because the information that was given to me, and which was in the normal course of business, is that the contractor is suggested by the office; a contractor for whom the contract will be prepared. In other words, the name of the University of Wisconsin was given to me as the proposed contractor in this particular case.

Mr. REDDAN. By whom? Who gave you that?

Mr. BELINKY. At the time I received the proposal, I got it initially from the executive officer of REPAS.

Mr. REDDAN. That was whom?

Mr. BELINKY. Mr. Flattery.

Mr. REDDAN. What was the area of your negotiation, then? What could you negotiate?

Mr. BELINKY. The area of negotiations would first be an analysis of the estimated costs, discussion with the contractor as to what he proposes to do, and the negotiation for the overhead, since this was a cost-reimbursable type contract with no fee or profit.

Mr. MONAGAN. Is it within your discretion to make a suggestion that there be a request for other proposals?

Mr. BELINKY. In some types of procurement there would be.

Mr. MONAGAN. I refer to this one.

Mr. BELINKY. No, sir.

Mr. MONAGAN. You had no discretion in that regard?

Mr. BELINKY. That is correct, sir.

Mr. MONAGAN. How is your competence determined, by regulation or direction?

Mr. BELINKY. By the practice in the Agency. The contractor is selected by the technical activity office, which in this case was REPAS.

Mr. MONAGAN. The contractor was?

Mr. BELINKY. That is correct.

Mr. REDDAN. What was the cost estimate in the proposed contract when it was given to you in January of 1962?

Mr. BELINKY. The first proposal was approximately $251,000 on an annual basis.

Mr. MONAGAN. Over what period?

Mr. BELINKY. I believe the proposal indicated they proposed the project to continue for 5 years. The figures were submitted on an annual basis, however. Then when I received the revised budget in March, in March they submitted a revised budget, the figure was a little over a half million dollars, about $544,000.

Mr. MONAGAN. How many years?

Mr. BELINKY. Also on an annual basis.

Mr. MONAGAN. Annual, but for how many years?

Mr. BELINKY. I don't think the proposal indicated, I am not sure, but I would assume it was on the same basis as the September budget.

Mr. MONAGAN. That was twice the previous one?

Mr. BELINKY. That is right.

Mr. REDDAN. What was the amount you finally ended up with?

Mr. BELINKY. The amount we finally ended up with was $1,393,000-some-odd for a period of 3 years.

Mr. REDDAN. On an annual basis can you tell the committee approximately what the percentage of increase was over the original September cost estimate? I show you here a photostatic copy of spread sheet and ask you if you can identify that.

Mr. BELINKY. Yes; I can. It is my spread sheet.

Mr. REDDAN. That compares the September contract proposal with the March contract proposal?

Mr. BELINSKY. That is right, and I estimated it as an increase of 77 percent over the September 1961 budget.

Mr. REDDAN. Can you tell the committee what made up that increase? Were there increases in line items, additional line items?

Mr. BELINKY. Increases in line items; yes. There was more personnel contemplated in the March budget. There was some additional equipment indicated in the March budget.

Mr. MONAGAN. What sort of equipment would that be?

Mr. REDDAN. Have you another copy of that sheet, Mr. Belinky?

Mr. BELINKY. Yes; I think I do.

There was an item in the March revised budget of $15,000 which was indicated merely for cars. I wanted a breakdown of that.

Mr. MONAGAN. Is that automobiles?

Mr. BELINKY. I am quoting from the proposal. It is shown as "cars" in the revised proposal. They had a figure of $15,000. I wanted a breakdown and they told me it was for three or four automobiles. That is just a one-shot deal for the entire period of the contract rather than on an annual basis.

Mr. MONAGAN. To be used in this country or abroad, do you know?

Mr. BELINKY. They were to be used abroad.

I specified in the contract they would be nonluxury types of automobiles.

Mr. HARDY. That was specified in the proposal?

Mr. BELINKY. No, sir; I specified that in the contract.

Mr. HARDY. That would be rather unusual, would it not, for oversea use?

Mr. BELINKY. Nonluxury type?

Mr. HARDY. Yes, considering the type of people that were going to use them.

Mr. BELINKY. Maybe, but in good conscience I didn't feel as though I wanted——

Mr. HARDY. I have seen some right nice ones overseas.

Mr. BELINKY. Those I negotiate I try to limit to reasonable equipment and reasonable expense.

Mr. HARDY. They weren't all Cadillacs, then?

Mr. BELINKY. That is right, they were not Cadillacs.

Mr. HARDY. Or Lincolns?

Mr. BELINKY. I specified nonluxury types, such as jeeps, carryalls, and passenger cars, not to exceed $15,000.

Mr. MONAGAN. These automobiles are for studying the land tenure system and the legal aspects of land tenure that these cars would be used?

Mr. BELINKY. That is right. The contractor stated he would need transportation to get around various places.

Mr. REDDAN. In that March budget, the March 1962 budget——

Mr. MEADER. Before you leave that—do I understand that that $15,000 item was completely new? There was no provision for cars in the September proposal?

Mr. BELINKY. That is correct, there was no provision in the September proposal for motor vehicles.

Mr. MEADER. Did you inquire what had occurred between September and March to justify the request of $15,000 for cars?

Mr. BELINKY. I saw it. I compared both proposals.

Mr. MEADER. I mean in your negotiations with officials of the University of Wisconsin, did you inquire what had occurred which would justify the item for cars in March but not in September?

Mr. BELINKY. I didn't inquire of them on that basis, as you indicate, but I did inquire as to why they had the car item in the budget. I was given the answer that they needed transportation.

Mr. MEADER. Is that all?

Mr. BELINKY. To the best of my recollection.

Mr. MEADER. You didn't explore whether or not the nature of the research contemplated by the March proposal was different from that contemplated by the September proposal, different in such fashion as to justify cars in one proposal and not in the other?

Mr. BELINKY. No, sir, because the work contemplated didn't vary too much between the September proposal and the March proposal other than an increase in personnel and an increase in the types of equipment. They were going to do the same work under both budgets; namely, the research in land reform, and study of agrarian structure.

Mr. MEADER. In other words, either you didn't explore or they didn't tell you what change had occurred which would justify this amount for transportation.

Mr. BELINKY. I wasn't informed on it.

Mr. HARDY. In this kind of a situation and in this kind of contract who owns the cars, the contractor?

Mr. BELINKY. No, sir; we own the cars. They merely have custody and control.

Mr. HARDY. AID would own the cars?

Mr. BELINKY. That is right.

Mr. HARDY. Have you ever had a contract terminate and had the cars on your hands?

Mr. BELINKY. I don't know because I didn't get that far.

Mr. HARDY. I wonder what happens to them. Maybe we ought to raise this one when the appropriation is up next week.

Mr. BELINKY. We have a provision that title vests in the AID.

Mr. HARDY. I know, but suppose you have a whole flock of contracts, various types of contracts with universities all over the country. Many of them must include cars, whether they operate overseas or here. When the contract ends what happens to the automobiles?

Mr. BELINKY. Other than that it reverts back to the U.S. Govment I don't know what becomes of them.

Mr. HARDY. That is a good question. Perhaps we should follow it up sometime.

Mr. MEADER. Mr. Belinky, was a possible alternative discussed with the representatives of the contractor that to the extent automobile transportation would be required at any location overseas it would be furnished by ICA mission vehicles?

Mr. BELINKY. Yes, sir; there is a provision in the contract to the extent that if any of the things called for in the contract were furnished by the mission or the U.S. Government the contractor would not seek reimbursement therefor.

Mr. MEADER. If it were contemplated that these automobiles would be needed by contractors' personnel, say in Santiago, Lima, or someplace, would it not be preferable for ICA to provide some of the pool vehicles which it already possesses there for the necessary transportation rather than to have a car assigned exclusively to this research work which might not be needed full time?

Mr. BELINKY. Normally, sir, that would be so. I didn't know whether or not the missions down there do have automobiles.

The contract provided that the contractor in his discretion could purchase these vehicles. I would assume he would purchase them only after he learned there was no transportation available from the missions.

Mr. MEADER. Do you happen to know whether or not the U.S. Government has a more favorable position with reference to motor vehicles than a private concern would have in these foreign countries? The point I am getting at is this: I know in some of these foreign countries automobiles are extremely costly. I would assume that with the U.S. Government-owned vehicles of the State Department, the military, or the ICA people would have some kind of exemption because it was a Government-owned vehicle, and therefore if automobile transportation were to be furnished to contractor personnel in foreign countries there probably would be a greater savings in furnishing the automobile through the local missions, furnishing it from their pool, and, if necessary, even to increase the pool rather than to permit the contractor to acquire the vehicle himself even though title remained in ICA, and either transport it from the United States to the foreign country of purchase it in the foreign country. Did you explore that at all?

Mr. BELINKY. I didn't explore it but I thought of it. I discussed it with Dr. Long. He cited a case where, in a situation like that, the contractor did not always have motor vehicle transportation at his disposal because the mission people were using it most of the time, and

even in one particular case where the contractor did have automobiles the mission people took it away from him. Because of that there is a stipulation in the contract that the contractor will have custody and control of the vehicles for the entire length of the contract period after which custody and control would revert back to AID, who already had title.

Mr. MONAGAN. Mr. Chairman, I should like to ask another question which is suggested in this context. Not only would it be possible, as Mr. Meader has suggested, to get the automobiles at American prices through a pool, but what about the possibility of leasing cars, or paying for transportation for specific trips? Is that a possibility which you considered here?

Mr. BELINKY. Paying transportation for certain trips, yes, but on leasing I didn't consider it.

Mr. MONAGAN. You considered the relative advantage of paying for transportation on particular trips as against the purchase of a new automobile?

Mr. BELINKY. No; there might be a certain amount of travel which the contractors' representatives would be required to do which they could do, which they could accomplish by virtue of local transportation.

Mr. MONAGAN. I can't conceive of what all this travel would be; I am frank to say that.

How many countries would be involved in this project?

Mr. BELINKY. Dr. Long can answer that better than I can. I have no competence in that.

Mr. MONAGAN. You didn't have that in mind in the negotiations?

Mr. BELINKY. As to how many countries were involved?

Mr. MONAGAN. Yes.

Mr. BELINKY. Yes; I had it in mind, but——

Mr. MONAGAN. Would these cars be moved back and forth in Latin America between one country and another?

Mr. BELINKY. They would be used wherever the contractor felt it was necessary to use them in connection with the contract work. That was the purpose for giving it to them. It was not for his own personal travel, to joyhop, or anything like that.

Mr. MONAGAN. I understand that. Distances are very great and the terrain varies greatly from country to country. If you are going to use cars in Lima, that is one thing, but if you are going to go from Lima to northeastern Brazil, to Chile, Argentina, and so on, it would have an effect on whether it would be desirable to buy a new car or to pay transportation on a railroad, a taxi, a plane, or something else at the particular time. Do you see my point?

Mr. BELINKY. Yes, I do: but in contract negotiations the contract negotiator must rely on the contractor's statements as to what is required plus the——

Mr. MONAGAN. It was not within your jurisdiction to go into these points, then?

Mr. BELINKY. That is correct.

Mr. HARDY. Mr. Belinky, in looking over your spread sheet I see an item here of which we had some discussion this morning. In the September 1961 breakdown there is an item of $5,000 for library materials, acquisition and maintenance. Can you tell us where you got the term "acquisition and maintenance"?

Mr. BELINKY. From the contractors' proposal.

Mr. HARDY. That came from the contractors' proposal?

Mr. BELINKY. Yes, sir; in the September budget, $5,000 under the heading of "Library Materials and Publications."

Mr. HARDY. Where do you get acquisition and maintenance?

Mr. BELINKY. In the March 1962 budget; revised budget.

Mr. HARDY. Then in the September 1961 proposal there was no reference to acquisition and maintenance?

Mr. BELINKY. That is correct.

Mr. HARDY. What did you understand it to mean? You put it under "Acquisition and maintenance." Is that where it belongs?

Mr. BELINKY. They had a $20,000 estimated cost——

Mr. HARDY. Of course, this morning we had some discussion of this item. Dr. Long suggested it might not be adequate because of the publications they might have to make.

Mr. BELINKY. I believe Dr. Long was a little confused on that point.

Mr. HARDY. I thought he was, too. I don't want to speak for him.

Mr. BELINKY. I don't think the $5,000 under "Library materials and publications" meant the type of publications that Dr. Long referred to this morning. I think it meant the type of publications which would be used together with the other library material needed for the——

Mr. HARDY. "Library materials" would in itself suggest it is something you will buy.

Mr. BELINKY. That is correct.

Mr. HARDY. I notice in the March spread you show that that $5,000 had been increased to $20,000. Dr. Long's suggestion that it might not be enough was taken rather seriously. Did you inquire as to the basis for that jump from $5,000 to $20,000, four times as much?

Mr. BELINKY. I didn't give it any weight at all. That was decided after the March 5 meeting when Dr. Clodius and Dr. Penn met here in our first negotiation meeting.

Mr. HARDY. That is when it was increased from $5,000 to $20,000?

Mr. BELINKY. Not as a specific item but in the discussion they were told to submit a revised proposal which would indicate just what they needed for the project.

Mr. HARDY. Of course, they originally indicated $5,000 in September. Did you have before you Dr. Long's suggestion that that might not be enough?

Mr. BELINKY. Yes, I think I received Dr. Long's memorandum on the 5th of February, at least it was dated the 5th of February. I received it shortly after.

Mr. HARDY. He raised a question as to the adequacy of that particular item?

Mr. BELINKY. That is correct, but that was not the reason I allowed it.

Mr. HARDY. It must have been pretty persuasive, wasn't it?

Mr. BELINKY. Not exactly, Mr. Chairman. It is still an estimated cost. If we were dealing with a contractor who would be receiving a profit on the basis of his work, that would be more material than in a nonprofit contract where the contractor will not receive a profit. If he does not expend the $20,000, or any part of it, for the library

materials, he just won't be reimbursed. If he does spend it it would have to be allocable to the work of the contract which our auditors would pick up on postaudit.

Mr. HARDY. Another related question. In the March 1962 proposal there was a $4,000 item for publications. Dr. Long said this morning that he thought the $5,000 might not be adequate. The $4,000, I take it from the separation you have given me, means that those would be items which would be published in connection with the study. Is that correct? These would be published by the contractor?

Mr. BELINKY. I assume so.

Mr. HARDY. Did you find out what it really meant?

Mr. BELINKY. I didn't question them on it particularly.

Mr. HARDY. Your understanding was that the $20,000 item was for things they would buy and the $4,000 would be for their own printing costs in connection with publications which they would issue?

Mr. BELINKY. That was my understanding.

Mr. HARDY. It is a mighty big jump. Dr. Long thought $5,000 would be for both of these functions in the September proposal. Here we come to the March proposal and we get $24,000 in place of $5,000. It is an increase of almost 500 percent.

Mr. REDDAN. Mr. Belinky, was the budget included in the contract as it eventually turned out? In the final contract was the university proposed budget included in the contract?

Mr. BELINKY. No, it was not.

Mr. REDDAN. Why not, sir?

Mr. BELINKY. It was the policy of REPAS not to publish the budget, and although the budget was not published as such, I do have certain ceilings in the contract for certain items which would give it the same effect as having put a budget in there.

Mr. HARDY. Only with respect to those items?

Mr. BELINKY. Well, those items normally would make up the budget items, such as salary——

Mr. HARDY. Did they?

Mr. BELINKY. I say, they would be the same types of line items which would appear in the budget had we put the budget in there.

Mr. HARDY. Normally that is so, but did they in this case? You said "normally."

Mr. BELINKY. If you ask the question whether the budget was included in the contract the answer is "No."

Mr. HARDY. But you said you had some limitations. Was that by category of expenditure?

Mr. BELINKY. Yes, sir. I put those limitations in there because I felt I was protecting the interest of the U.S. Government by putting those ceilings in there which could not be exceeded without the prior written approval of the contracting officer.

Mr. HARDY. Did those limitations cover the entire budget?

Mr. BELINKY. Yes. If you total up the ceiling figures I have in the contract——

Mr. HARDY. It would total the total amount of the contract?

Mr. BELINKY. That is right.

Mr. HARDY. That is all.

Mr. REDDAN. Did you ever receive a general statement of AID policy concerning development research contracting?

Mr. BELINKY. Yes, I did.

Mr. REDDAN. Have you a copy of that there before you?

Mr. BELINKY. Yes, sir.

Mr. REDDAN. When did you receive that, sir?

Mr. BELINKY. I don't recall, but I would assume sometime after April 10, 1962.

Mr. HARDY. You did not have it, then, during the period you were negotiating this contract?

Mr. BELINKY. Not this piece of paper, but I had knowledge of some of the things that were in it.

Mr. HARDY. Why do you have it now?

Mr. BELINKY. This knowledge was obtained through discussions with staff people in REPAS.

Mr. HARDY. Weren't you entitled to have this document?

Mr. BELINKY. It was not prepared until April 10, 1962.

Mr. REDDAN. The contract was not finally signed until May 11.

Mr. BELINKY. That is right.

Mr. HARDY. I am trying to understand what you had in the way of policy guidance during the period of your negotiations. When did you say you got this one, in April?

Mr. BELINKY. That is right.

Mr. HARDY. You then were in the midst of your negotiations?

Mr. BELINKY. That is right.

Mr. HARDY. Prior to that time you had discussions of specifics going into this document which then was in the process of negotiation? Is that correct?

Mr. BELINKY. Yes, sir.

Mr. REDDAN. Did the document which you had before you indicate in any manner that it was a draft, proposed policy, or is it in such form that you would consider it final policy? Is that marked "draft proposal"?

Mr. BELINKY. It is not marked "draft."

Mr. REDDAN. On page 5——

Mr. HARDY. Is it signed by anybody?

Mr. BELINKY. No, sir.

Mr. HARDY. Who sent it to you?

Mr. BELINKY. I don't recall. I probably found it in a box on my desk in the usual course of business.

Mr. REDDAN. Does it indicate approval by anyone?

Mr. BELINKY. Yes, on the last page it indicates who drafted it and who approved it.

Mr. REDDAN. Does it show?

Mr. BELINKY (reading):

F. Gulick, REPAS, 4/10/62. Approved E. C. Fei, REPAS 4/10/62.

Mr. HARDY. Dr. Fei approved it on April 10?

Mr. BELINKY. According to this document.

Mr. REDDAN. Now on page 5, the second paragraph, first sentence, would you read that?

Mr. BELINKY (reading):

The contracting officer will negotiate costs with the intention of arriving at the best reasonable estimate of the cost of the project, but the budget finally accepted will not be made a part of the contract.

Mr. REDDAN. Do you know whether or not that is still the policy of AID? Have any changes been made in that policy guideline?

Mr. BELINKY. I wouldn't know. I am no longer with REPAS. I had knowledge of this before this piece of paper was even published because we had been discussing this right along in the office.

Mr. HARDY. Then it was understood that that would be included in the policy guidance memorandum?

Mr. BELINKY. I didn't know whether a policy guidance memorandum would be issued but I can say that my thinking was that if a policy guidance memorandum were issued this would be included because that was the thinking in the office at the time.

Mr. HARDY. Where did you get that impression, from Dr. Fei?

Did you discuss it with Dr. Long or Dr. Fei?

Mr. BELINKY. It was a general discussion at staff meetings and things of that sort.

Mr. HARDY. Who participated in them?

Mr. BELINKY. All the members of the staff at REPAS. It was initiated at the suggestion of an individual who was brought into REPAS to write the procedures for REPAS.

Mr. HARDY. Who was that?

Mr. BELINKY. A gentleman who was loaned to us from the Air Force.

Mr. HARDY. Don't you remember his name?

Mr. BELINKY. Yes, sir, Mr. Roth. He proposed it was not necessary to have the budgets appear in the contracts.

Mr. HARDY. That it was not necessary?

Mr. BELINKY. That is right, and that procedure then was followed.

Mr. HARDY. Dr. Long, do you know anything about that particular provision in the budget?

Dr. LONG. About this one we have been discussing?

Mr. HARDY. Yes.

Dr. LONG. No, sir, this is the first I have heard of it.

Mr. HARDY. Dr. Fei, have you any familiarity with that?

STATEMENT OF DR. EDWARD C. FEI, ACTING DIRECTOR, RESEARCH, EVALUATION AND PLANNING ASSISTANCE STAFF, AGENCY FOR INTERNATIONAL DEVELOPMENT

Dr. FEI. Throughout this period in question the REPAS weekly staff meetings discussed various problems, including procedures for REPAS. One of the people on my staff at that time, the more technical people—and Belinky was on loan to us—very early, even before he came on, I asked various people outside the Agency whether they could recommend somebody to help us develop research contracting procedures. I don't recall at whose suggestion now it was, but Mr. Roth was suggested. He was sent to us for a period of about 3 weeks, during which time he discussed this, looked at the work we were doing——

Mr. HARDY. I am concerned with only this one provision, Dr. Fei. If we get into this whole thing we will be here until tomorrow night.

Dr. FEI. At various staff meetings different aspects of contracting were discussed. I asked Mrs. Gulick to prepare a summary of what

we discussed, and the paper which was just mentioned is the paper she drafted. That was for discussion internally only in REPAS. It was not an official policy document.

Mr. HARDY. You approved it, did you not?

Dr. FEI. Yes. She drafted it, handed it to me, and asked if I approved having it sent out. I said yes.

Mr. HARDY. You sent it to Belinky?

Dr. FEI. To all of our staff. Subsequent to this it was revised.

Mr. HARDY. Subsequently you struck out this section, did you not? Why did you strike it out and why didn't you tell Mr. Belinky? This is the whole question. You struck this out, and Mr. Belinky was kept in the dark and never was advised, according to my information. Why?

Dr. FEI. There was no effort not to advise him. The problem was simply——

Mr. HARDY. Simply that you had poor administration? Is that what you are trying to say?

Dr. FEI. No, this discussion still is going on. I still had other people helping me revise procedures.

Mr. HARDY. You revise procedures but you are not telling the people using them that they have been revised.

Dr. FEI. There is no ultimate decided-upon procedure as yet.

Mr. HARDY. But you had sent a memorandum out, and among others you sent it to Mr. Belinky?

Dr. FEI. That is right.

Mr. HARDY. That should have been his guide as to what policies he was to follow in negotiating this contract.

Dr. FEI. By and large he was following——

Mr. HARDY. I am not talking about by and large but this specific document. He had it before him.

Dr. FEI. Since the discussions internally in REPAS were not official because the Agency had not approved these policies, he was definitely clearly following the Agency's existing policy.

Mr. HARDY. He was following policies which you as head of this particular office had signed and, as a matter of fact, you had been given contracting authority at that time, had you not?

Dr. FEI. In April, no.

Mr. HARDY. This was signed before you were given the authority?

Dr. FEI. That is right. This is for internal discussion. I did not get contracting authority until June.

Mr. HARDY. Just another example of poor administration.

Mr. REDDAN. The budget proposal in March contained a line item which included research in the field of law. In the work plan submitted at the same time it indicated research professors from the fields of law, political science, sociology, et cetera, but is there any place in the contract as finalized which refers to the activity of the university in the field of law?

Mr. BELINKY. No, sir. There is nothing in the contract itself.

Mr. REDDAN. Could you tell the committee why?

Mr. BELINKY. The scope of work did not include it in so many words.

Mr. REDDAN. Where did you find the scope of work?

Mr. BELINKY. That was given to me by Dr. Long, which is the normal policy.

Mr. REDDAN. Did he give you a document which outlined the scope of work?

Mr. BELINKY. His memorandum of February 5.

Mr. HARDY. Do we have a copy of it?

Mr. REDDAN. Is that the memorandum in which he comments on the proposal as submitted in September of 1961? Do you have the memorandum before you that you are referring to?

Mr. BELINKY. Mr. Long's memorandum?

Mr. REDDAN. Yes.

Mr. HARDY. I think we want to see whether there is any scope of work outlined and whether anybody knows what he is supposed to do. I think we are going to find out nobody knows what he is supposed to do. This thing is right wide open.

The contract is to spend a million and a half dollars and nobody knows what he is supposed to do except to go out and do research, period.

Mr. BELINKY. I do not believe I have a copy of that.

Mr. REDDAN. I have one here. Let us see if that is what you are referring to. This is a memorandum to Dr. Fei from Dr. Long dated February 5, 1962, entitled "University of Wisconsin Research Contract, Agrarian Reform Structure, Land Tenure, in Latin America."

Under statement of work which is point No. 5——

Mr. BELINKY. There is a list of four paragraphs.

Mr. REDDAN. Yes. You can see it here if you wish.

Mr. HARDY. Pass it down to see if this is what he is talking about.

Mr. REDDAN. Is that it?

Mr. BELINKY. Yes, sir.

Mr. REDDAN. You consider that to be——

Mr. BELINKY. The statement of work to be performed.

Mr. REDDAN. What part do you consider to be controlling on you; paragraph 5?

Mr. BELINKY. Paragraph 5.

Mr. REDDAN. Would you read that please?

Mr. BELINKY (reading):

Statement of work: University of Wisconsin should make a comparative study and analysis of economic, social, political, and administrative aspects of land ownership, land tenure, and agrarian structure in countries and localities selected to be of general significance throughout Latin America. It should conduct the analysis and prepare reports in such fashion as to build a comprehensive body of knowledge on these subjects. The university should exert reasonable efforts to assemble significant research publications on above subject, to make results of such publications available in usable form to AID and to utilize such findings in research undertaken under the contract.

Mr. HARDY. Would you tell the committee by what standards you could measure the performance of the contractor under that broad language? I would like to know what it is.

Mr. BELINKY. Well, sir, in research work the statement of the scope of work of necessity must be general and broad because what we are buying in research work are scientists' thinking rather than an end item.

Mr. MONAGAN. You are implying an investigation into specific facts; land tenure, customs, and laws, as I see it. I do not see the broad thinking involved in that.

Mr. BELINKY. Before they come up with their report, I am sure you will agree they have to do a certain amount of thinking and investigative work.

Mr. MONAGAN. That is not your statement. It was not qualified in that way. I do not agree with your analysis of the thing.

Mr. HARDY. I submit that a contractor—and I am not talking about the University of Wisconsin—could come in with the biggest piece of gobblydook in the world and it would have no value whatever and would comply with that language.

Mr. BELINKY. That is true, but that is not within the contract negotiator's province.

Mr. HARDY. What you are saying is that that is the yardstick given you by Dr. Long and it was deficient?

Mr. BELINKY. If you feel that it is too broad, the answer to that question would be yes.

Mr. HARDY. If you feel it is too broad? It is broad enough to run a freight car through. There is no more research in that than there is in executing a contract with a fellow going from here to Alexandria and giving him a research contract because he will have to do it the first time.

You have to help him find his way. He has never been there before and that is what this is. Of all of the silly things I have ever seen.

Mr. REDDAN. Dr. Long's memo of February 5 contained his comments as requested by you under the proposal by the university?

Mr. BELINKY. Yes.

Mr. REDDAN. Were you not aware of the fact that item 11 of the university's proposal contained this statement: They were to—

analyze the legal basis for land ownership and tenure in each country and the legal effects of agrarian reform.

Mr. BELINKY. Yes, I was.

Mr. REDDAN. That was not included in the contract, you say, because of Dr. Long's memo to you of February 5?

Mr. BELINKY. It is more than that. I have always tried to make—I will withdraw that.

Although it is the responsibility of the project manager to furnish the statement of work, the negotiator puts that scope of work in contract terminology. Where he makes any changes, he always goes back to the project manager to make sure that the original import was not changed. I have always made it a practice to make my scopes of work specific and I started to do it on this contract.

As a matter of fact, I do not know whether you have it in that file or not, but there are some pages where I have originally started to state the objectives and make the scope of work detailed. On the basis of advice which was given to us by Mr. Roth, and which was adopted by the office; namely, that the scope of work shall be broad and general rather than restrictive, we put in, or at least I put in, the scope of work as given to me by Dr. Long in that February 5 memorandum revised, putting it into contract terminology. That information is taken right from the September 1961 proposal, I think, on page 2 or 3, where the contractor says, "We therefore propose to do this." They did not use the words "legal aspects" at that particular point.

Mr. REDDAN. Anywhere in the proposal? In which proposal?

Mr. BELINKY. The September 1961 proposal.

Mr. REDDAN. I read you the part where they said they proposed to do legal work.

Mr. BELINKY. No; I say in the September 1961 proposal they did not mention the legal work in that one particular place.

Mr. REDDAN. But on page 9——

Mr. BELINKY. On page 9 in the objectives, they did use it. On page 3 of the September proposal, if you read the last paragraph, or the last four lines—

Therefore, the university proposes this comparative study and analysis of the economic, social, and political and administrative aspects of land ownership, land tenure, and agrarian structure in Latin America.

Mr. HARDY. Does that eliminate item No. 11 in the objectives?

Mr. BELINKY. No, sir. In my negotiations with the contractor, and in preparing the contract, notwithstanding the fact that the contract does not specifically itemize or use the words "legal research," I never intended to eliminate that part of the legal research which they spoke about and which would be associated with agrarian structure, plus the fact that in the contract itself, under salaries, I have indicated a total aggregate amount of salaries which could not be exceeded to the amount of $255,000. If that is compared with the contractor's proposal of March, it will show there is $45,000 in there for three professors, one of whom is a professor in law.

My intention was not to leave out the requirement for this particular part of legal research. That was the only research in law which I knew about. I had no knowledge of any other.

Mr. HARDY. So far as I know, that is about the only research the legal business is going to cover; is it not?

Mr. BELINKY. I learned that since.

Mr. HARDY. Did you negotiate the second one?

Mr. BELINKY. No, sir; I knew nothing about the second one until well after this contract was executed.

Mr. REDDAN. Did I understand you to say, Mr. Belinky, that this was put down in general terms because it was felt a contract of this sort should not be specific?

Mr. BELINKY. The suggestions made by Mr. Roth, in writing the policies, were that in research contracts the scopes of work should not be stated in detail because it was felt it would restrict the contractor's operations. That was the policy we followed from there on. I did not agree with that in the beginning, but, since it was adopted as office policy, I had no alternative but to support it.

Mr. REDDAN. Did Dr. Fei approve that position, do you know?

Mr. BELINKY. I do not know. I never asked him directly and he never told me directly.

Mr. HARDY. Let me see if I can understand some of these limitations on you. If you were told that AID wanted to negotiate a contract with the XYZ outfit for a research program into absolutely nothing, let them settle themselves on what they are going to do so long as they spend this amount of money; would you have any authority even to question the propriety of their doing that?

Mr. BELINKY. That is correct.

Mr. HARDY. If they said, "We are going to contract with the University of Wisconsin or anybody else," would you be giving them an open field to spend a million and a half dollars, and put a bunch of people on the payroll, and just give you some kind of a report, and you could not question their scope of work? That would not be within your province, to question the scope of work?

Mr. BELINKY. Yes, it would be within my province to question the scope of work. If I felt that the scope of work was not adequate, I could go back to the project manager and tell him so and give him my advice on this, which I did.

Mr. HARDY. Did you, in this case? Did you think the scope of work here was adequate?

Mr. BELINKY. No, I did not think it was adequate. As I said, there is evidence in the file where I started to make a detailed scope of work and when it was decided not to be restrictive, more detailed, I eliminated it and followed the policy.

Mr. HARDY. Who decided that?

Mr. BELINKY. That was based on suggestions that were given by Mr. Roth that the scopes of work not be detailed or restrictive.

Mr. HARDY. Just turn them loose and let them do what they want to do so long as they spend one and a half million dollars and give us some sort of a report? That would meet the requirements insofar as this contract is concerned?

Mr. BELINKY. Well, I feel that the most I can do in good conscience is to give the boss the benefit of my experience and advice. If he does not want to follow it——

Mr. MEADER. Was that item about the scope of work contained in the AID general statement of policy on research contracting of April 10 to which Dr. Fei gave his approval?

Mr. BELINKY. I would have to look at it.

Mr. MEADER. You testified earlier that the policy of omitting the budget from the contract was contained in the statement. I want to know if making the scope of work broad was also in that. Both of them are identified as having come from this Air Force officer, Mr. Roth.

Let us get at it in a different way. You apparently are not able to find it so far as you have looked. As I understand it, you said that this work to be performed should be described in greater detail and with greater clarity; is that correct?

Mr. BELINKY. That is my feeling, yes.

Mr. MEADER. Did you do that in writing?

Mr. BELINKY. I started to do it in writing in some of my draft papers which are in the file.

Mr. MEADER. To whom did you make that recommendation?

Mr. BELINKY. I made the recommendation while I was discussing it with Mr. Roth and also to Dr. Long.

Mr. MEADER. You say that notwithstanding your recommendation it was decided that the description of the work to be done should be in broad terms?

Mr. BELINKY. Not restrictive; yes, sir.

Mr. MEADER. Who made that decision?

Mr. BELINKY. It just grew up. It was developed on the basis of discussions we had with Mr. Roth, who came in to write the policies, and with Dr. Long.

Mr. MEADER. Just grew up?

Mr. BELINKY. What I mean was——

Mr. MEADER. You made a recommendation to your boss which you thought was right, but he overruled it. Whom do you regard as your boss in this context?

Mr. BELINKY. What I am trying to get at is the overruling did not occur or come about the way you seem to indicate. You have discussions and you advise your people the way it ought to be and then they say, "Well, we don't want it so restrictive. We do not want to tie the hands of the contractor. If you do, it is going to restrict his thinking and things of that sort."

So, I just went ahead and changed it to the way they felt it should be, meaning giving the flexibility they desired.

Mr. MEADER. When you say "they" I am trying to get some personalities into this.

Mr. BELINKY. Mr. Long or whoever was present at the staff meeting when we discussed this thing. As a matter of fact, I even had a statement on the scope of work to the effect that the contractor would conduct research, and I stated that it should be in accordance with instructions of the REPAS technical officer. In my opinion—and my opinion is based on literature in research contracting—that statement, or that provision in the scope of work, would have given the project manager an opportunity of directing the contractor or keeping him from going over on tangents or from doing work with regard to the project which might be wasteful. I was told that that statement did not belong there. I differed, but I was overruled on that and I took it out.

Mr. MEADER. You say you were told. Who told you?

Mr. BELINKY. Our audit people objected to it and our Office of General Counsel objected to it. They felt that it made the scope of the work in the contract too indefinite and vague. They felt that it would be more appropriate to write what is known as a basic agreement kind of contract followed by an individual task order. I felt this contract was not appropriate to a basic agreement type. I explained it in my memorandum both to audit and to counsel.

Mr. HARDY. Did they ever agree with that point of view?

Mr. BELINKY. No, sir; they did not.

Mr. HARDY. How did you happen to prevail in that?

Mr. MEADER. He did not.

Mr. BELINKY. I did not. I had to take it out.

Mr. HARDY. Mr. Belinky, have you negotiated many contracts of this type?

Mr. BELINKY. With the universities?

Mr. HARDY. Not necessarily. I am talking about this kind of research project.

Mr. BELINKY. No, sir.

Mr. HARDY. I am disturbed about the broadness of this contract. I am a little bit concerned because there are other contracts dealing with essentially the same problem, and they have been executed by the Agency.

At the time that you were negotiating this contract, were you familiar with the contract that was negotiated with the Department of Agriculture for an analysis of land tenure problems and policies in Puerto Rico?

Mr. BELINKY. Only very casually and only to the extent of putting some papers in the file folder and stacking them in the file drawer.

Mr. HARDY. That one is very specific and it is on the same subject essentially. It requires the Department of Agriculture to perform in a specific area and to cover specific assigned activities whereas the one you negotiated is wide open. Do you have any explanation of that? Do you have any knowledge or information of any basic reason for that differentiation?

Mr. BELINKY. I do not know of any reason for the differentiation but the reason that this contract was negotiated on the basis on which it was, and the flexibility with which it was written was because it was the first contract with a university that was being written in REPAS. The policy of the office was to write contracts with flexibility insofar as the research community was concerned. It was my understanding that the research community was a little bit dissatisfied with some of the provisions and clauses we had in the prior Agency contracts.

Mr. HARDY. Of course, the one I was talking about a moment ago was not negotiated with a university. It was negotiated with the Department of Agriculture.

Mr. BELINKY. I cannot answer to that one because I know nothing about it.

Mr. HARDY. I notice that it was signed by Dr. Fei on January 1, a day or two after he came aboard. He certainly should have had some experience in this particular thing because we are talking about the same subject.

I have a little trouble understanding why all of a sudden somebody comes along and makes this kind of contract, wide open, and says, "Do as you please. Spend a million and a half dollars."

If there is not that much latitude in it, I would like to be shown otherwise.

Mr. REDDAN. Mr. Belinky, in negotiating this contract, were you told the geographic area to be covered by this survey? You refer in here to the cooperative countries. Do you know what countries they are?

Mr. BELINKY. No, not specifically, other than there were several places mentioned in their proposal where the University of Wisconsin is going to establish some centers.

Mr. REDDAN. Under the contract itself, where do they have to perform this service?

Mr. BELINKY. Originally in one of the first contract drafts, I have a statement there that the localities would be mutually agreed upon between the parties at a later date. I was told to take it out because it made for indefiniteness.

Mr. HARDY. Made for indefiniteness?

Mr. BELINKY. Yes, sir.

Mr. HARDY. That was going to be more definite, not having anything?

Mr. BELINKY. I guess so, according to those who told me to take it out.

Mr. HARDY. Who told you to take it out?

Mr. BELINKY. The Office of General Counsel objected to it and the Audit Office felt that it would make the contract——

Mr. HARDY. Here we are proposing a million and a half dollar contract for research in foreign countries that have not agreed to a thing in the world. They have not asked for it. Did that raise any question in your mind?

Mr. BELINKY. Yes, sir. Normally when a contract action comes to us, to the Contract Office, it frequently comes by way of a project agreement between the foreign country and our country which indicates just what we are going to do for the country.

Mr. HARDY. I understood that that was a prerequisite.

Mr. BELINKY. I did not know it was a prerequisite. In this particular case, I was told that since it was a regional project, no project agreements are required.

Mr. HARDY. A regional project and not a single, solitary country agreed to permit this research to go on? Do you know whether that is true or not?

Mr. BELINKY. No, I do not.

Mr. HARDY. You would not disagree if I stated it as a fact?

Mr. BELINKY. No, sir.

Mr. HARDY. This puts us in a position of negotiating with the university for the performance of a service in countries that not only have not asked for it, but they have not even been contacted about it. We are proposing to go in there and ask questions and do research among the peasants in some of those countries which could very easily be interpreted as agitation. If this was not requested by the country, this could be interpreted as agitation. As a matter of fact, we could not go there if we were not requested by the country; is that right, Dr. Long?

Dr. LONG. It would have to be agreed to by the country.

Mr. HARDY. We have agreed in this contract to spend a million and a half dollars without having a single, solitary country ask us to do it.

Dr. LONG. No money would be spent until the country had agreed this was in their interest.

Mr. HARDY. Is it not a fact that we did employ and direct somebody to go to a Latin American country without his having been invited and he had to be stopped?

Dr. LONG. I do not know about this, sir.

Mr. HARDY. I think I can state that as a fact.

Would you know about it? Do you have any responsibility in that area?

Dr. LONG. I have no responsibility for the administration of this contract now. That is correct.

Mr. HARDY. Did it occur to you——

Dr. LONG. Excuse me. REPAS has its own staff following up on the administration and carrying out of their project activities.

Mr. HARDY. Did you have any responsibility in the initiation of this contract with respect to being sure the countries where the service was going to be performed wanted that service performed?

Dr. LONG. This would be the responsibility, as I understand it, of REPAS' regular staff in a proper working relationship with the Latin American regional bureau.

Mr. HARDY. Should they have done that before the contract was initiated?

Dr. Fei, come up, please. You are going to be involved in this in just a minute. Come back up here and help us out.

Do you know anything about that responsibility? Should that have been done first?

Dr. LONG. I would say that the general need for this kind of research was very widely recognized. It was recognized that various countries would be calling for this kind of service.

The negotiations could be entered into and this was the first step in the contract.

Mr. HARDY. Where did your knowledge come from that any country was going to ask for this?

Dr. LONG. There was a good deal of discussion at the Santiago meeting and a general flow of information back and forth from Latin America about the need for this kind of information.

Mr. HARDY. I am not talking about the need, I am talking about the request coming from the specific countries. It might be needed in the eyes of the specialists like you but that is a lot different from the need as visualized by the people who control the government; is that correct?

Dr. LONG. Yes, sir.

Mr. HARDY. The people who control the governments are the ones you have to ask for this, are they not?

Dr. LONG. Through our missions.

Mr. HARDY. It has to come through the local governments.

Dr. Fei, had any single country in Latin America asked for this service at the time this contract was negotiated?

Dr. FEI. I had understood when coming in and looking at the felt needs, as expressed by our missions in the field— and I have that basic data there—many countries asked we involve ourselves in this.

Mr. HARDY. Can you produce evidence that any single one asked for it?

Dr. FEI. If you mean by that, had the government of Country X sent a letter asking us to please come and do research, no.

Mr. HARDY. Is it not true that only one country has been induced to ask for it as of this date?

Dr. FEI. No, sir; I would not agree with that.

Mr. HARDY. Tell us what countries have.

Dr. FEI. We have not tried to induce anyone to do research.

Mr. HARDY. I will withdraw that word. Use whatever word you want, but this is the one I want.

Dr. FEI. I will use a different word.

In several countries their research communities, in land reform, the universities have asked us to help them do this research.

Mr. HARDY. Dr. Fei, you must know there is a lot of difference between a request coming from a research agency and one coming from the officials of that government.

Dr. FEI. We are not asking those official governments to do the research. We are asking that the University of Wisconsin work with the competent institutions and individuals in those countries on this research.

Mr. HARDY. Do I understand you plan to do this on the basis of working with a university in a foreign country whether or not you have a government request from the government itself?

Dr. FEI. Of course not. If those countries and institutions want us to help them, yes. The University of Wisconsin would do this.

Mr. HARDY. Let me ask you again: Could you name a single Latin American country that has officially asked for this work other than the one that has occurred, other than Columbia?

Dr. FEI. From official government sources, I do not know of any. I do know of several others.

Mr. HARDY. What was the date Columbia asked for it?

Dr. FEI. I do not recall offhand, sir.

Mr. HARDY. You have obligated the expenditure of $1.5 million without having a single country where you know we are going to be welcome at the time you did this?

Dr. FEI. I have obligated those funds. Those funds will be spent as we arrive at arrangements. The reason for flexibility in field arrangements is to allow the University of Wisconsin to work out with the technical people concerned——

Mr. HARDY. Just 1 minute. Did the University of Wisconsin employ a man and plan to send him to a country that had not asked for it and then have him ready to go to that country that did not ask for the aid?

Dr. FEI. The University of Wisconsin already, for over a year, has had a project in Brazil. They have been working in economic development and land reform. This was on their own funds and not with agency funds. They have now beefed up that activity by sending or proposing to send one person under this contract to go there and continue and expand the studies.

Mr. HARDY. Has Brazil asked for it?

Dr. FEI. The Government of Brazil has not asked for it.

Mr. HARDY. Are we spending Government money to send a man down there under this contract without the request of the Government of Brazil?

Dr. FEI. We do not need the request of the Government of Brazil in this research. We need to involve our own people and the technically competent people in those countries to do this research.

Mr. HARDY. Then I want to understand what you are saying. You are saying you are going to conduct this research whether or not——

Dr. FEI. No, sir; I do not mean that at all.

Mr. HARDY. Say what you mean because I do not understand it.

Mr. FEI. In other words, if, for instance, the University of Wisconsin sends somebody out there, the country would be informed. The agency with whom he is going to work, let us say a university or institution is going to work with them, they would know about it. They want him there. We would notify our country mission and the country mission presumably would also notify the government. If they do not obect, there is no reason why he would not do so.

Mr. HARDY. What happened to Mr. Michel Sund?

Dr. FEI. Mr. Michel Sund is not in Brazil to my knowledge.

Mr. HARDY. How long has he been on the payroll?

How long have you been paying him?

Dr. FEI. I do not know.

Mr. HARDY. Does anybody know?

TESTIMONY OF JACK OPPENHEIMER, SENIOR RESEARCH OFFICER, RESEARCH DIVISION, RESEARCH, EVALUATION AND PLANNING ASSISTANCE STAFF, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. OPPENHEIMER. I can answer that.

Mr. HARDY. What is your name?

Mr. OPPENHEIMER. My name is Oppenheimer.

Mr. HARDY. How long has he been on this payroll, since early June? What is he doing?

Mr. OPPENHEIMER. Working on planning matters for the project.

Mr. HARDY. Why did he not go to Brazil? Dr. Fei, can you answer that?

Dr. FEI. He has not gone to Brazil yet because he was trying to get a passport and the various clearances the Agency requires. We have already known of somebody going but not under this contract. Here was somebody going to do research in Mexico. The University of Wisconsin went ahead, because he was going anyway and hoped the AID funds might be used to assist in this person's work by a limited stipend. It was not possible so he has gone ahead anyway.

He has gathered the data, which is now available to the university and our contract. This is the kind of activity that goes on.

Mr. HARDY. Let us explore one more item in connection with this gentleman before I turn this back to Mr. Reddan.

What was this gentleman doing before he was employed on this contract? Do you know?

Mr. MEADER. Michel Sund?

Mr. HARDY. Yes.

Mr. MEADER. Could I ask Mr. Oppenheimer that question?

Mr. OPPENHEIMER. I do not know whether you want me to respond to that.

Mr. HARDY. Why not?

Mr. OPPENHEIMER. Do you want me to come to the table?

Mr. HARDY. Come up here.

Mr. MEADER. Tell us what his pay was for 3 months.

Mr. OPPENHEIMER. I believe the document which the chairman has reveals the relevant figures on his form 57.

Mr. HARDY. I will read them, Mr. Oppenheimer.

As of June 1962, when he was employed by AID he was drawing $183.33 a month as a fellow. He was moved to a $9,000-a-year job on this contract on June 1962. Rather rapid advancement.

Mr. OPPENHEIMER. May I make a comment?

Mr. HARDY. As far as I know, this is the first job he has had other than as a fellow.

Mr. OPPENHEIMER. May I take a comment?

Mr. HARDY. Certainly.

Mr. REDDAN. Identify yourself for the record.

Mr. OPPENHEIMER. My name is Jack Oppenheimer, Senior Research Officer with REPAS.

May I go on?

Mr. HARDY. Let me make this observation. I do not want to suggest that this gentleman was being fully paid at the time he was a fellow. I do think we need a little clarification on how he moved from a $183 a month job to $9,000 a year.

Mr. OPPENHEIMER. May I try to be helpful?

Mr. HARDY. Please do.

Mr. OPPENHEIMER. Mr. Sund, as you will see in the form 57, is now a Ph. D. in land economics.

Mr. HARDY. That does not immediately qualify him. I know a lot of Ph. D.'s who would be a lot better off if they were back in school.

Mr. OPPENHEIMER. Mr. Sund had been working in this area for a number of years prior to receiving his Ph. D. and among the things which he did while he was getting his Ph. D. was serving on the staff of the University of Nebraska and the University of Wisconsin.

Mr. REDDAN. Mr. Oppenheimer, I do not think he has his Ph. D. yet, has he?

Mr. OPPENHEIMER. I believe he has taken the examination for the Ph. D.

Mr. REDDAN. Not at this time? Has he written his thesis?

Mr. OPPENHEIMER. He is preparing his thesis.

Mr. HARDY. That is a little different.

Mr. OPPENHEIMER. The point I was trying to make, Mr. Chairman, was that he has reached this level of accomplishment in the area of this subject matter in which AID is interested. I think the committee would want to be informed as to that and that is the reason I brought this point out.

Mr. REDDAN. What is he going to do in Brazil, Mr. Oppenheimer? What was he going to do when he was going to go to Brazil in August?

Mr. OPPENHEIMER. He will be going. There is a correction there. He will be going to Brazil.

Mr. HARDY. He was going in August but he got held up because he could not get his clearances; is that right? Is it not true that he was scheduled to go down there and when finally things did not work out you put him to work up here?

Mr. OPPENHEIMER. May I reply to that question?

Mr. HARDY. Please.

Mr. OPPENHEIMER. Mr. Sund's form 86, which is his clearance form submitted to AID early in August, shows he cannot go overseas until he is cleared. Mr. Sund has been cleared as of the latter part of August or early September.

Mr. Sund intends to go in order to perform under the contract in mid-October.

Mr. REDDAN. Do we have an agreement with the Government of Brazil?

Mr. OPPENHEIMER. With respect to that, sir, I might say this: In order for Mr. Sund to obtain permission to enter Brazil to conduct this work, he must receive a visa from the Brazilian Government. In accordance with AID regulations we have given a memorandum to whom it may concern which I believe you have in your files.

Mr. HARDY. We have.

Mr. OPPENHEIMER. Saying that Mr. Sund is employed under this contract and something to the effect that he will be going to Brazil at the proper time. I do not recall the exact language of the memorandum. The Brazilian Government must approve his entrance.

Mr. REDDAN. That does not say they must have approved it at all.

Mr. OPPENHEIMER. I say they must. I am using the future tense.

Mr. REDDAN. I thought you said "must have."

Mr. OPPENHEIMER. No, sir.

Mr. MONAGAN. You still have not answered what he is going to do.

Mr. REDDAN. What was he going to do there in August?

Mr. OPPENHEIMER. What was he going to do in mid-October?

Mr. HARDY. He was scheduled to go in August, was he not? Let us button that up first.

Do you know, yes, or no?

Mr. OPPENHEIMER. To my knowledge, I do not know that he was going in August, no.

Mr. HARDY. Maybe we will have to clear up the record later.

Mr. REDDAN. Dr. Fei, do you have before you a photostatic copy of a memmorandum to you dated August 1 from Mr. Peterson relating to Mr. Michel Sund? Would you read that to the committee please?

Did you receive that memorandum?

Dr. FEI. Yes, sir. This is addressed to me from Mr. Peterson, who is Chief of the Rural and Industrial Development Division of Latin America.

Mr. REDDAN. Copies to anyone else?

Dr. FEI. A copy to Mr. Oppenheimer. [Reading:]

AUGUST 1, 1962.

Subject: University of Wisconsin Contract. AID/REPAS-3 Agrarian Reform Research in Latin America.

We have had recent conversations on the above contract with J. Oppenheimer REPAS and Michel Sund, University of Wisconsin. It has been developed that the contractor has made plans and is preparing to implement the contract at an early date. In fact, Mr. Sund indicated that he planned to depart for Brazil by the end of August.

As you know, this office has considerable interest in this subject and is desirous that research and training provided for by the contract be useful and successful.

It would seem to us to be essential that the University of Wisconsin make known its plans before proceeding with implementation. According to Mr. Sund he will proceed to Brazil for a 2-year assignment and we are not aware that any arrangements have been made with the USAID or Brazilian Government for the necessary support and cooperation.

This office would be glad to work with Mr. Oppenheimer or other members of your staff in preparing an appropriate airgram to the Latin American USAID's involved. Possibly more details need to be given to USAID/Brazil, since it may be directly involved in the initial stages. We also believe USAID comments should be solicited prior to the approval of departure of contract personnel. Copies of the contract must be sent to the USAID in each country in which contract activities will be undertaken.

We understand that the University of Wisconsin has prepared some informational material and this, too, should be sent to the USAID's.

Mr. HARDY. Mr. Oppenheimer, in the light of that memorandum, a copy of which went to you, in your testimony a moment ago, do you think you properly responded to the committee?

Mr. OPPENHEIMER. I believe I said, sir, that to my knowledge he was not going in August. I believe I was correct in saying that, sir, because this memorandum was written in the first part of August saying he would not be leaving until the latter part of August.

Mr. HARDY. That is correct.

Mr. OPPENHEIMER. He could not then, in my opinion, sir, have been in Brazil sometime during the month of August.

Mr. HARDY. I do not know. Jets are pretty fast.

However, that is beating the devil around the bush in your testimony.

Mr. OPPENHEIMER. I respectfully suggest, sir, I was responsive and I gave you the information to the best of my ability and knowledge.

Mr. HARDY. If you had knowledge of the memorandum, a copy of which you received——

Mr. OPPENHEIMER. I have knowledge of the memorandum to which I testified.

Mr. HARDY. That was the basis of my questions addressed to you.

Mr. REDDAN. Excuse me.

Dr. Fei, did you read the handwritten note at the bottom of this memorandum?

Dr. FEI. No, I did not. Would you like me to read that?

Mr. REDDAN. Is that your handwriting?

Dr. FEI. Yes, sir.

Mr. REDDAN. What does that say?

Dr. FEI. It says—

Jack, I requested University of Wisconsin to send me details of itineraries, et cetera, over 6 weeks ago. Did you discuss this at all while you were at Madison?

Mr. REDDAN. Who is Jack?

Dr. FEI. Mr. Oppenheimer.

Mr. HARDY. That intrigues me. You discussed it over 6 weeks ago but what was the date of that?

Dr. FEI. This was August 1, I believe.

Mr. HARDY. On August 1 you had known at least 6 weeks earlier Mr. Sund was being groomed to go down there?

Dr. FEI. No, sir.

Mr. HARDY. Then explain that memorandum, Doctor.

Dr. FEI. Yes.

Shortly after this contract was signed, there was much interest in this on the part of various countries, we had ambassadors in our mission directors, as well as directors of research institutes and professors asking about this. Of course, they all wanted to know when the University of Wisconsin was starting and how soon can they get started.

Subsequent to this——

Mr. HARDY. Give us a little evidence of that. I would like for you to submit that and not tell us.

Dr. FEI. All right.

Mr. HARDY. I would like to know what evidence you have that these universities were pressing.

Dr. FEI. All right, sir.

I think about 4 or 5 weeks before this, Dr. Clodius whom you know is the vice president of the University of Wisconsin and formerly the chairman of the Department of Agriculture Economics, who is spearheading this research, came to Washington on other meetings for the Government, I believe for USDA. Before he left for Wisconsin he telephoned me—a friendly call.

He said, "We are doing our best to rush things along. We want to get things started as soon as possible."

I said, "This is fine." I said, "Do you know that just yesterday"—it has just happened, I think we can find this date—"the desk officer of one of the Latin American missions phoned me and said, 'Do you know when Wisconsin is going out? We have had a request for them to go out there as soon as possible.' "

Mr. HARDY. To Brazil?

Dr. FEI. I don't recall the country. I can find out. So I said to Dr. Clodius, "People are showing such an interest. They do want information. Can you give us some idea of when you are going out or anybody on the team is going out to determine the final places that you are going to set for field work, the centers, and so on?"

He said, "Yes, I will try to give you this information, the itinerary."

Unfortunately, he had just been taken off this contract because he was being made vice president of the university. So there was some shifting of personnel at the University of Wisconsin, but he said he would try to provide us with this kind of information.

I told him it was very important that we get this information so we could answer queries when people said, "What is Wisconsin doing, and when?"

Subsequent to this, Mr. Oppenheimer and Mr. Johnson, of the Latin America Agriculture Division, attended a meeting at Wisconsin which was a meeting of the University of Wisconsin group and the American Bar Foundation group, where they were going to sit down and plan further, discuss, and look at the operational problems, be sure there was a proper amount of overlapping in order to be sure that each contract received the benefit of the other's work. At this meeting, two people, at least, from the AID went. I asked Mr. Oppenheimer to go for me.

Mr. HARDY. That is when they went out to Wisconsin?

Dr. FEI. That is when they went out to Wisconsin. This is why, when I received this note, and since I myself am not in day-to-day contact with this, when I received this memo from the Latin America Office, I noted at the bottom, "Jack, did you discuss this when you were out at Wisconsin as to what the itinerary would be?"

Mr. HARDY. Did he tell you whether he did or not?

Dr. FEI. No, I don't recall that he did.

Mr. HARDY. So you still do not know the answer to that question.

Dr. FEI. Not in detail, no, because——

Mr. HARDY. If I could return to this memorandum, not in detail, you asked him if he discussed it at all when he was at Madison, and if you have not heard, the answer would have been yes or no, that he did or did not discuss it.

Dr. FEI. I was not so much expecting an answer from him as to ask him to follow this up.

Mr. HARDY. Did he?

Dr. FEI. I assume he did.

Mr. HARDY. How do you know? What makes you assume so? He never did tell you.

Dr. FEI. Because I have a staff, and they don't tell me everything they do every day.

Mr. HARDY. But you asked him in this case, did you not?

Dr. FEI. I asked him to follow this up.

Mr. HARDY. That is not the way I read it. You say, "I requested the University of Wisconsin to send me detailed itinerary, and so on, over 6 weeks ago." I understood that to mean with respect to Mr. Sund.

Dr. FEI. No, it certainly was not in respect to Mr. Sund. It was in respect to the broad development of the details of their operation.

Mr. HARDY. You say "a detailed itinerary, and so on." Then you asked Mr. Oppenheimer if he discussed it while he was at Madison. That is all you did. You did not tell him to follow it up or anybody else. You just wanted to know, and he did not tell you.

Mr. OPPENHEIMER. Might I——

Mr. HARDY. Did you tell him, Mr. Oppenheimer?

Mr. OPPENHEIMER. I think one could say I did, but in a somewhat different context, sir. Might I explain?

In discussing——

Mr. MEADER. Why do you not start out by answering his question? Did you or did you not, when you were in Wisconsin, discuss the details of the itinerary and their plans?

Mr. OPPENHEIMER. Might I try to answer the question in the way in which I think would be best to be helpful to the committee, sir?

Mr. HARDY. You could answer that yes or no, and then, if you want to explain, please do.

Mr. OPPENHEIMER. Sir, I don't think there is a yes-or-no answer to this question.

Mr. HARDY. There is no yes-or-no answer to the question?

Mr. OPPENHEIMER. Not to this question, sir.

Mr. HARDY. To the question which Dr. Fei asked you, there is no answer "yes" or "no"?

Mr. OPPENHEIMER. There is in the sense I would like to explain to the committee. There is an answer, but it isn't a yes-or-no answer.

Mr. HARDY. It has to be one or the other. It is just that simple.

Mr. OPPENHEIMER. If you want me to give an answer—and I hope the committee will not criticize me for this—the answer to your question is "yes." After you hear my explanation, you may not agree that the answer is "yes."

Mr. HARDY. Then we are getting into an interpretation as to what is yes and what is no.

Mr. OPPENHEIMER. That is correct, sir.

Mr. HARDY. Go right ahead. This is going to be a very interesting one, I think. Let us find out just what you did.

Mr. OPPENHEIMER. I am trying to be helpful to the committee.

Mr. HARDY. That is real fine. The committee is trying to be helpful to the Agency, so we are even on that.

Mr. OPPENHEIMER. Mr. Chairman, when I was at Wisconsin, primarily because I was interested in the American Bar Foundation contract and the relationships it would have to the work to be done under the Wisconsin contract, there was discussion on what countries the work would be related to in terms of either study at Wisconsin or the American Bar Foundation in this country or in terms of sending people to those countries. There was no definite decision arrived at while I was at Madison, Wis., with respect to that particular matter. This is the reason I said yes. One could also answer this question, sir, by saying no, because no definite decision was arrived at.

Mr. HARDY. The question was not about a decision, Mr. Oppenheimer. The question was about a discussion.

Mr. OPPENHEIMER. There was discussion on the matter, but in a very general sense, sir.

Mr. HARDY. So general that you hardly construe it to be discussion. Anway, that is another matter.

When did you first learn that Mr. Sund was to be employed or was about to be employed?

Mr. OPPENHEIMER. I learned that Mr. Sund was about to be employed—I would like to withdraw what I just said. I did not learn that he was about to be employed at any time. I learned of his relationship to the project upon my return from annual leave at the end of August.

Mr. HARDY. Then you did not get Dr. Fei's memorandum until the end of August?

Mr. OPPENHEIMER. No. I did not leave until the end of the first week of August.

Mr. HARDY. Did you get Dr. Fei's memorandum before you left?

Mr. OPPENHEIMER. I believe that memorandum was early August.

Mr. HARDY. It is dated August 1.

Mr. OPPENHEIMER. Right. I did see that memorandum, sir, before I left on annual leave.

Mr. HARDY. Actually, this memorandum refers to the employment of Mr. Sund, and you just said you did not know until you got back.

Mr. OPPENHEIMER. What I am saying, sir, is that I wasn't aware of the development of matters with respect to Mr. Sund until I arrived back.

Mr. HARDY. I asked you when you first knew he was employed or about to be employed.

Mr. OPPENHEIMER. With respect to that, sir, I learned, in a telephone conversation, that he was employed early in June. I learned it in a telephone conversation with Dr. Penn upon my return from annual leave, that he was already employed at Madison, not overseas, but at Madison, and that Dr. Penn was interested in having him go overseas, to be overseas in Brazil some time in mid-October.

Mr. REDDAN. When was this conversation?

Mr. OPPENHEIMER. The conversation was, I believe, the end of August or early September.

Mr. REDDAN. What did you think this August 1 memorandum to Dr. Fei was all about?

Mr. OPPENHEIMER. It was about sending Mr. Sund overseas, among other things.

Mr. HARDY. Mr. Oppenheimer, tell us about the conversation that you had with Mr. Peterson concerning sending Mr. Sund overseas.

Mr. OPPENHEIMER. My conversation with Mr. Peterson concerning sending Mr. Sund overseas was that an airgram had been drafted with respect to this matter. I later learned that the airgram did not go out in my absence while on annual leave, as I thought it would.

Mr. HARDY. What was the purpose of the airgram?

Mr. OPPENHEIMER. The purpose of the airgram was to notify the mission that Mr. Sund would be coming to Brazil to undertake studies under the contract.

Mr. HARDY. Did Mr. Peterson agree with that?

Mr. OPPENHEIMER. Yes, Mr. Peterson did.

Mr. HARDY. Let me read this first paragraph from Mr. Peterson's memorandum to Dr. Fei. It says:

> We have had recent conversations on the above contract with J. Oppenheimer, REPAS, and Michael Sund, University of Wisconsin.

He had been talking to both of you. Did he talk to you together?

Mr. OPPENHEIMER. He did not talk to us together.

Mr. HARDY. Did you meet Mr. Sund before you went on vacation.

Mr. OPPENHEIMER. I did.

Mr. HARDY. What was he doing here?

Mr. OPPENHEIMER. Mr. Sund was here to talk to people, representatives of the international agencies.

Mr. HARDY. Was he not employed by the University of Wisconsin on this project at that time?

Mr. OPPENHEIMER. He was, sir.

Mr. HARDY. So, then, before you went on leave you knew that he was employed.

Mr. OPPENHEIMER. Yes, sir; I did, sir; and I so testified.

Mr. HARDY. Then I misunderstood your testimony.

Let us get back to this, continuing with the memorandum:

It has been developed that the contractor has made plans and is preparing to implement the contract at an early date. In fact, Mr. Sund indicated that he has planned to depart for Brazil by the end of August.

That is related directly to the conversation that Mr. Peterson had with you and Mr. Sund, not necessarily at the same time, of course. But certainly you saw this memorandum before you went on leave. You knew that Mr. Sund had been employed. You knew from this memorandum that it was planned to send him down there. You must also have known that Brazil had not asked for him, did you not?

Mr. OPPENHEIMER. As to that, sir, I can only say that we were going to get a visa from the Government of Brazil for his entrance into that country, and that we were going to notify the mission of Mr. Sund's coming, and the approximate time of his arrival.

Mr. HARDY. You were going to notify the mission that Mr. Sund was coming. You were going to get a visa. I do not know what information is conveyed in the application for the visa. You planned to send Mr. Sund down there to perform research under this contract, to go out and visit the people, without clearing it with the Governmen of Brazil. Is that correct?

Mr. OPPENHEIMER. No, I did not say that. Part of the reason why one informs the mission of each country is so that the mission can clear with the government.

Mr. HARDY. Should you not clear with the government before you inform the mission that you are going to send a man down there who has not been cleared with the Government?

Mr. OPPENHEIMER. The mission, sir, can airgram back to us and say, "We don't think this man should come," for whatever reason they believe is applicable.

Mr. HARDY. Did they do that in this case?

Mr. OPPENHEIMER. To answer your question, sir, they have not yet done that, and may I state the reason? The reason is that the airgram did not go out in early August as I had hoped and expected that it would. I believe Mr. Peterson could testify with respect to that matter, since he is here. The other reason, which I can certainly testify to, is that the airgram has just been prepared and is in process of going out. So, the mission could not have had time to reply to the airgram, and it is not now the purpose to send Mr. Sund until mid-October. Mr. Sund will not be sent unless the mission approves.

Mr. HARDY. Thank goodness for that.

Mr. OPPENHEIMER. I agree with you, sir.

Mr. HARDY. That is not the way you planned it to start with, though. That is unfortunate.

Mr. OPPENHEIMER. I did not plan this way, sir. Respectfully, I would like to say that.

Mr. HARDY. I do not want to attribute it to you.

Go ahead.

Mr. REDDAN. Dr. Fei, you have with you a copy of a telegram sent to you by the University of Wisconsin. The date on mine is illegible. I received this copy on Friday. It relates to Mr. Sund's employment.

Dr. FEI. That is right.

Mr. REDDAN. On the second page of that telegram, about in the middle of the page, it starts:

We have made plans.

Do you see that about six sentences down?

Dr. FEI. Yes.

Mr. REDDAN. Would you read the rest of that sentence, please, sir?

Dr. FEI (reading):

and that we have made plans for Sund and Rask to make some related field investigations in Brazil during the next 8 months. (3) The AID contract also calls for the University of Wisconsin to seek opportunities to help Latin American nations develop their own social science program and the competence of their own land tenure specialists. This can only be done by being prepared to work with these nations whenever and wherever they are moving constructively on land tenure problems.

Mr. REDDAN. That is far enough, Doctor. I am just trying to find out whether or not Sund will be working in Latin America with some land tenure group other than the University of Wisconsin.

Dr. FEI. Yes. I think Dr. Johnson, who is in this field, knows more about this. From what I understand, there are many other groups interested in land reform. One of these is the CIDA.

Mr. REDDAN. That is the Inter-American Agricultural Development Commission?

Dr. FEI. Yes, which I believe is under the Inter-American Development Bank, a Latin American organization, including the United States. This group is very much interested in land reform and in planning and preparing their work several American were involved, including professors from the University of Wisconsin.

Mr. REDDAN. My question, Doctor, is this: Mr. Sund is on the university payroll under this particular contract, and has been since June 6?

Dr. FEI. That is correct.

Mr. REDDAN. How is he going to work in Latin America with this CIDA group for 6 or 8 months? Who is going to pay his salary?

Dr. FEI. The University of Wisconsin, under this contract, is to pay him.

Mr. REDDAN. And CIDA is to get the benefit of his services.

Dr. FEI. No. We, the Agency, ultimately are to get the benefit through the University of Wisconsin contract.

Mr. REDDAN. Will the CIDA get benefit from it?

Dr. FEI. Of course. It is of mutual benefit to all the groups involved in land reform, especially us, since we are not interested in

the research as such, but in the results of the research. This CIDA group——

Mr. REDDAN. Is there any contribution from the CIDA group?

Dr. FEI. Of course there is.

Mr. REDDAN. Monetary contribution?

Dr. FEI. The CIDA has a staff. The University of Wisconsin is sending one member of their staff, under our contract, to work closely with them as they develop their research so they can tap all the results and bring them together with what the University of Wisconsin is doing, so there is the right amount of overlap without any duplication, so that the kind of research design and activities undertaken can be correlated. This is essentially how the University of Wisconsin and their activities under our contract can correlate and tap other groups and agencies that are doing the work in this area.

Mr. REDDAN. Is Mr. Sund going to employ anyone while he is down there?

Dr. FEI. That I don't know, sir. These are details of operation with the University of Wisconsin. I don't keep track of these things.

Mr. HARDY. I thought we had some information about that. You are not advised about that? Mr. Oppenheimer, are you advised about it?

Mr. OPPENHEIMER. I am advised about it in two respects. One is that I understand from Mr. Sund that the committee investigators spoke with Mr. Sund. They may have information which I don't have.

Mr. HARDY. That is possible.

Mr. OPPENHEIMER. The information which I do have, sir, is that Mr. Sund will be employing some few clerical people in his work for the 2-year period he will be in northeast Brazil.

Mr. REDDAN. How are they to be paid?

Mr. OPPENHEIMER. They will be paid under the contract, sir.

Mr. REDDAN. Are they local employees?

Mr. OPPENHEIMER. They are local employees.

Mr. REDDAN. Will they be paid dollars?

Mr. OPPENHEIMER. This is a two-part reply to this question, sir. The University of Wisconsin is going to be paid in dollars. However, the University of Wisconsin knows of the balance-of-payments situation and has been cautioned that the local currency be obtained through the Embassy. So they will be paid in local currency.

Mr. HARDY. Is that covered in the contract?

Mr. OPPENHEIMER. It is covered in the contract insofar as transportation is concerned, in the general provisions. It is not covered with respect to local employment, because the policy of the Agency with respect to this matter was not developed until subsequent to the execution of the contract.

Mr. HARDY. You did not take into account the balance-of-payments problem when this contract was executed?

Mr. OPPENHEIMER. Yes, in terms of international travel, but not on local currency cost, because the policy of the Agency was not developed on this.

Mr. HARDY. The Agency certainly was aware of the problem for a long time. As a matter of fact, I have taken it up with the Agency two or three times on another subject myself.

Mr. OPPENHEIMER. Sir, I can only say with respect to this that we acted as soon——

Mr. HARDY. Maybe Mr. Hamilton did not tell you about it.

Mr. OPPENHEIMER. I can only say, sir, that we acted on this matter as soon as we were told to by our superiors in the Agency.

Mr. REDDAN. Is this contract coordinated in any way with other contracts of AID in the area of land reform or land tenure in Latin America?

Mr. OPPENHEIMER. To my knowledge, yes, in one very important respect, namely, the American Bar Foundation contract.

Mr. REDDAN. That contract has not been written as yet.

Mr. OPPENHEIMER. There is a contract. There is a letter contract on that.

Mr. REDDAN. We shall get to that. How about with the Iowa State University contract in Peru? Have you coordinated this contract with the operations there?

Mr. OPPENHEIMER. I would like to answer that question in this manner: My understanding is, yes, that it is, but I do want to say to you, sir, that I did not get into the matter of the Wisconsin contract until well after the execution of that contract. I was in another portion of the work of REPAS, and I did not come until the middle of May to REPAS.

Mr. HARDY. Whose responsibility would it have been, if it was anybody's, to determine about the coordination with the Iowa contract?

Mr. OPPENHEIMER. Sir, Dr. Fei is here. I don't want to answer that question for him.

Mr. HARDY. We will let him answer it, then. Did anybody have responsibility, Dr. Fei, for coordinating this contract with the contract with Iowa State University.

Dr. LONG. Not the research contract.

Dr. FEI. There is no other research contract with the University of Iowa, sir.

Mr. HARDY. There is a contract with Iowa?

Dr. FEI. There are many contracts with universities to do certain aspects of agricultural work overseas.

Mr. HARDY. There is a contract with Iowa State?

Dr. LONG. Yes, there is a contract with Iowa State. Many of these people are on the same committees. In other words, the various universities work very closely.

Mr. HARDY. Let me button this right down, because we will get off on another tangent and be half an hour getting back. Was anybody coordinating the specific contract that we have been talking about with the Iowa State contract? That is a land tenure contract.

Dr. FEI. It is not a research contract, sir.

Mr. HARDY. It is not a research contract?

Dr. FEI. No, sir.

Mr. HARDY. Maybe I do not understand what research is. I suppose maybe I shall have to get somebody to give me a description of it. It certainly involves research. It certainly involves matters that would be directly related to this overall research program. I just do not understand a statement like that.

Mr. MEADER. Why do you not tell us why it is not a research contract, Dr. Fei?

Dr. FEI. It was not let by my office, so I don't know the details. But it is a technical assistance contract, probably Dr. Long or Dr. Johnson, who are in this field, could give you the answer.

Mr. HARDY. The point is that that contract was in being and it was signed in September of 1961.

Dr. FEI. Yes, sir.

Mr. HARDY. It was signed at the time that Dr. Long was negotiating on this one.

Dr. FEI. So presumably he knew there was such a contract in existence.

Mr. HARDY. That is what I am talking about. Obviously, you do not know of anybody in the Agency coordinating these things at all. You do not know whether there may be a complete duplication going on.

Dr. FEI. No, sir; I am sure there is no duplication.

Mr. HARDY. Just tell me how you have any reason to believe there is not duplication.

Dr. FEI. I have good reason to believe so, because we are dealing with competent researchers. We are dealing with people whose job it is to do research on land tenure who have been dealing in this for years. Dr. Long came to the Agency——

Mr. HARDY. How does that prevent complete duplication and complete wastefulness?

Dr. FEI. Because among good researchers, they meet all the time——

Mr. HARDY. Doctor, are you that naive?

Dr. FEI. No, sir. This is the way research is done. Dr. Long's job in coming to the Agency is to promote land tenure activities. He goes to conferences, professional meetings, association meetings, to discuss with colleagues in different areas——

Mr. HARDY. You can do that by employing people helter-skelter and say, "Just go out and do research."

Dr. FEI. You could. You could.

Mr. HARDY. How do we know that is not what you did do?

Dr. FEI. Because Dr. Long assures me in his discussions with them that that is not what they are doing.

Mr. HARDY. What does he back it up with? That is a self-serving statement.

Dr. FEI. No, sir.

Mr. HARDY. The kind of assurance you would get would naturally be self-serving.

Dr. FEI. No, sir. When you are dealing with the professional community, they talk this way. They say, "We will see to it that"——

Mr. HARDY. I have been dealing with the professional community a long time, Dr. Fei, and not as a professional man, but I think sometimes we have to suggest that we get an objective viewpoint rather than a self-serving one. How can you accept that kind of statement? Just because a man is a researcher does not necessarily mean he is infallible.

Dr. FEI. Of course not, sir.

Mr. HARDY. I think you must attribute to a researcher the same traits of human character that the rest of us have.

Dr. FEI. Yes, sir.

Mr. HARDY. Then what did you do to check it?

Dr. FEI. I understand from Mr. Long that he has discussed with the University of Wisconsin people, problems of coordination.

Mr. HARDY. Where do you understand that?

Dr. FEI. In my discussions with him.

Mr. HARDY. When?

Dr. FEI. Right straight through this period.

Mr. HARDY. Why did you not say that a while ago?

Dr. FEI. You were saying, was anything especially done, as if we would be sitting over them to say, "What are you doing to relate yourselves to X, Y, and Z?" I did not do that.

Mr. HARDY. As far as I am concerned, you come up with a complete waterhole. If there has been any tie-in or coordination between those people, I have not seen one single bit of evidence of it in any of these statements you have made.

Dr. FEI. Maybe Dr. Long could give you more information.

Mr. HARDY. If he could, I would be happy.

Can you do that, Dr. Long?

Dr. LONG. I can give you the background for the Peru contract.

Mr. HARDY. Is there any research involved in the Peru contract?

Dr. LONG. The Peru contract is a technical assistance contract.

Mr. HARDY. Is any research involved in it?

Dr. LONG. I would assume they will be doing investigation work as a part of the technical assistance work. But it is an entirely different kind of contract. The origin for it was in the mission at Peru.

Mr. HARDY. Let me read an item under "Studies and Investigations and Scope of Work."

1. Help formulate and analyze agrarian reform alternatives conducive to national economic growth.

Is that not essentially the same kind of thing that we are talking about here? Is that not a fundamental to both of these contracts?

Dr. LONG. Yes, sir.

Mr. HARDY. Then how can Dr. Fei sit there and say there is not any research in the Peru contract? I have to assume it grows out of ignorance, and I think that is the most charitable way to state it.

Dr. LONG. I assume he meant the primary purpose for it——

Mr. HARDY. That is not what he said.

Dr. FEI. I said it was not a research contract.

Mr. HARDY. I understand that.

Dr. FEI. That is what Dr. Long just said, also.

Mr. HARDY. Let us not get into semantics.

Dr. FEI. I think the problem of correlation could be clarified——

Mr. HARDY. The whole size of it is this: Everybody was running off in opposite directions and nobody was paying any attention to what the others were doing. If you can give me any clear evidence of proper correlation between these two contracts, I would like to see it, but I do not want it in a lot of high-sounding language that does not have any meaning.

Dr. LONG. Excuse me.

Mr. HARDY. If Dr. Long has a comment, let him make it.

Dr. LONG. I would like to say all the principal characters in the Iowa contract and all the principal characters in the Wisconsin contract and operations are thoroughly cognizant of what the other is doing.

Mr. HARDY. How do you know that?

Dr. LONG. Because there has been a good deal of exchange of conversation between them.

Mr. HARDY. Anything recorded on that?

Dr. LONG. I don't know.

Mr. HARDY. How do you know there has been any exchange of conversation between them that relates specifically to these two contracts? Do you have personal knowledge of that?

Dr. LONG. I have personal knowledge that they were discussing them in the prior stages. Dr. Penn and Dr. Timmons——

Mr. HARDY. That is when Dr. Penn was preparing to negotiate the contract. So there has not been anything that you know of since. Is that right?

Dr. LONG. Not that I know of to my certain knowledge recently; that is correct.

Mr. HARDY. We can guess all over the lot, but I take it neither you nor Dr. Fei have any personal knowledge of this, and Mr. Oppenheimer is not much help.

Go ahead, Mr. Meader.

Mr. MEADER. I just wanted to read from the contract between AID and Iowa State, under "1. Scope."

> The contractor agrees to use its best efforts to render technical advice and assistance to the cooperating country for the purpose of analyzing the economic and legal aspects of land reform problems, as more specifically provided for in Appendix B—Operational Plan, attached hereto and made a part hereof.

If they are to analyze economic and legal aspects of land reform problems, how does that differ from what the University of Wisconsin is going to do?

Dr. LONG. It differs in that it is work limited to the one country of Peru, and this is a technical advisory relationship which is being established with the Government of Peru. It is a regular part of the mission staff's operation.

Mr. HARDY. As a matter of fact, Doctor, have we not been doing similar things in all of the Latin American countries under the technical assistance program, perhaps in a more limited way, but have we not been doing this?

Dr. LONG. I am not knowledgeable about the nature of the technical assistance work in Latin America in their entirety. There are people here who are.

Mr. HARDY. We have made a comparison of these two contracts, which I gather you people have not done. It is true, of course, that the Peruvian contract relates only to Peru, but that is one country which is a potential country to be involved with the University of Wisconsin contract; is that not correct? Is it a Latin American country. Presumably it would be eligible, would it not?

Is that right, Dr. Fei?

Dr. FEI. It would be eligible. It is one of the Latin American countries, yes. In my understanding of the Wisconsin first phase of activities, they would go to these countries and choose those countries where this work was needed and was not being done.

Mr. HARDY. Maybe they are going to have to choose ones that they can get into.

Mr. MEADER. Is that in the contract, or is that their plan of operation?

Dr. FEI. That is their plan of operation.

Mr. MEADER. There is nothing in the contract which would prevent them from going into a country where this work was already going on?

Dr. FEI. No, sir; there isn't.

Mr. HARDY. In this contract with Iowa State relating to Peru, we have made a sort of cross-check of the specific items with the specific items in the University of Wisconsin contract. Just about half of the items in the Iowa State contract would conform with the general purposes of the contract with the University of Wisconsin. And yet you tell us there is no point in this because one of them is not a research contract. That does not indicate that you know very well what is going on.

Mr. REDDAN. To come back to the contract itself, Mr. Belinky, could you tell us what sort of training program is envisioned under this contract?

Mr. BELINKY. I think Dr. Long can answer that better than I can.

Mr. REDDAN. All right, Doctor, can you tell us?

Dr. LONG. I did not get the question, sir.

Mr. REDDAN. What kind of training program is involved? Training is one of the aspects of this research program; is it not, sir?

Dr. LONG. Yes.

Mr. REDDAN. What sort of training program do you expect, and how does it relate, if at all, to the research program?

Dr. LONG. I envision that the training would be of two general sorts. There would be the training of Latin American graduate or advanced students at the University of Wisconsin, training in research methods as well as the content of land tenure research under these research fellowships. In addition to that, the centers to be established would become training centers to train Latin Americans in this field, either from the country or from such other countries as are interested in sending participants.

Mr. REDDAN. What are these trainees going to do?

Dr. LONG. They will be people involved in the land reform activities of the countries.

Mr. REDDAN. Will they be involved in the research activities of the University of Wisconsin under this contract?

Dr. LONG. Those which are set up as research fellows, I believe is the word, will be, yes—those at the university who were brought in to the university as research fellows.

Mr. REDDAN. What will they do in the university that could not be done with the personnel already available at the university?

Dr. LONG. They will be expandig the competency. They would make it possible for the university to do more work, these extra 10 people there, as well as bringing in knowledge, and so forth, from their home countries.

Mr. REDDAN. What are they to be doing at the university?

Dr. LONG. They will be taking graduate courses, taking training, and as I understand it, at least, at the same time they will be helping with the research work which is going on on the campus. They may be doing anything from tabulation and analytical work or translation of materials or channeling data from their home countries in to the campus personnel.

Mr. HARDY. Where do you get the idea in that detail, Doctor? It is not spelled out in the contract, is it?

Dr. LONG. No, this is not in the contract.

Mr. HARDY. How do you know what these people are going to be doing? Is there anything at all that would give you any guidelines to indicate that that is what they are going to be doing, or is that just your idea of what they ought to do?

Dr. LONG. Background discussion and the implication of this kind of contract, and how it is supposed to work.

Mr. HARDY. There are 10 of these people, is that right?

Dr. LONG. That is what is being provided for, yes.

Mr. HARDY. They will all be people from the Latin American countries who will be at the University of Wisconsin on these fellowships, is that right?

Dr. LONG. I believe they will be all from Latin American countries. I believe that is the plan, yes, sir.

The budget says other nationalities, and I would assume this means other than American.

Mr. HARDY. I wonder how we can be sure that this is going to provide any real benefit under the contract, other than to give these folks a pretty good graduate education?

Dr. FEI. If I may answer that, sir, I think the overall purpose of this is to improve the capability of the host country and the U.S. Government in our programs dealing with problems of land reform. While our primary motive in all our research projects is in the substantive research itself, you never can quite separate research from building of institutions and training of people. This is one of the reasons that we have asked the University of Wisconsin and other universities with whom we have contracts, to do as much of the work overseas as possible, using, where possible, local personnel. In other words, 5 years from now or 10 years, whatever it is, these people themselves must be capable of continuing this work.

If you say, "Is this of direct benefit to us today or tomorrow?" the answer is probably no, but I think in the long run this does more good than building a bridge.

Mr. HARDY. We are back in that never-never land now.

Dr. FEI. The whole problem of development and technical assistance is, if you would like to put it, a never-never or dream land. This is the whole problem of development.

Mr. HARDY. I hope it is not. I would hope that the whole process of development is not in that category, Doctor.

Dr. FEI. I do not think it is, sir. You have characterized it this way. I do not believe so.

Mr. HARDY. What we have been seeing here falls in that category, so far as I can see.

Dr. FEI. No, sir. The whole process of development and the research that supports it is not something that you pinpoint like buying 100 pairs of shoes or a bridge. It just isn't done that way.

Mr. HARDY. You ought to be able to do it with a little more commonsense than has been exhibited to me.

Mr. REDDAN. Doctor, can you tell the committee what these trainees are supposed to do? Dr. Long indicated that 10 of them are in some way to be connected with the ultimate product of this contract. What

are the others to do and how many would be involved, do you estimate?

Dr. FEI. I don't know the exact number here. As I understood what the University of Wisconsin hoped to do, it was to set up centers overseas and to use these centers for research, and in the process, working with local people in the universities or in government agencies or in research institutions, to help them all together do more research on land problems; that some of these researchers who showed promise but needed a bit more training or could add substantively to knowledge, could be sent to the University of Wisconsin for added training and research; that as part of the training effort on campus there would be an effort to draw in results, data, work, by other agencies, by other individuals, from studies on land tenure, from countries where there were no such centers. In other words, we hoped to use Wisconsin as a center for pulling together all the fragmented information.

For example, this already has happened in the case of Mexico, where I understand the University of Wisconsin does not propose to set up a field center. However, there are studies on land reform activities and history and results coming out of Mexico. They would like to tap that to bring it to Wisconsin for analysis, without setting up a team out there. In other words, they could get a Mexican to work under this contract at the university, pulling together this kind of data.

Mr. Sund, who is to be sent to Brazil, would work essentially with another large organization, an inter-American organization involved in this, hopefully pulling out over a period of time the kind of data that would emerge out of their activities.

It is interesting to note that the very scope of activities planned by CIDA was planned in part by a group of consultants that included professors from the University of Wisconsin. This is the kind of, you might say, correlation that does exist.

Mr. REDDAN. Doctor, what was the primary purpose that AID had in mind in entering into this contract with the University of Wisconsin?

Dr. FEI. I would say that our primary purpose was that the United States, in emphasizing the Alliance, feels that social change and social reforms are prerequisite to aid, that we view social change and reform as part and parcel of the objectives of those countries and our objectives in helping them.

In those countries where they have land reform problems, and most of the Latin American countries have these problems, they will be trying to cope with the kinds of administration, the relationship between land ownership and rights to land and rights to water, and so on. We don't know enough about this really to help them. They don't know enough about it themselves. I would hope that out of this would come (1) increasing knowledge so if the United States—and it cannot help from being involved in social reforms in Latin America—would have a better basis for making decisions; (2) that since this is a very complicated and long-run kind of problem—in other words, social change will not take place over a year or even over 10 years, more and more the local people in Latin America, the university people, the professional people, the government people, will become more aware of the full dimensions of the problem of land reform and the agrarian structure.

Mr. REDDAN. Doctor, do I gather from what you are saying that you wanted to find out what the problems were so you would know how to make the Alliance work better in the area of land reform?

Dr. FEI. That is right.

Mr. REDDAN. And, No. 2, am I correct in my interpretation of what you said that part of this contract is to bring about land reform in these countries?

Dr. FEI. No; to bring about greater capacity and ability and understanding of the local people of these problems.

Mr. REDDAN. For what purpose?

Dr. FEI. So they (1) could be able to do some of these studies themselves, and (2) through their awareness, perhaps put their own efforts forth in their own countries to try to put through land reforms.

Mr. HARDY. Do you still call that research, Doctor?

Dr. FEI. I would say this is, certainly. As I mentioned before, our primary objective is research, but you can never divorce this from institutional building and training. We don't try to divorce it from this. I would say certainly it is development research, yes.

Mr. HARDY. It is pretty hard to separate this from do-good activities.

Dr. FEI. Unless you know your job, it might be very hard to.

Mr. HARDY. It might be. I am wondering about that.

Mr. MEADER. Do you think you might come up with any answers as to how to get these political decisions down there that are necessary? Are you going to go into the training and education necessary for people to run a family farm?

Dr. FEI. If this is what research shows is a real barrier and an essential barrier to change, I assume that these countries would know about this and that the AID program would know about it, so if it was included in this program it would make a real dent.

Mr. MEADER. The best you could do with the University of Wisconsin study is to come up with a blueprint on how the various aspects of agriculture ought to be interrelated, and then what are you going to do and how are you going to get these South American countries to agree to do it?

Dr. FEI. Sir, if you imply this research per se, in itself, will make the political elements in that country want to do land reform, the answer is, quite obviously, "No."

Mr. HARDY. I am not sure that that is not involved. As I read some of these documents, I get the impression that maybe that is involved in this thing, that maybe this was going to have the tendency to make those countries want to do something immediately and maybe force them to do something.

Dr. FEI. If they should want to do this under the Alliance for Progress, I could not be more happy. I do not think this is the primary purpose of this research, however.

Mr. HARDY. I am having a hard time finding out what the primary purpose of it is. Before you conclude that, Mr. Meader, as long as we are talking about training, are you familiar with this little pamphlet that I hold here, entitled "Land Tenure Center"?

Dr. FEI. Yes, sir, I have seen that.

Mr. HARDY. Is this pamphlet directly related to this particular contract that we have been discussing?

Dr. FEI. I am not sure. I believe so.

Mr. HARDY. It says—

A cooperative program of the American nations, the U.S. Agency for International Development, and the University of Wisconsin.

Presumably this is put out for this particular program. Can I get somebody to indicate that? Dr. Long, do you know? Are you familiar with this pamphlet?

Dr. LONG. Just very casually. I have seen it.

Mr. HARDY. Mr. Oppenheimer, are you familiar with it?

Mr. OPPENHEIMER. I am familiar with the pamphlet, sir. I can't be more responsive than that, other than to say, sir, that it is my understanding that the university put this out in order to acquaint people in the field with what it is doing in the field of land reform.

Mr. HARDY. Dr. Fei, we have this through your kindness, I believe. I believe you furnished it to us.

Dr. FEI. Yes.

Mr. HARDY. Can you tell the committee anything about its distribution?

Dr. FEI. No, sir, I can't. I received about 10 copies from the University of Wisconsin. When your staff came to visit me, I said "Here is something that Wisconsin is involved in."

Mr. HARDY. As I read this, it looks like nothing in the world but another program of Federal aid to education. We had a good many of them. This gives the idea on how it will work and then talks about who can participate. It states:

The program is designed to train men and women from the Latin American countries and from the United States who wish to make a professional commitment to economic development in Latin American countries.

It doesn't say what the commitment is.

In research fellowships, it says this:

Several research fellowships will be available, stipend of $2,200 for the academic year plus $800 for the 2 summer months, plus $400 for each dependent.

If a man had 9 or 10 children, he would be in pretty good shape, wouldn't he?

Dr. FEI. I haven't the document. Your committee staff has it. The document tells what part of this would be paid for by and under the contract and what portion would come under the university's fund. I believe there is a letter from Professor Clodius which says that as part of the University of Wisconsin's activities in this area, quite separate from the funds which we as AID are putting into it, there are a number of fellowships paid out of university funds and not out of AID contract funds.

Mr. HARDY. I haven't seen that.

Dr. FEI. I am sure this letter is in the hands of your committee, sir.

Mr. HARDY. The staff can't identify it. We don't recall having run across it. If there is such a letter, it would be interesting to have it.

Mr. REDDAN. What was the date of the letter?

I understand it was sent up Friday.

Mr. HARDY. Maybe we haven't gotten around to reading it. I suppose it was misplaced in the files?

Mr. OPPENHEIMER. That letter had just arrived. As soon as it had arrived we gave it to the investigators.

Mr. HARDY. This is an afterthought?

Dr. FEI. No, sir. When I deal with universities, when they talk about putting their own resources into it, I understand the implication, but I am not sure this is how a Government contractor would understand it. Their idea in participating in resources would be that you share part of the cost of this specific contract?

From my understanding of how universities work, they say: "On top of whatever the Government provides us"—in this case AID funds—"we are putting our own resources into this activity, in toto, at the university."

For example, certain people are going to Latin America to do research who are not in the least bit connected with the funding of this contract with AID, but their research results will be made available under this contract to us.

Secondly, they have various scholarships which they have provided under their land-reform activities. Some of these scholarships presumably will be paid under this contract. Many others will not be paid under this contract, and will come out of university funds.

Thirdly, various researchers and staff work at the university and overseas will be undertaken directly out of university funds. I understand, for example, that several graduate fellows who are going to do research on legal aspects of land reform are not going to be paid by this contract, as well as several other fellows.

Mr. HARDY. I now have the letter before me. It is addressed to you, Dr. Fei, from R. L. Clodius, University of Wisconsin, and dated September 4, 1962. We will make this an appendix (see app. 3, p. 457), and I will read the following from it:

> At least 10 graduate students doing research in this area are being supported by noncontract funds (4NDEA), 2 or 3 lawyers, 3 Ford fellows * * *.

Then it states:

> From grant funds, the university will be putting in $60,000 per year for the next 5 years into the Ibero-American area.

What does that mean as differentiated from Latin America?

Is that a Spanish-speaking country?

Dr. FEI. This happens to be the term used by the University of Wisconsin for their Latin American studies.

Mr. HARDY. I didn't understand it.

Dr. FEI. One is a continuing program which has existed for several years. They are doing research, many involved in this area. They have a Professor Anderson who is currently doing research in Latin America on this problem not charged under this contract. The results of his research will be made available.

Mr. HARDY. I am glad to see from the first paragraph of this letter that it indicates this letter was written because this subcommittee had raised the question as to what constituted cost sharing. Did you request this letter, Doctor?

Dr. FEI. Yes, I believe I requested it. I requested it because there was so much misunderstanding.

Mr. HARDY. You requested it because we had inquired as to what cost sharing meant?

Dr. FEI. No, because I knew what cost sharing meant and I could give the general ideas of what a university means.

However, your subcommittee staff people said: "Exactly what are the specifics?"

Mr. HARDY. Thank you for getting this for us.

Dr. FEI. I said to the University of Wisconsin: "Will you do it?" They have some ideas of cost-sharing which do not coincide——

Mr. HARDY. Do one more thing in connection with this pamphlet I have here. Find out just exactly how this will work, whether they are talking entirely about this contract or whether that letter embraces the program outlined in this particular document.

This document states that these fellowships are open to people in either Latin America or in the United States.

Dr. FEI. That is right.

Mr. HARDY. Presumably they could all be taken up——

Dr. FEI. You want to know what portion would be under the AID?

Mr. HARDY. I think we should know.

All right, Mr. Meader.

Mr. MEADER. Mr. Oppenheimer, you testified previously about attending a conference at the University of Wisconsin in Madison?

Mr. OPPENHEIMER. Yes, sir.

Mr. MEADER. With a Mr. Peterson?

Mr. OPPENHEIMER. Mr. Peterson and Mr. Johnson, also from the Latin American Bureau.

Mr. MEADER. That was a joint conference between the American Bar Foundation and the University of Wisconsin with respect to this contract?

Mr. OPPENHEIMER. That was a conference called by the University of Wisconsin and the American Bar Foundation people asked to be present so that some discussion could be undertaken with respect to coordination and collaboration.

Mr. MEADER. I am looking at a document entitled "General Report on Conference." This is dated July 12 and 13, 1962. Are we talking about the same conference?

Mr. OPPENHEIMER. Yes, sir.

Mr. MEADER. You are familiar with that report?

Mr. OPPENHEIMER. I am familiar with the report. Might I look at it? I haven't a copy before me. I don't have the proper file for this.

Mr. HARDY. Has anyone else one down there?

Dr. FEI. This may be the file.

Mr. MEADER. This document appears to be 15 pages long.

Mr. OPPENHEIMER. July 12 to 13, that is right.

Mr. MEADER. It was participated in by, I would offhand guess, about 30 people, something like that? There is a list attached.

Mr. OPPENHEIMER. Whatever the number is, sir; yes.

Mr. MEADER. Is this document a summary of the consensus of the thinking of those present, in your judgment?

Mr. OPPENHEIMER. No, sir. My understanding is, as announced at the time the conference was to get underway on the first morning, that notes would be taken by a staff member of the University of Wisconsin as to the discussion, but that it in no way was to represent agreement or disagreement on any point which was covered.

Mr. MEADER. Do you know who, as a matter of fact, did prepare this document?

Mr. OPPENHEIMER. No, I do not.

Mr. MEADER. At least you did not?

Mr. OPPENHEIMER. That is right.

Mr. MEADER. You had no hand in it?

Mr. OPPENHEIMER. I did not, sir.

Mr. MEADER. I would like to ask about one or two passages which attracted my attention.

Mr. HARDY. Is there anybody here who did prepare it?

Mr. OPPENHEIMER. Mr. Johnson and Mr.——

Mr. PETERSON. The document was prepared in Madison, probably by Dr. Penn.

Mr. HARDY. At Madison and not by somebody here?

Mr. PETERSON. That is right.

Mr. MEADER. On page 3 of this document, the last two paragraphs:

Questions were raised concerning risks that Latin Americans take in collaborating with this program, how to minimize these, and whether the program should be built around institutions or people.

The dangers are real but the opportunities are great. We should not be afraid to encourage their participation. There are risks of ostracizing them at home but changes occur fast in Latin America and permanent blacklisting is unlikely.

Did that comment seem to be the consensus of those present there, Mr. Oppenheimer, so far as you know?

Mr. OPPENHEIMER. This is very difficult to answer, sir. I didn't take the yeas and nays on that matter.

Mr. MEADER. Was there any protest to that view expressed there?

Mr. OPPENHEIMER. This was a very open discussion and an exchange of views with respect to this matter.

Mr. HARDY. If you are going to discuss that perhaps we should get Mr. Peterson to come up here. He participated in that conference, too. Would that be a good idea?

Mr. Belinky, I believe we are through with you.

Mr. Peterson, have you been sworn?

Mr. PETERSON. No, sir.

Mr. HARDY. Dr. Johnson, have you been?

Dr. JOHNSON. Yes, sir.

Mr. HARDY. Mr. Peterson, do you solemnly swear the testimony you shall give in the matter before the subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PETERSON. I do, sir.

TESTIMONY OF LYALL PETERSON, DIVISION OF RURAL AND INDUSTRIAL DEVELOPMENT, LATIN AMERICAN BUREAU, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. PETERSON. I am with the AID, Latin American Bureau, Division of Rural and Industrial Development.

Dr. JOHNSON. I am with AID in the Latin American Bureau, adviser and specialist on land reform.

Mr. HARDY. We should have had you up here all the time.

Mr. MEADER. On page 7, the first full paragraph commencing on that page, I read as follows:

The suggestion was made that we examine attitudes of peasants with respect to land change, wants, goals, and dissatisfactions. It is easier to get information on dissatisfactions than on aspirations, wants, and goals. However, it

was pointed out that many of these people have not formed attitudes; thus it is difficult to get reliable information.

I want to emphasize this last sentence:

The very process of asking questions about it may instill a change in the whole attitudinal structure.

This goes back to the question I asked Dr. Fei, if some of this research was going to be in the political field so that not only would we decide how land ownership should be arranged in Latin America but we were going to decide on how it could be brought about as a political result.

Mr. HARDY. It looks as though we made that determination already.

Mr. MEADER. It sounds to me as though the research activities under this contract are contemplated as a door-to-door bell-ringing technique to enlist the support of the people in these countries, particularly the peasants, for some kind of a land reform program, and contribute to its political feasibility.

Am I misunderstanding the meaning of that paragraph?

Mr. HARDY. Mr. Peterson?

Mr. PETERSON. This is a bit difficult. I think the implication is more economic than political. It is certainly true that the majority of the people in Latin America are people who live in the rural areas and farming about 1 or 2 acres of land who would never have any advantage in their whole life, and they could be classified in the relatively ignorant class.

The allusion in this statement was that very often in asking these people questions you have to ask leading questions because they really don't know what they want and what they need.

Mr. HARDY. You have to ask leading questions so they will give you the kind of answer you want to get?

Mr. PETERSON. I think the implication there is this: That these people need a better shake out of life is certain. They need more land and more economic opportunity.

Mr. HARDY. We decided that for them?

Mr. PETERSON. No, sir. They need more of an opportunity to make a decent life. Many of them who have lived in an isolated community and never have had the advantage of modern society don't really realize what their needs are. I think this is the implication, that in the process of research some of the questions would have to be leading questions in order to help these people to identify what their real wants and needs are.

Mr. MEADER. Mr. Peterson, would you agree with me that one of the ways we could do more harm to friendly and cordial relations and the good neighbor policy with Latin American countries is to have people roaming around the land down there agitating the peasants for land reform?

Mr. PETERSON. I think this would depend a great deal on the different countries.

Mr. HARDY. So if they are not already dissatisfied you would ask the kinds of questions that would make them so?

Mr. PETERSON. They are dissatisfied but they are not in——

Mr. HARDY. They don't know it.

Mr. PETERSON. They are dissatisfied but not in a very intelligent manner.

Mr. HARDY. So we will dissatisfy them intelligently?

Mr. PETERSON. I think the implication of this is that they would ask questions which in the research work would give some expression to what the dissatisfaction means.

Mr. HARDY. You made a distinction between the economic implications and the political implications. You said this would be economic.

Can you stir up these people economically without stirring them up politically?

Mr. PETERSON. I don't think it is necessary. They are being stirred up quite rapidly.

Mr. HARDY. We will hasten it?

Mr. PETERSON. Not necessarily. I don't believe so.

Mr. MEADER. Who is stirring them up now?

Mr. PETERSON. All sorts of elements are at play.

Mr. MEADER. Are the Communists doing that, too?

Mr. PETERSON. To a large extent; yes, sir.

Mr. MEADER. We would get in and help them?

Mr. PETERSON. No, sir. We are talking about something else.

Mr. MEADER. Let me read another paragraph:

> What should be the direction and rate of change of reforms in order to give people a sense of participation? Involved is the development of a "national conscience" which is really a part of the process of forming a nation. The organized opponents of land reform programs say that they are destroying freedoms.

I don't know what the "they" refers to unless it is land reform.

> There may not be much freedom around to destroy. The reforms do restrict the freedom of an audible minority. However, the losses of freedom are likely to be less than the vistas of freedom opened up by land reform programs. The greatest tragedy of the 20th century is that the Communists were wrong, however, it can be an even greater tragedy if we are also wrong.

I don't know that I could subscribe to that proposition, the greatest tragedy of the 20th century is that the Communists were wrong. In other words, it would be a great benefit to the 20th century if the Communists were right.

Mr. HARDY. Maybe we should get them to explain it.

FURTHER TESTIMONY OF JACK OPPENHEIMER, SENIOR RESEARCH OFFICER, RESEARCH DIVISION, RESEARCH, EVALUATION AND PLANNING ASSISTANCE STAFF, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. OPPENHEIMER. Since I was there——

Mr. HARDY. Can you interpret it for us?

Mr. OPPENHEIMER. I don't know who made the statements. As you see they are not labeled.

Mr. Chairman, I think it is of interest, and I know the committee is aware of this, that the Communists were, as a matter of fact, in the area of rural matters, of rural society, quite wrong.

They said that the violent revolutions about which they spoke as being desirable would take place in advanced industrial societies. However, that is not true. Most of the violent revolutions in this century have taken place in the less developed areas.

What was being referred to by the person who spoke was the fact that there was much violence in the rural areas which had been

fomented by the conditions, not by Communists. They were fomented by the conditions that the peasants found themselves in.

Then the last part of the sentence has to do with the fact it would be even a greater tragedy if we are wrong. In other words, if we don't do something about helping the people in these less developed nations establish stable political conditions, essentially do something conservative, namely, reform their land tenure situation, own their own land, then we will not have stable political institutions and the Communists will take over.

Mr. MEADER. I read these passages. There are other interesting observations of a character which makes me wonder. This was a conference with people concerned with the University of Wisconsin research contract. It makes me wonder about the research being confined to economic and agricultural matters, matters of agricultural production. Research may be expanded into the field of how do you manipulate politically to bring about the results you have determined are proper with respect to land ownership in these countries.

Am I correct in my view that the scope of this inquiry conducted under this research contract includes the accomplishment politically of the blueprint which emerges from this study?

Mr. OPPENHEIMER. No, sir. My understanding of the contract is that that is not the purpose of this research contract.

Mr. HARDY. Which contract are we talking about now?

Mr. OPPENHEIMER. The University of Wisconsin. It is not the purpose of either the Wisconsin contract nor the Bar research contract.

Mr. HARDY. How can you support that statement? How do we know? How would the public know? It sounds as though we might be accused of deliberately going down and fomenting trouble.

Mr. OPPENHEIMER. There are two things I might observe which appear reasonable to me, at least.

One is that all of the people present at this conference were not related to work under the Wisconsin contract, and do not have responsibility. They were simply speaking out their ideas, having an exchange of views.

The other thing is that this is not a document which was to be made public. This is a document which the committee has in order to be helpful to the committee in understanding.

Mr. HARDY. If it reflects what went on in that meeting participated in by officials of the Government then it is of interest to the committee and it seems to me it should be of interest to the American people.

Mr. MEADER. How could you come to any conclusion that since this is prepared as a general report that this might not be a reference work to guide anyone who worked under this contract? Here you had an accumulation of 30 people representing both the contractors and the Government. This seems to be to me a conference to decide ways and means of how to go forward with this land tenure research.

Mr. OPPENHEIMER. I turn to the first page of this document. There is a footnote of some interest on this question.

It states, if I may read it:

> This is not a verbatim report but notes taken during the conference.

Mr. HARDY. But that conference was for the purpose of deciding what you were going to do under this contract; was it not? This was to work it out? Wasn't that the purpose of the conference?

Mr. OPPENHEIMER. I would say the purpose of the conference, sir, was to have the people who were interested in this field share views, their views, with those who were responsible for carrying out the research contract at the University of Wisconsin.

Mr. HARDY. What did you, Mr. Peterson, and Mr. Johnson go out there for?

What did you go out there for, Mr. Peterson?

Mr. PETERSON. For two or three reasons. One of the reasons was to sit in on this conference because I would be involved in the implementation of this contract later.

Mr. HARDY. Wasn't it to discuss what this contract would amount to and how you were going to do it and what its purposes would be?

Mr. PETERSON. Yes, sir.

Mr. HARDY. Then wasn't this document in any way related to that? Isn't this in effect a document which was designed to indicate what that conference thought should be done under this contract?

Mr. PETERSON. No; I think it is perhaps too general and preliminary for that.

Mr. HARDY. It can't be any more general than the contract drawn up with the University of Wisconsin.

Mr. MEADER. It might be pertinent to read what the notes themselves say the purpose of the conference was.

I quote the second sentence in the opening paragraph of the report:

> As a preliminary step before the initiation of a full-time research and training activities, the land tenure center organized, in Madison, Wis., an informal conference for the purpose of exchanging ideas and discussing issues relevant to the future work of the center. In addition to the faculty members whose major research and teaching interests are in Latin America, experts on land tenure and agrarian problems from the U.S. Government and international agencies were invited.

Then there is a list of three pages of the participants attached.

Mr. HARDY. I get scared by the kind of thing that came from that conference. If that is an outline of what is intended to be carried out under this contract then it is about time we stopped the whole thing. This is about as wild as anything I have seen in a long time.

The excerpts Mr. Meader just read are wild.

Dr. Fei, did you read this document?

Dr. FEI. No, sir. From what Mr. Meader has read I guess I don't take the same view he does. I certainly understand the comment there about the dangers to us if we don't come up with a positive policy which can offset what the Communists are doing.

Mr. HARDY. That wasn't Mr. Oppenheimer's interpretation. That wasn't in the document.

Dr. FEI. I say when Mr. Meader read that I received a similar impression. Mr. Meader presumably did not.

Surely, in trying to develop research on such an explosive issue, which has social and political implications, and for our overall policy in Latin America, surely a group of people must sit down, let down their hair, and talk about these problems. Some of the implications of the research which might follow should be discussed. How else will they come out satisfactorily with research?

Mr. HARDY. I'm not concerned about their discussing the problems. I am concerned about the conclusions they apparently reached.

Mr. OPPENHEIMER. If I might say so, sir, and I so testified, there was no consensus of view expressed.

Mr. MEADER. Are you saying you disagree with what I have read?

Mr. OPPENHEIMER. I am not disagreeing with the words you read, sir. I am trying to be helpful to the committee by explaining——

Mr. MEADER. I am asking whether those passages I read conform to your own views.

Mr. OPPENHEIMER. I think probably if I were to go through this entire 20 pages, or 30 pages——

Mr. MEADER. Fifteen pages.

Mr. OPPENHEIMER (continuing). Of conference notes that some of the things I would agree with, just as you would, and some things I would disagree with, just as you would.

Mr. HARDY. Have you a responsibility in connection with the implementation of this program which was the subject for which this conference was called?

Mr. OPPENHEIMER. I would like to respond to that. I do have responsibility now. I am project monitor, yes.

Mr. HARDY. For the implementation of the program?

Mr. OPPENHEIMER. For the implementation of the program, yes, sir.

I would like to say, sir, I in no sense, representing the U.S. Government, feel that anything, any particular thing, said in this conference necessarily binds the viewpoint or action to be taken under this contract.

Mr. HARDY. I am delighted to hear that. When did you first read that document?

Mr. OPPENHEIMER. I was present at this conference.

Mr. HARDY. I understand.

Mr. OPPENHEIMER. I was present and I didn't feel bound by anything said at the conference, and I don't feel the Government is bound by anything which is necessarily said in these notes on the conference.

Mr. HARDY. Have you read the notes?

Mr. OPPENHEIMER. Yes, sir.

Mr. HARDY. Did you disavow any of the conclusions reached?

Mr. OPPENHEIMER. I don't believe there are any conclusions drawn in the notes, sir.

Mr. HARDY. I gathered some conclusions in some of the statements Mr. Meader read.

Mr. OPPENHEIMER. Sir, these were——

Mr. HARDY. They are conclusions, if not set out as such.

Mr. OPPENHEIMER. These were statements made by individuals who were present at the conference and who were expressing their individual views.

Mr. HARDY. How do we determine the extent to which the Agency would go ahead and follow up some of the wild statements in that report?

Mr. OPPENHEIMER. Sir, as monitor on this project and responsible to Dr. Fei who, in turn, is responsible to Mr. Hamilton, Administrator, I assure you that this is not wild research.

Mr. HARDY. That assurance does not do me one blessed bit of good, since you are a prejudiced witness on this. You have responsibility for it. I am not imputing your motives or intent at all.

Mr. OPPENHEIMER. I appreciate that.

Mr. HARDY. That does not give us any assurance, neither yours nor Dr. Fei's. The only thing in the world you can do is sit down there and express your intent. There is no way you can assure us of what will be done. Under such a wide open contract as was written anything could happen. As a matter of fact, I am not sure of the extent to which you can control it.

Mr. OPPENHEIMER. Sir, I did not participate in negotiating the contract.

Mr. MEADER. Let me ask a question.

Mr. HARDY. I wish we could find some way to provide some assurance to the Congress and the American people that we are not going off the deep end in this contract.

Mr. OPPENHEIMER. Sir, in research, particularly of this kind, social science research, where you are collecting data and you do not know what data is available until you have collected it, you must have a reasonably general scope of work. You must rely upon those of us who are in the executive agency who, I believe, are patriotic citizens, to administer it properly in the interests of the U.S. Government.

Mr. HARDY. I wish I had a better basis to rely on AID. Everything we have looked at has gone sour. Everything we have touched has indicated incompetence and certainly this particular office has not got very much to commend it in the experience we have had with it thus far.

Mr. MEADER. Mr. Chairman?

Mr. Oppenheimer, I was not aware you had the principal responsibility for monitoring this contract. In the light of your statement that you do, let me ask you if you do not think a reasonable argument could be made that since 3 months have now passed since this conference occurred, and apparently in due time the Agency was furnished with a reported summary, even though it was not a verbatim transcript of the thinking of those present at this conference, and you did nothing to protest or disagree with any part of it, therefore AID had concurred in this method of proceeding with the contract to accomplish these objectives based upon this thinking as reported in those minutes of that conference in Madison.

Mr. OPPENHEIMER. Sir, I might say in answer to your question, there are two parts, if I may. One, I quite agree with what Dr. Fei has already testified, that university people must be free under an AID contract to discuss and exchange views with respect to problems they are going to try to solve in a research way under a research contract and that it is desirable for them to collect the experts around the table and discuss these matters. Item 1.

Item 2, in response to your question, is that there was nothing to protest here. There is no concensus, no agreement, no general conclusion of this conference. The views expressed here did not express the views of the University of Wisconsin which is the contractor under this contract.

There was no official action to be taken by myself or any other AID official with respect to notes on a conference which took place at Madison, Wis.

Mr. MEADER. Then you say the argument could not be made that since this consensus was furnished to AID——

Mr. OPPENHEIMER. This is not a consensus.

Mr. MEADER. All right; these notes of the conference and the suggestion as to the specific things and the purposes and ideology of this research which the University of Wisconsin proposes to undertake were furnished to AID in due time and no protest was made. Would you not say the contractor had a pretty good argument for going ahead within, or along the lines indicated in the contents of the report which I have just read to you in carrying out their research contract in that way?

Mr. OPPENHEIMER. I would not say so, sir, because this did not represent the viewpoint of the University of Wisconsin which was the contractor.

Mr. MEADER. Do you not suppose, if you later on called into question some of the activities of personnel in their work on this research contract, and they referred back to the conference in which you participated and said they were going to do that, you would be in a very poor position to exercise any monitoring or control over what is done under this contract?

Mr. OPPENHEIMER. I respecfully suggest, sir, I do not think this would happen because there is no identifiable "we" when Wisconsin said, "We are going to do this," at that given point in time and point back to it.

As I have tried to make clear in my testimony, Wisconsin is not speaking through the instrumentality of these notes, on a conference which it called of individuals who were not working on the Wisconsin research contract but who were sharing their views with respect to the subject matter with the people at Wisconsin who were undertaking the research.

Mr. MEADER. I believe one of you gentlemen testified Dr. Penn is the one who prepared and distributed these notes?

Mr. OPPENHEIMER. I did not testify to that.

Mr. MEADER. I guess it was Mr. Peterson.

Mr. PETERSON. I did. That was a guess on my part because he was chairing the meeting that we had.

Mr. HARDY. Mr. Johnson has a comment.

TESTIMONY OF DR. V. WEBSTER JOHNSON, LAND REFORM SPECIALIST, OFFICE OF INSTITUTIONAL DEVELOPMENT, BUREAU FOR LATIN AMERICA, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. JOHNSON. I heard indirectly that Mr. Michael Sund, one of the men there and possibly a graduate student or so, took these notes. I assume that Penn read them over and maybe made some editorial changes. I think we can pretty certainly say that they are not the product of Dr. Penn. I am sure if he knew they were going to come under this careful analysis—I admit certain things are loosely stated in that document—that he would have reviewed them much more carefully. It is not a technical paper to be published but some notes.

Mr. HARDY. We are not interested in a technical paper, but we want to know what is going to form the basis for this particular contract. It certainly seems to me if we could depend on anything as indicating the basis on which it would be conducted, it would be reasonable to expect this would——

Mr. JOHNSON. I can add a few things that went on to clarify.

I do not know if these answer your questions as to the conference. I was invited there. It was opened—and remember it was a 2-day conference—I think the first morning was taken pretty much by the University. There are two committees. There is one, the advisory committee, that goes beyond agricultural economics and the finance committee.

They talked about the mechanics of how they planned to operate at the university, get the political science people in and the history people, and they had a language man there to indicate how the training in language would be brought in.

That was pretty much a reporting job on these two committees and how they were going to clear and facilitate working arrangements.

They asked for a reaction on it and an exchange of ideas. Then there was some discussion about four centers. One at Santiago, Chile, was mentioned and then the one at Colombia was mentioned and I think Brazil and Argentina. I may be mistaken about the latter. There was some discussion on that back and forth and then Barroclough presented his research project.

He is Director of the CIDA project referred to in one of the attachments. He explained the outline, a 10- or 12-page statement which I think fairly well outlines a research project which they are undertaking under funds to be completed in 10 months.

Then Professors Parsons and Borscher explained their project. After all, it was a 2-day meeting and when you get a group of that size together there is an exchange of ideas and just talking, if you want to call it such.

Consequently, it was not just concerned with definitely, definitively blocking out of procedure under the contract.

Mr. MEADER. You do agree with Mr. Oppenheimer and would not feel bound by the philosophy and the contents of those notes?

Mr. JOHNSON. There are certain paragraphs in there that I think are loosely written.

Mr. HARDY. Would you not agree that if somebody administering this contract with this document in front of him decided to take one of these wild approaches, he could go back to this document and say that this came out of the conference?

Mr. JOHNSON. Well, anything is possible but I am an old Wisconsinite. I am the editor of—or one of the editors of—the Land Economics Journal and I think it is exceedingly remote that would happen. But anything possibly could happen. You know that as well as I do, but certainly I do not think any intelligent person, if I understand you correctly, would go off on the tangents you might have implied.

Mr. HARDY. I wish my experience with ICA, and its predecessor and successor agencies, gave me the confidence you seem to have in the people who are operating the programs.

Mr. JOHNSON. I was speaking, sir, of this particularly. They are very dedicated people.

Mr. HARDY. You are talking about the University of Wisconsin?

Mr. JOHNSON. The University of Wisconsin.

Mr. HARDY. I am not talking about them. I do not know anything about them. Presumably they are going to get some direction from

down here. I certainly do not want to be in the position of imputing improper motives to anybody at the university or anybody here, at the moment. I am concerned that we have a document like this which at least was distributed as representing a cross section of the views of that conference.

It impresses me as being an extremely dangerous thing if it should be used as a basis for the conduct of this contract.

There was one other aspect of this thing I wanted to touch on and then Mr. Reuss has a couple of questions.

Every time we turn around we get somebody saying this is a research proposition and you must give them a lot of freedom and let them do what they want to do. I cannot get away from the fact that in this kind of research you have a lot of practical implications that are unavoidable. If you are going to do so-called economic research and try to get these people to have an intelligent objection to their state in life, to what benefits they are getting, then you are bound to have some political results. I think it is inevitable but as to whether it is or is not a research contract, to my mind is considerably in doubt.

Dr. Fei, I believe that the General Counsel of the Agency expressed his doubt that it was a research contract. As a matter of fact, in a communication which he addressed to you on April 23, he makes this statement. Mr. Rubin at that time was the General Counsel of the AID; is that right?

Dr. FEI. Yes, sir.

Mr. HARDY. On page 2 of his letter to you, he has this to say:

> * * * in the University of Wisconsin contract, basic research is not being done, nor is the contract designed merely to stimulate thinking by a person experienced in his field, in the hope that a useful product will come out of such thinking. Rather, even in the University of Wisconsin contract, a specific work product is being contracted for.

You call it research and he calls it something else.

Then I want to read at this point something else in the last paragraph of his letter where there is an indication that there must have been some other basic disagreement between you and the General Counsel. Apparently, you had criticized him for injecting himself into this matter; is that correct?

Dr. FEI. Not to my knowledge, sir. I believe that in the course of trying to negotiate this contract and getting what we call a basic research contract through, Mr. Belinky had several times approached the General Counsel to get general clearance on sort of a major boilerplate of contract. There was some discussion, as well there might be, when we tried to frame up a resarch contract which would fit the needs of AID and the educational institutions.

Mr. HARDY. As long as we have gotten into that, I think I will read the last paragraph of the memorandum.

I want to read the last paragraph of the memorandum in order to put this into proper perspective. This is dated April 23, 1962, and it starts out with this:

> In accordance with our conversation of yesterday, I have been discussing with others in General Counsel your research contracting problems and methods by which we could assist in your objective of expeditiously making sound research contracts. I have the following suggestions and comments: * * *

Do you remember that discussion?

Dr. FEI. Vaguely, sir; yes.

Mr. HARDY. You say vaguely?

Dr. FEI. This was in April, did you say?

Mr. HARDY. That is right.

Dr. FEI. I believe that——

Mr. HARDY. Do you remember his reply to you?

Dr. FEI. I am sure if I saw the document——

Mr. HARDY. I gather from the last paragraph of that, he was pretty much incensed at some of the things you had said to him.

Let us read this last paragraph so we get this thing into proper perspective; he says:

> I do not think it necessary to comment in any detail on the suggestion that the Office of General Counsel should confine its review and clearance within the purview of the AID general notice of November 2, 1961, as defined outside of the Office of the General Counsel.

Evidently you told him he was getting into your business. Then he continues:

> * * * it is the responsibility of the General Counsel to interpret AID general notices as well as other relevant statutes, regulations, and so forth, and I do not believe that the Administrator conceives the function of this Office so narrowly as to exclude calling to the attention of other offices that which General Counsel believes to be drafting ambiguities or problems which may give rise to legal conflicts in the future.

He served notice on you, did he not?

Dr. FEI. Yes.

Mr. HARDY. I need hardly say I concur in this. I mean the interpretation of the administrative definition of the Office of the General Counsel.

Dr. FEI. I believe, sir, since, as you say, you want to get all of the background in, there was an exchange of correspondence between myself and the General Counsel. This was not written by myself but drafted by Mr. Belinky from my office and somebody else. I think Mr. Silverstone or Mr. Cantor from the General Counsel Office, relating to this problem. Our basic problem is this: There are problems of law and there are problems of mixed law and fact, but to what extent does General Counsel, in reviewing a research contract, involve itself in what I would call problems of law? Is this legal for us to do as opposed to the problem, is this a good piece of research from the point of view of the substantive aspects of research?

It is true that the General Counsel said that the way you have defined it here in this paragraph, or in this scope of work, does not sound like research.

I say that my professional people who know research and the professional people who are doing the research, seem to understand each other and agree. They agree in talking with the Office of Naval Research, the Department of Defense, and so on, they often develop a weapons system for multimillion dollars and in one sentence develop a weapons system.

Is this in the substantive area or the legal area?

This is a question I asked them and I do not know. Very obviously I wanted to find out from General Counsel to what extent does their evaluation of a contract we let out, one where they tell me it is illegal according to the AID statutes or laws.

Mr. HARDY. He did not tell you this was illegal but he sure told you it was not research.

Mr. BELINKY. Mr. Chairman, I would like to take the responsibility for the exchange of memorandums between General Counsel's Office and REPAS.

Mr. HARDY. This memorandum refers to a conversation which he had with Dr. Fei, and it starts out with that.

Mr. BELINKY. I think it was based on a memorandum I wrote.

Mr. HARDY. There may have been a lot of memorandums in there and I do not propose to suggest we have them all.

Dr. FEI. Does your committee have the memorandum that resulted in this memorandum?

Mr. HARDY. I do not have any idea which one you are talking about.

Dr. FEI. If you do not have it, I will bring it to your attention. This was based on an exchange of memorandums between which exchange I happened to see Mr. Rubin and talked with him about it. There was a memorandum based on their comments on this contract Mr. Belinky drafted, and I sent up to Mr. Rubin. This is his reply to that. I believe, for your records and to get the facts fully, all of these should be in the files and certainly you should see them.

Mr. HARDY. If we do not have them, I would like to have them.

Dr. FEI. Yes, sir.

Mr. REUSS. Mr. Chairman, I have a few questions.

I am not sure the record shows what I conceive to be the basic purpose of the foreign policy of the United States and of the AID legislation so I want to ask this question and any of you gentlemen can answer.

Is it not a fact that the so-called Act of Bogotá on October 11, 1960, which was participated in by this country, recognized in specific terms the need for improvement in the institutions of ownership and use of land in Latin America and made that one of the goals of the American States? Is that not a fact?

Mr. JOHNSON. That is right.

Mr. REUSS. Is it not also a fact that the Alliance for Progress agreement at Punta del Este made the achievement of reform and land tenure a primary aim of the American States?

Mr. OPPENHEIMER. Yes, sir.

Mr. JOHNSON. Yes, sir.

Mr. REUSS. Is it not also true that section 461 of the Foreign Assistance Act provides this and I quote:

> Assistance to countries having agrarian economies: Wherever the President determines that the economy of any country is in major part an agrarian economy, emphasis shall be placed on programs which reach the people in such country who are engaged in agrarian pursuits or who live in the villages or rural areas in such country, including programs which will assist them in the establishment of indigenous cottage industries in the improvement of agricultural methods and techniques and which will encourage the development of local programs of self-help and mutual cooperation.

You are familiar with that section of the act?

Mr. OPPENHEIMER. Yes, sir.

Mr. REUSS. Section 201 is the section having to do with development assistance that the President shall in administering the act take into account the extent to which the recipient country is showing a responsiveness to the vital economic and political and social concerns of its people and demonstrating a clear determination to take effective self-help measures. That, too, is part of the act, is it not?

Mr. OPPENHEIMER. Yes, sir.

Mr. REUSS. The point I derive from all of this, and I would like to check my impression with those of you who are concerned with administering the act, is this: It is the policy of the United States to encourage land reforms in countries receiving economic aid. This is particularly true of Latn America, is it not?

Mr. JOHNSON. Yes, sir.

Mr. REUSS. No doubt about that?

Mr. OPPENHEIMER. Right.

Mr. HARDY. I think there is no question about the policy being to encourage land reform.

Mr. REUSS. Our inquiry is whether it is properly being carried out in this instance.

Mr. HARDY. That is the question, land reform, tax reform, and a lot of other governmental reforms.

I think these are part and parcel of our official AID policy, but the question of how we do it is another matter. Certainly, another part and parcel of the whole AID program is that it be in cooperation with established governments, or at least with the assent and usually at the request of the established governments.

Mr. REUSS. Without encumbering the record too much, I should note a desire to converse with my chairman on this point. It seems to me there are occasions when, as a practical matter, the Government in a particular country is awfully lukewarm about land reform and this is a secret everybody knows. Indeed the thrust of Punta del Este and the Bogotá declaration was that these countries ought to get off their dimes and start reforming the land tenure. I would have thought we were not barred from getting the folks interested in land reform by the fact that the government that happened to be in power was not red hot on the subject.

Mr. HARDY. I do not think the gentleman wants to suggest this would be official U.S. policy, to take action which would be provocative of changing, maybe, or displacing, a government.

Mr. REUSS. Not as such; although I think we would all recognize the governments of some of the countries to which we gave aid are lamentable and that ours would be a better free world if they improved. I, for one——

Mr. HARDY. I do not think any of us would question that.

Mr. REUSS. Might produce some improvements.

Mr. HARDY. I think all of us would subscribe to that.

Mr. REUSS. I am sure the chairman agrees to that.

Mr. HARDY. Mr. Johnson wants to say something.

Mr. JOHNSON. I want to just mention what has been stated reminds me of a policy statement issued a short time ago. I had a hand in drafting it. It is called the Land Reform Policy for the Latin American area sent out by Mr. Moscosco. This policy statement was an outgrowth of many of the things you have said or implied. We are aware that the present tenure situation in Latin America is not going to continue and it just cannot continue.

I think a pronouncement to that effect, or evidence, has been stated by the President and others. The point is that——

Mr. REUSS. May we have that in the record?

Mr. REDDAN. This is a classified document.

Mr. JOHNSON. This is classified "Official Use Only" but——

Mr. HARDY. If we are going to talk about it, we had better get it released.

Mr. HOSKINS. It is classified "Official Use Only," Mr. Chairman, but we have been told——

Mr. HARDY. If it would serve a purpose, go ahead and declassify it.

Mr. HOSKINS. Before the hearing, we were told that any parts the committee would like to use we can declassify.

Mr. HARDY. Why not declassify the whole thing?

Mr. JOHNSON. I do not think there is anything in this that——

Mr. HARDY. That is very often the case.

Mr. REUSS. Mr. Chairman, let us accept that generous offer. Let the record show that it shall be hereby declassified.

Mr. HARDY. As soon as we get the official word. If Mr. Hoskins wants to declassify it, or Mr. Johnson——

Mr. JOHNSON. I think there is a feeling, Mr. Chairman, these changes are inevitable and I think history will prove that.

Mr. HARDY. Do you want to declassify that?

Mr. HOSKINS. Yes, Mr. Chairman.

Mr. HARDY. Fine; we can use it freely.

Mr. HOSKINS. Yes, Mr. Chairman.

Mr. JOHNSON. This is a democratic approach to doing something about it. Many people feel that a democratic approach to helping these countries help themselves is not radical. It is the most conservative thing we can do and if we do not do anything, we know someone who might help them do so.

Mr. HARDY. Don't you have to have the cooperation of the government to do anything?

Mr. JOHNSON. They have to do most of this.

Mr. HARDY. We cannot go down there and do it for them?

Mr. JOHNSON. That is right.

Mr. HARDY. If we do not have their cooperation along with it, we are inviting trouble.

Dr. FEI. To the extent we are able to do research and involve a large part of their intelligentsia——

Mr. HARDY. Doctor, you and I are going to part company.

I think you are using this term "research" in a very loose fashion. You have not sold me yet on the idea of what the University of Wisconsin is doing in research. I am not at all sure that Mr. Rubin was not correct. It is not research, and it is designed to accomplish a particular objective in the name of research. I do not approve of this kind of operation.

Dr. FEI. I would not agree with you at all.

Mr. HARDY. I know.

Dr. FEI. This is why I have to go back to the people who do research. I would not quarrel with you.

Mr. HARDY. You and I are going to continue to be in disagreement on this, as long as you contend that this is research.

Dr. FEI. Yes, sir.

Mr. HARDY. As things stand now, we are all researchers under your definition.

Dr. FEI. To the extent of evaluating my activities, of course, sir.

Mr. REUSS. Mr. Chairman, this airgram of September 21, 1962, has just been declassified and I believe it is interesting and relevant and if there is no objection——

Mr. HARDY. Without objection, we will put all, or any pertinent parts of it, into the record.

(The document referred to, a circular airgram sent by the Agency for International Development to its Latin American missions on September 21, 1962, appears as app. 4, p. 459.)

Mr. REDDAN. Doctor, before entering into this contract, did your office take any action to find out what had already been done in this field? How much of this research you were looking for had already been done by other groups?

Dr. FEI. Maybe Dr. Long could answer that. It is his field of substantive knowledge. I would assume that he knew what was going on, since this is his work every day.

Mr. HARDY. Let us not make assumptions. Let us ask Dr. Long.

Dr. LONG. I made such effort as I could in the time I had.

Mr. REDDAN. How much time did you have, Doctor?

Dr. LONG. I have many other duties. I read a good deal of literature, and so forth. It was obvious that our AID staff did not have the facilities to search out all available publications on this and test their relevance and accuracy, and therefore built into the contract a stipulation that the university should systematically canvass all the literature as a part of the contract and immediately make that information available to the Agency.

Mr. HARDY. I am not sure the extent to which that requirement of the contract is spelled out. Is it in the formal contract?

Dr. LONG. It was spelled out in my memorandum. My only memorandum pertaining to the contract and the desirability of instituting the contract, which we looked at this morning, did specify, as I recall, that the university would canvass the literature and make it available to the Agency.

Mr. HARDY. How did it get into the contract, though, or is it in the contract?

Dr. LONG. Mr. Belinky would have to answer that.

Mr. HARDY. Is it, Mr. Belinky?

Mr. BELINKY. No, sir.

Mr. HARDY. So, what have we? We haven't a thing in the world except your memorandum. If it is not any more valid there than it was on this $5,000 library fund this morning, I am not too much impressed by it. It was the same memorandum, I believe, was it not?

Dr. LONG. It was the same memorandum.

Mr. HARDY. You were confused on that this morning.

Dr. LONG. That was clarified later. At the time, I was using my best judgment as to what it meant.

Mr. HARDY. Anything further?

Mr. Steele is here, from the Department of Agriculture. I think, gentlemen, we will conclude this part of our session for today, and we shall have to come back tomorrow, but I would like to hear Mr. Steele so we do not have to get him back here tomorrow.

Come on up, Mr. Steele.

Mr. Steele, I do no believe you have been sworn, have you? Do you solemnly swear the testimony you shall give in the matter before this

subcommittee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. STEELE. I do.

TESTIMONY OF HARRY A. STEELE, CHIEF, LAND AND WATER ECONOMICS BRANCH, ECONOMICS RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE

Mr. REDDAN. Please give the reporter your full name, Mr. Steele, and your address.

Mr. STEELE. Harry A. Steele. I am Chief of the Land and Water Economics Branch of the Economics Research Service of the Department of Agriculture.

Mr. REDDAN. How long have you held that position, Mr. Steele?

Mr. STEELE. About 8 years.

Mr. REDDAN. Did you attend a conference in Santiago in the early spring of 1961?

Mr. STEELE. In February of 1961.

Mr. REDDAN. In what capacity did you attend that conference?

Mr. STEELE. To answer that, perhaps I should go back a little bit.

I had consulted with the State Department and ICA from time to time before, the past several years, on land tenure problems, on land reform, and such things. For example, I was a consultant to the State Department at their request on the work of the Committee of Experts of the OAS which preceded the Bogotá Conference.

I also consulted with ICA in preparing directives to the field in Latin America regarding a survey and general information about land reform and land tenure activities. As a result of that, I was asked to make preliminary arrangements for the meeting in Santiago, by Mr. Gibson, who was then with ICA here in Washington. This was before Mr. Long reported for work. At that time he was in India, I believe.

I worked on the preliminary arrangements for this conference. The conference had been requested by the Food and Agriculture offices of ICA in Latin America. When Mr. Long then did report to work, I worked with him then in preparing for the conference.

It was agreed, I believe before he arrived on the scene or at least shortly after, that he, Mr. Penn, and I would go to the conference, which was to have representatives of the ICA missions in each of the Latin American countries.

Mr. REDDAN. Mr. Steele, the committee is interested in knowing the genesis of this contract with the University of Wisconsin, and anything that took place during the conference during the time that you were in Santiago which you feel would shed any light on that.

Mr. STEELE. I should mention that the University of Wisconsin has been active in this field for some time. I believe it was in 1950 that they held a world land tenure conference which many people from Latin America and other countries attended, which resulted in a rather comprehensive book covering the subject for the whole world. This is one of the reasons, of course, that we asked Mr. Penn to go on this trip.

The trip involved more than just the meeting at Santiago. We visited projects in Guatemala, Costa Rica, and Colombia, before we went to Santiago. We attempted to get out in the country and see

what was going on, and spent most of our time out in the country looking at projects, talking to people, and seeing on the ground what the situation was.

I think all through this trip we were thinking in terms of what the problems were, what ought to be done, where information was missing, what kind of investigations, what kind of basic data, and so on, ought to be carried out and gathered if we were to have a sensible U.S. foreign policy in relation to this problem.

Mr. REDDAN. Did there come a time when it was suggested that perhaps the University of Wisconsin could make this study and submit a proposal to that effect to ICA?

Mr. STEELE. I do not recall any specific discussion of this sort. As I say, we discussed research needs considerably throughout this trip, at the conference, on the way back, and later. In response to your question earlier, trying to recall how the specific proposals came about, I cannot recall that any one individual made such a suggestion. It seems to me that they did evolve out of our study of the needs and the fact that the University of Wisconsin had such an outstanding reputation in this area and had worked in it so much before.

I am sure that many of the drafts which preceded the actual contract were drawn up at the University of Wisconsin. I saw some of those. I have not seen the final draft.

Mr. HARDY. Do you know whether anybody was considered for this except the University of Wisconsin?

Mr. STEELE. Yes. In my discussions earlier with Mr. Gibson, we went over all of the universities in the country which were possibilities for doing this kind of research.

Mr. HARDY. That was before the meeting in Santiago?

Mr. STEELE. That is correct.

Mr. HARDY. So the question of this kind of research job had been under discussion for some time prior to the Santiago conference?

Mr. STEELE. The question of research needs and the question of developing college work on this particular area had been discussed; yes, at least by me and Mr. Gibson and others.

Mr. HARDY. Then at the time you went down on this conference, the question of developing a contract was already under active consideration and would normally have been a subject of discussion?

Mr. STEELE. It wasn't as far as I was concerned; no.

Mr. HARDY. You have already indicated that Dr. Penn was asked to go.

Mr. STEELE. That is right. It was at my suggestion that he was asked to go.

Mr. HARDY. Obviously, then, you had discussed——

Mr. STEELE. I have no knowledge of any proposal that Dr. Penn had made at that time that Wisconsin would undertake a contract.

Mr. HARDY. You have testified that you and Mr. Gibson talked about getting a contract underway to do this job.

Mr. STEELE. We talked about the research needs and who could do it. We didn't talk about a specific contract. We talked about whether we could do it.

Mr. HARDY. I am not talking about a specific contract, either, at the moment.

Mr. STEELE. We talked about whether the Department of Agriculture could do it, for example, as another alternative.

Mr. HARDY. You and Gibson talked about that?

Mr. STEELE. Yes. We talked about what university.

Mr. HARDY. Apparently nobody talked to Dr. Long about it.

Mr. STEELE. I don't know about that. I talked to him during these meetings; yes, but I don't get the point of your question.

Mr. HARDY. I am just trying to understand. We have been trying all day today to develop, among other things, the extent to which an effort was made to determine what the Department of Agriculture could do in this particular area, and we have not gotten anywhere with it. Every time we have skirted the problem, we have come to a dead end.

Mr. STEELE. My field of research, sir, is in the domestic area. I do not work outside of the bounds of the United States. Some other parts of our Agency do carry on work outside, but mine is confined to the domestic area.

Mr. HARDY. If yours is confined to the domestic area, then you are not personally associated directly with the land tenure problems in Latin America.

Mr. STEELE. I am well acquainted with the subject matter. What I mean is that I do not conduct work outside the United States in the sense of going to another country and investigating it.

Mr. HARDY. You went to Santiago.

Mr. STEELE. Yes, as a consultant.

Mr. HARDY. You have indicated that your work has been confined to domestic agricultural activities. Yet you were the one who was chosen to go down to the Santiago conference, despite the fact that there are others in the Department of Agriculture who have experience in other countries.

Mr. STEELE. Yes, sir, but I had experience with the land tenure problem, sir, and I had worked with the committee of exports who were charged with trying to come up with a plan for financing land reform. They did not come up with such a plan.

Mr. HARDY. Are you figuring on adapting U.S. practices to Latin America?

Mr. STEELE. We think there are several things in the United States that could be adapted to Latin America. My paper at Santiago dealt with this problem.

Mr. MEADER. Mr. Steele, you say you have been with the Department 8 years?

Mr. STEELE. I have been with the Department 28 years. I have been in Washington 8 years.

Mr. MEADER. You say your field does deal with land tenure?

Mr. STEELE. Yes, sir; and land economics and land-water economics, including land tenure.

Mr. MEADER. But primarily U.S. land tenure and land economics; is that correct?

Mr. STEELE. That is correct, as far as the physical or geographical area of my responsibilities are concerned.

Mr. MEADER. Just what contact do you have with the land tenure problem in Latin America or any other part of the world?

Mr. STEELE. In connection with these various consulting jobs, I have read extensively on the subject and I have made trips to Latin America as consultant to other agencies. I have some limited knowledge of the problems there. I would not say I had a deep knowledge.

Mr. HARDY. I am wondering how they happened to pick you for the job.

Mr. STEELE. I don't know, sir.

Mr. HARDY. A lot of people can sit down and read this stuff.

Mr. STEELE. That is right.

Mr. MEADER. Is there any division or bureau in the Department of Agriculture that is concerned with land tenure overseas, and is there a special group in the Department of Agriculture concerned with land tenure in Latin America?

Mr. STEELE. There is in the Economics Research Service a foreign research group which has just been set up, in fact which was set up since the Santiago meeting, to deal with these problems.

Mr. HARDY. I have before me a document. Are you familiar with this "Notes on the Agricultural Economies of the 20 Latin American Republics"?

Mr. STEELE. That comes from the group in our foreign economics work.

Mr. HARDY. Evidently somebody over there knows something about it——

Mr. STEELE. That is right.

Mr. HARDY. Because this has 85 pages and a lot of tables and a lot of statistics. It discusses the agricultural economies in 20 countries. You did not participate in the preparation of that?

Mr. STEELE. No, sir.

Mr. HARDY. There must be somebody over there who knows more about this than you do.

Mr. STEELE. I suspect there is.

Mr. HARDY. It looks to me as if the AID would have picked up the fellow who knows most about it. Maybe you could be helpful administratively.

Mr. STEELE. No. I would like to repeat, sir, that my field is the land tenure field, and I had just had this experience of working with the State Department on this problem. I was designated by the Department of Agriculture to do so. I had some knowledge of the land tenure problem. If you will look at the Santiago conference, you will find my paper dealt with what we could learn from U.S. land tenure, family farms, and so forth, as applied to the Latin American countries.

Mr. HARDY. It is not any good unless you know how to apply it to them.

Mr. STEELE. I think I know something about that, but I said——

Mr. HARDY. I have done a lot of reading, but I am not an expert.

Mr. STEELE. My administrative responsibilities do not extent to that area.

Mr. MEADER. May I ask, Mr. Steele, whether the agricultural attachés report on land tenure problems to the Department of Agriculture?

Mr. STEELE. They do on occasion, yes.

Mr. MEADER. Has there been, over the years, a regular procedure for collecting information in the Department of Agriculture from agricultural attachés or other sources regarding land tenure problems overseas?

Mr. STEELE. Yes. It is limited in terms of the amount of funds and time they have to put into it, but they do report such information as they can get within their resources. I believe you will find in these country notes such information summarized, usually on not more than a few pages for any one country.

Mr. HARDY. In the document, to which I referred a moment ago, "Notes on the Agricultural Economies of the 20 Latin American Republics," issued July 1961, there is this notation below the contents: "This publication supersedes FAS–M–10 issued April 1959 by the Foreign Agricultural Service." That indicates to me the Department of Agriculture has been pretty active in this field over a period of years. Do you know whether that is a fact?

Mr. STEELE. In the foreign agricultural work, yes, they have been quite active. They have an agricultural attaché and office in many countries, not all Latin American countries, but in many of the countries. They report information as they can with that small staff, and pass it back. That is available to everyone in the Government, including myself, anyone in AID, and so on.

Mr. HARDY. The very first item under the first country discussed in the report is in this report, No. 1, is "Population and Land Use." Evidently they have been into that a little bit.

Mr. STEELE. That is right.

Mr. MEADER. Mr. Steele, are you familiar with the fact that we have had since 1942 all kinds of agricultural services in these countries of Latin America?

Mr. STEELE. Yes.

Mr. MEADER. What have they done in the way of collecting information on land tenure problems in Latin America, if you know?

Mr. STEELE. I am familiar with some of their work, but not all of it.

Mr. HARDY. For every 1 of the 20 countries that are dealt with in this particular document, the first item of discussion is population and land use. Every single one of them.

I hate to think that the Department of Agriculture, which has a division set up in this field and which has been working in it for a period of time, is not sufficiently competent to perform services in this area. I have observed that a contract was entered into with respect to some similar problems in Puerto Rico. If they have competence in Puerto Rico, it would seem to follow that they have some competence in other areas of Latin America. We have not been able to determine thus far that anybody made any effort to find out what services were available in the Department with respect to this, and now we have you, the Department of Agriculture expert who worked with these people, and apparently you did not check to find out whether or not the Department could perform these services.

Mr. STEELE. That is not right, sir.

Mr. HARDY. All right, then, straighten me out.

Mr. STEELE. I made the statement that I had at the present time no administrative duties outside of the domestic area. This is carried out by the group that put out the notes you have, the foreign part of the Economics Research Service. The Foreign Agricultural Service, of course, has experts, agricultural attachés and experts on trade, marketing, and many other problems beyond the land tenure problem. There are not very many people who devote much time to land tenure,

and there is here a shortage or a lag. Very few people exist in this area who devote a good part of their time to land tenure. There may be reporting and a few days' time put in gathering up information about some new law or new data which becomes available, but no analysis or study of substantial nature is undertaken.

Mr. HARDY. There was a time when the Department of Agriculture had land use planning committees in every agricultural county in the United States. Do they still have them?

Mr. STEELE. No, they do not have the land use planning committees.

Mr. HARDY. I served on one once.

Mr. STEELE. They have rural area development committees which to some extent are taking the place of those old land use planning committees.

Mr. HARDY. But they do not have them any more?

Mr. STEELE. No.

Mr. HARDY. They have outgrown that.

Mr. STEELE. They have a new concept of rural area development which they are following. County committees are working on that.

Mr. HARDY. Are you working in that field?

Mr. STEELE. I have worked related to that; yes, sir.

Mr. HARDY. What do you do now which ties you into this thing, other than being an official adviser to the State Department?

Mr. STEELE. I am no longer an adviser to the State Department, sir.

Mr. HARDY. You are not? Maybe you can be grateful for that.

Mr. STEELE. At the time this particular thing that I mentioned was underway, I was made available and was designed to carry out this task, which I tried to do to the best of my ability.

Mr. REDDAN. Mr. Steele, you stated, I believe, that in casting around for someone to make this survey in Latin America, the name of the Agriculture Department came up. What decision was made with respect to that, and who made the decision?

Mr. STEELE. I prepared, I think sometime in 1960, a general proposal for some very limited investigations in this area, growing out of my other work with the State Department and the need I saw for more data on, for example, who owns the land. We do not even know for sure about that. We don't know the relation of productivity to ownership. We don't know what would happen if we moved into some of these areas and made some of the changes proposed. We have no knowledge of what would result as far as the economic consequences in terms of production, family income, and so forth. So we prepared some statements along this line to try to move into this area and gather some information, mostly from secondary sources.

Mr. HARDY. That was back in 1960?

Mr. STEELE. Yes, sir.

Mr. HARDY. You have not done anything since then?

Mr. STEELE. That proposal was not acted on.

Mr. HARDY. You have not done anything of this nature since that time?

Mr. STEELE. Except as you indicated there, in which our foreign economics group go as far as they can.

Mr. HARDY. I am trying to figure out what you did. You are the fellow who was called on to help them find these people. You are the

fellow who picked Dr. Penn to go down to Santiago. You recommended him.

Mr. STEELE. Yes, sir.

Mr. HARDY. Presumably you recommended him at the same time, or this had the connotation that you were suggesting he do a research job in this field.

Mr. STEELE. No, I was not thinking in those terms at that time.

Mr. HARDY. At the time you went down there, then, you were not thinking about a research job?

Mr. STEELE. I was thinking about research needs, but I was not thinking about who should do any research job, except that I had discussed it with Mr. Gibson, whether we could do it or whether colleges could do it, and so on.

Mr. REDDAN. In that respect, Mr. Steele, what decision was made with respect to the capability of the Department of Agriculture to do this job?

Mr. STEELE. I cannot answer that. I think there are discussions underway as to the place of the Department of Agriculture. Since something like April or May of 1961, the Economics Research Service was formed and the foreign economics work was assigned to another group. So, I have not followed this up closely since that time. I, of course, have an academic and scientific interest in it, but I have not followed it closely since that time.

Mr. REDDAN. Do you know whether or not the Department was given an opportunity to consider making this survey?

Mr. STEELE. It is my understanding the Secretary of Agriculture and other people in the AID have discussed this.

Mr. HARDY. Where did you get that understanding?

Mr. STEELE. I guess it is one of those things that you just understand. I can't quote you the exact source of it. I believe there has been discussion between the Department and the AID and other college people about it.

Mr. HARDY. That does not help us very much. I appreciate your efforts, but it is a rather nebulous sort of thing and it might or might not have ever existed. We have not been able to elicit testimony from any other witness here today that any effort was made to find out whether or not the Department of Agriculture could do this. You are the only person in Agriculture who has ever been mentioned. That is why we called you.

Dr. Fei, let me ask you this: To whom did you talk in Agriculture about the possibility of their performing this job?

Dr. FEI. No one, sir.

Mr. HARDY. That is what I thought.

Dr. Long, to whom did you talk in the Department of Agriculture, other than Mr. Steele, about the possibility of doing this research job?

Dr. LONG. We talked to the Department of Agriculture about the possibilities of doing research work in economics, but they were interested in other aspects of economics.

Mr. HARDY. To whom did you talk?

Dr. LONG. Dr. Sherman Johnson, among others.

Mr. HARDY. About when?

Dr. LONG. On more than one occasion. I don't remember the occasions.

Mr. HARDY. You did not talk to him about this specific research project, did you?

Dr. LONG. Not about this specific research project, because the material that they presented to us was of a different character.

Mr. HARDY. The whole size of the matter is that you did not talk to anybody in Agriculture about this particular project, did you, other than Mr. Steele?

Dr. LONG. Except for Mr. Steele, that is correct.

Mr. HARDY. You see from his testimony the kind of discussion that he had with you about it. I do not call that a discussion.

Go ahead.

Mr. REDDAN. Did you make the judgment, Mr. Steele, that the Department of Agriculture was not competent to do this job?

Mr. STEELE. I am not familiar with the Wisconsin contract as it was finally drawn. I have heard some discussion about it before it was signed, but I have not seen the contract. I cannot answer, then, in terms of whether or not the Department of Agriculture could do this.

Mr. HARDY. Did anybody ask you and did you tell anybody they could or could not?

Mr. STEELE. The Department of Agriculture obviously cannot perform the training aspects of this.

Mr. HARDY. You still do not answer my question, Mr. Steele. I wish you would try to answer it.

Mr. STEELE. Will you give it to me again, please?

[Question read.]

Mr. STEELE. No one asked me if I could do what is in the Wisconsin contract, and I didn't tell them whether I could or could not.

Mr. HARDY. Thank you, sir.

Anything further?

Mr. REDDAN. Mr. Steele, did you have anything to do with the drafting of the contract which the Agriculture Department has with AID for this land tenure analysis in Puerto Rico?

Mr. STEELE. Yes, sir.

Mr. REDDAN. What did you have to do with that, sir?

Mr. STEELE. The project involved there is a cooperative project between my organization and the Agricultural Experiment Station at Puerto Rico. This project is, in general terms, a study of the relation of the land tenure situation in Puerto Rico to the economic development of the island. This project was initiated by us and was underway. We did enter into an agreement with AID to expand on the project and try to make it more applicable to the problems of other Latin American countries. We are putting quite a bit of our funds into it. So are the University of Puerto Rico, the Agricultural Experiment Station, and AID. It is a three-way split on cost-sharing.

Mr. HARDY. You already had this project underway, and induced AID to join you and expand it, is that right?

Mr. STEELE. That is right.

Mr. HARDY. I notice in the first paragraph of the project, under the need for study, this statement:

> It is expected that a study of land tenure problems and policies in Puerto Rico could aid in developing guidelines for program development elsewhere in Latin America.

I take it from your testimony and the statement you have just made, that that was deliberately a part of that program. Is that right?

Mr. STEELE. Of the contract with AID, that is correct. As I indicated, we have an agreement with the Experiment Station at Puerto Rico, and we are studying that in terms of its benefits to Puerto Rico. In addition, we hope to get from it guidelines, information, and methods that might be useful to AID in applying this in other Latin American countries.

Mr. HARDY. But AID did not wait for you to do anything with this. They went ahead and contracted with the University of Wisconsin on a very nebulous basis, which is totally unrelated, apparently, to what you have here. Did I understand you to say that you participated in the drafting of this agreement?

Mr. STEELE. The Puerto Rican agreement, yes, sir.

Mr. HARDY. The committee was observing this morning that this agreement is reasonably specific and has certain specific responsibilities and duties outlined for the Department to perform.

Mr. STEELE. That is right.

Mr. HARDY. Do I understand your testimony to be that, having drafted this agreement, you were not even approached in connection with the draft of the agreement with the University of Wisconsin?

Mr. STEELE. No, I was not aproached in any part of the final negotiations of that contract.

Mr. HARDY. You said the final negotiations. At any time were you approached on connection with the terms of that contract?

Mr. STEELE. No. I discussed it informally with various people, and particularly in relation to research needs in this whole area.

Mr. HARDY. Pinpoint the discussions you had with Dr. Long with the specifics in that contract.

Mr. STEELE. I didn't have any discussions of the specifics in the contract, sir, because I don't have knowledge of the specifics of that contract as it was signed.

Mr. HARDY. Did you ever see it?

Mr. STEELE. I saw a draft of notes that Dr. Penn had.

Mr. HARDY. Did Dr. Penn send you a copy of his proposal?

Mr. STEELE. Yes, sir.

Mr. HARDY. Did you make comments on it?

Mr. STEELE. Yes, sir.

Mr. HARDY. Was that the first one that he sent down? Do you know?

Mr. STEELE. I don't know.

Mr. HARDY. Do you have a copy of the comments which you made?

Mr. STEELE. I haven't them with me. I don't know whether I can find them.

Mr. HARDY. The committee would appreciate it if you would look for them.

Mr. STEELE. I had very little notice about coming up here.

Mr. HARDY. I understand that. I take it you wrote him on official Department of Agriculture stationery.

Mr. STEELE. I am not sure, whether I wrote him or visited with him when he was in Washington from time to time.

Mr. HARDY. You are not certain that you actually made any written comment?

Mr. STEELE. I am not certain, sir.

I do know I made some suggestions in the early stages.

Mr. HARDY. Following receipt of that copy from Dr. Penn, did Dr. Long ask you for your comments, also?

Mr. STEELE. I can't recall that Dr. Long and I talked about the Wisconsin contract after it got into the negotiating stage.

Mr. REDDAN. You consider this a research contract, Mr. Steele? I refer to the Puerto Rican contract.

Mr. STEELE. Yes, sir; I do.

Mr. HARDY. Thank you, Mr. Steele.

I wish you would see if you can find something on this.

Mr. STEELE. I will see if I can, sir.

Mr. HARDY. Let the subcommittee stand adjourned to reconvene at 10 o'clock. Mr. Reddan will be in touch with the witnesses.

(Hearing adjourned at 5:20 p.m.)

AGENCY FOR INTERNATIONAL DEVELOPMENT CONTRACT OPERATIONS

(Office of Research, Evaluation and Planning Assistance Staff)

(Part 2)

TUESDAY, SEPTEMBER 11, 1962

HOUSE OF REPRESENTATIVES,
FOREIGN OPERATIONS AND
MONETARY AFFAIRS SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to adjournment, at 10 a.m. in room 304, Cannon Building, Hon. Porter Hardy, Jr., presiding.

Present: Representatives Porter Hardy, Jr., John S. Monagan, Henry S. Reuss, George Meader, and Robert P. Griffin.

Also present: John T. M. Reddan, chief counsel; M. Joseph Matan, counsel; Walton Woods, investigator; Charles Rothenberg, investigator; and Phyllis M. Seymour, clerk.

Mr. HARDY. Let the subcommittee come to order.

Let the record show the presence of Mr. Griffin and myself, constituting a quorum under the committee rules.

We will resume the hearing where we left off last night.

(Mr. Reuss, Mr. Monagan, and Mr. Meader subsequently entered the hearing room.)

Mr. HARDY. Mr. Reddan, what witnesses do we want to start with?

Mr. REDDAN. Mr. Kanchuger.

Mr. HARDY. Did we conclude with the witnesses that we had at the table last night?

Mr. REDDAN. We will have one or two questions, but we will start with Mr. Kanchuger this morning.

Mr. HARDY. Mr. Kanchuger, will you come up, please, sir?

Mr. Kanchuger, I believe you have previously been sworn.

Mr. KANCHUGER. Yes, sir; I have.

Mr. HARDY. Have a seat, please.

TESTIMONY OF ROBERT KANCHUGER, ATTORNEY-ADVISER, OFFICE OF THE GENERAL COUNSEL, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. REDDAN. Mr. Kanchuger, did you have anything to do with the University of Wisconsin contract that the committee has been considering?

Mr. KANCHUGER. Yes, sir; I had.

Mr. REDDAN. Was it brought to you in the General Counsel's Office for review?

Mr. KANCHUGER. It was assigned to me by the General Counsel.

Mr. REDDAN. After review, did you make any determination as to the legality of the contract or the——

Mr. KANCHUGER. I had some informal conversations with the negotiator and I prepared a memorandum stating my comments regarding problems in the contract.

Mr. REDDAN. Do you have a copy of that memorandum with you?

Mr. KANCHUGER. Yes, sir; I do.

Mr. REDDAN. Is that memorandum, dated April 27, 1962, addressed to Mr. Michael Belinky?

Mr. KANCHUGER. Yes, sir; it is.

Mr. REDDAN. Will you tell the committee briefly what your conclusions were with respect to that contract?

Perhaps if you read the first paragraph there of your memorandum?

Mr. KANCHUGER (reading):

> As I stated to you in our conversation concerning the proposed agreement, I am doubtful as to whether the agreement as presently written creates legally enforcible rights and obligations in the parties. I said this because (*a*) the agreement is contingent upon the parties agreeing to the countries and localities for which the service is to be performed; (*b*) the terms used to describe the work to be done are vague and indefinite. For example: (i) Length of time of any of the studies is not specified. (ii) The nature of the training to be done is not described. (iii) Personnel assigned are not specified. (iv) Place of work other than South America is not specified.

Mr. HARDY. Mr. Kanchuger, you raised some rather serious legal questions there. Did anybody in the General Counsel's Office, or elsewhere that you know of, dispel these particular points?

Mr. KANCHUGER. The agreement that was written modified or dispelled enough of the doubts that I did have to believe that this was a document which could validly obligate funds.

Mr. HARDY. Then there was a revision which caused you to change your opinion?

Mr. KANCHUGER. Yes, sir.

Mr. HARDY. So then as finally drawn, you have concluded that the document is legal?

Mr. KANCHUGER. Yes, sir; I have.

Mr. REDDAN. Would it support a suit for specific performance?

Mr. KANCHUGER. To my knowledge, I know of no specific performance suit for a research contract that has ever successfully been brought.

Mr. REDDAN. That wasn't my question, Mr. Kanchuger. Under this contract, could AID insist on any specific work being done?

Mr. KANCHUGER. No; it could not.

Mr. REDDAN. So a legally enforcible contract, as you have characterized it—let me ask you, is it legal from any other standpoint in that it could require payment from AID to the university?

Mr. KANCHUGER. It is legal in the sense it can create valid obligations on the part of the Government to reimburse the contractor for certain costs.

Mr. HARDY. But it is not legal from the standpoint of requiring the contractor to perform any specific service?

Mr. KANCHUGER. In that you cannot get specific performance or sue for specific performance; that is correct.

Mr. HARDY. So this is a one-sided contract. It obligates the Government to make payment but it does not obligate the contractor to do anything specific that the Government may want done.

Mr. KANCHUGER. Except to the extent that specific performance is never granted in a personal service contract. This is a matter of Horn Book law, and is not particularly unusual.

Mr. REDDAN. Mr. Kanchuger, Dr. Fei stated yesterday that almost any contract, if I recall his testimony, almost any contract they let over there could be considered a research contract. Now there is a serious question within the General Counsel Office whether this constitutes a research contract.

You read Mr. Rubin's opinion?

Mr. KANCHUGER. Yes, sir; I did.

Mr. REDDAN. Now you make certain specific comments here. You say the length of time of any of the studies is not specified. How was that corrected in the contract that you finally approved? You did finally approve the contract?

Mr. KANCHUGER. Yes, sir, I did.

Mr. REDDAN. How was that corrected?

Mr. KANCHUGER. It was not corrected.

Mr. REDDAN. You say the nature of the training to be done is not described. How was that corrected?

Mr. KANCHUGER. That was corrected to a minor extent.

Mr. REDDAN. How was that done, sir?

Mr. KANCHUGER. The original draft that I saw, I believe the committee has a copy of it, states on the first page, in the last complete paragraph:

> Article 1 of this contract relating to research and training.

Mr. REDDAN. Excuse me. You say the first page?

Mr. KANCHUGER. Yes, sir. Well, on the first page it refers to training. It just says that the contract relates to training.

Mr. REDDAN. Would you read us the part that—let me show you what I have before me——

Mr. HARDY. Maybe we are not talking about the same thing.

Mr. REDDAN. Which was given to me as the contract, the original contract which you marked up. I will ask you if that is so?

Mr. KANCHUGER. On page 2?

Mr. REDDAN. Is that the same document you have before you?

Mr. KANCHUGER. Yes, sir.

Mr. HARDY. Let's have that one back so we can follow.

Mr. REDDAN. Now on page 2.

Mr. KANCHUGER. On page 2 of the document, the original document, it is under paragraph A, my second series of underlinings, it states:

> * * * conduct research and training with respect to making a comparative study and analysis * * *.

If you will note in the margin, I handwrote a comment:

> What kind of training?

The contract as presently written, on page B—it is a lettered page—in the next to the last complete sentence on that page it says:

> Contractor shall train local research workers in research methods for analysis of land and agrarian reform problems.

Now the difference is not a huge difference, but it does at least identify that they are training local research workers rather than just training. This was a minor change with respect to this point.

Mr. HARDY. I have a little trouble seeing how that really improves the situation. I don't know who they might train. If you left the language the way it was, they might have trained somebody in Timbuktu instead of in the country they served, is that what you mean?

Mr. KANCHUGER. What I mean is that it places some limitation on it, not very much. It is not terribly more specific, but it is somewhat more specific.

Mr. REDDAN. Can you tell from that the purpose for which these research workers will be trained?

Mr. KANCHUGER. Yes.

Research methods for analysis of land and agrarian reform problems.

Mr. HARDY. Now where is that different from making a comparative study and analysis of economic, social, political, and administrative aspects of land ownership?

Mr. KANCHUGER. In the first one, as I pointed out, it said:

Contractor shall conduct research and training with respect to making a comparative study.

Here it says—

shall train local research workers * * *

Mr. HARDY. You said what kind of training, and now you have been satisfied with what kind of training by simply designating who they are going to train, not what kind of training. Actually, there isn't an appreciable difference in the two contracts as to the kind of training, is there?

Mr. KANCHUGER. This was not perhaps the language I would have chosen or the language——

Mr. HARDY. But it is the language you were pressured into approving, is that right?

Mr. KANCHUGER. No, sir.

Mr. REDDAN. Your next point is that personnel assigned are not specified. Now are they specified in the final contract?

Mr. KANCHUGER. No, sir, they were not.

Mr. REDDAN. Your fourth point is:

Place of work other than South America is not specified.

Is the final contract any more specific?

Mr. KANCHUGER. No, sir, it is not.

Mr. HARDY. You didn't get much improvement?

Mr. KANCHUGER. Paragraph 1 of my memorandum, if you will look at it, has 1 (a) and (b).

Mr. HARDY. All right, did they improve the (b) section better than they did the (a) section?

Mr. KANCHUGER. The (a) section states that one of the problems with the contract as originally written was that it did not create a valid obligation. Now the reason——

Mr. REDDAN. Valid obligation on whose part?

Mr. KANCHUGER. On the part of the Government. Valid obligation in the sense of 31 U.S.C. 200.

Mr. REDDAN. Would you explain that, please?

Mr. KANCHUGER. Title 31 of the United States Code entitled "Money and Finance" provides in section 200, entitled "Documentary Evidence of Obligations," that after August 26, 1954, no amount shall be recorded as an obligation of the Government of the United States unless it is supported by documentary evidence of: (1) A binding agreement in writing between the parties thereto including Government agencies in a manner and form for purpose authorized by law, executed before the expiration of the period of availability for obligation of the appropriation or fund concerned for specific goods to be delivered, real property to be purchased or leased, or workers' services to be performed.

Under 5 of that same section, it says you can also obligate money by means of a grant.

Now when I first reviewed the contract, the reason I put in the (a) part in paragraph 1 of memorandum was that the agreement, as originally drafted, provided that the parties were (1) to later agree to the countries and places that they would have the research done.

Mr. REDDAN. This was an agreement to agree.

Mr. KANCHUGER. That was an agreement to agree, which creates some serious doubts as to whether that can create a valid obligation.

The second thing that was in the first agreement, and which was subsequently changed, was that the first agreement provided that the liaison officer would issue instructions from time to time as to the work that would be done. With the combination of those two things, which were later changed, it would be extremely doubtful whether an obligation of funds could be made at the time the contract was signed.

Mr. HARDY. Don't you still have the agreement to agree in the contract? You certainly don't have any specified countries in the contract.

Mr. KANCHUGER. You don't have any specified countries. You have now an agreement which the Agency has made a conscious decision to allow the university to pick the countries, but at least you no longer have an agreement to agree. Now this is something which is sufficient to obligate funds and you can say that there is a valid legal obligation of funds, which you could not have said previously.

Mr. REDDAN. Where is the part of the contract that says the contractor can select the countries?

Mr. KANCHUGER. The contractor——

Mr. REDDAN. From where are you reading?

Mr. KANCHUGER. I am reading from page B, the first sentence of paragraph A.

Mr. REDDAN. Under services?

Mr. KANCHUGER (reading):

> As soon as practicable after the date first hereinabove written and during the time specified in article II hereof the contractor shall supply the necessary personnel, equipment, materials, and supplies and establish necessary facilities and do all other things necessary to conduct research and training with respect to making a comparative study and analysis of the economic, social, political and administrative aspects of land ownership, land tenure, and agrarian structure in countries and localities in Latin America hereinafter called "cooperating countries."

Mr. HARDY. You interpret that to mean the Government no longer has any control whatever and that the contractor is free to make whatever selection he chooses as to where this will be done?

Mr. KANCHUGER. That is correct.

Mr. HARDY. If that is the case, then by George it is about time we abolish this kind of contract because we are obligating funds of the United States on a research proposition over which we would have absolutely no control. We can't even determine where it is going to be done. And if that is your construction, did you notify the Agency that they could——

Mr. KANCHUGER. I notified the Agency. I notified the negotiator in this case of what my advice was.

Mr. HARDY. Then the Agency didn't have any right to withhold the travel of Mr. Sund down to Brazil, even though he might not have been wanted; is that correct?

Mr. KANCHUGER. The Agency under this contract can terminate the contractor any time it wants.

Mr. HARDY. Then it ought to be terminated now, in my book.

Dr. Fei, what control do you consider that you have of the locale of the research that will be conducted under this contract?

Dr. FEI. I consider that I have full control over it.

Mr. HARDY. How do you get it?

Dr. FEI. I get it by discussing it through my technical people with the University of Wisconsin. They would not set up a single place that we object to.

Mr. HARDY. Then the only way that the countries can be selected under your interpretation is by mutual agreement.

Dr. FEI. This is my understanding.

Mr. HARDY. Then by mutual agreement the contract is illegal?

Dr. FEI. Why?

Mr. HARDY. According to Mr. Kanchuger.

Dr. FEI. Mr. Kanchuger is saying any contract, that work to be done has to be agreed upon later, that would not be a binding obligation.

Mr. HARDY. But if the contractor saw fit to ignore your request you wouldn't have any way in the world to enforce it.

Dr. FEI. You are right, but the university is a responsible research organization and not an irresponsible group such as you are intimating, sir.

Mr. HARDY. I am not even suggesting that they are irresponsible.

Dr. FEI. I am saying, if they are responsible, how can you say they are not responsible?

Mr. HARDY. I haven't said they weren't responsible. I have said this: You have not exercised your proper responsibility to assure the Government a proper performance by any contract.

Dr. FEI. I feel getting the best research group to do the contract is——

Mr. MEADER. Might I suggest under Dr. Fei's interpretation there is no reason for a contract at all.

Mr. HARDY. Not a bit.

Mr. MEADER. If you are going to rely upon the caliber and good faith and ability of the contractor, why write anything down?

Mr. HARDY. Why don't we just give Dr. Fei authority to spend all this money without providing any contract at all, just by verbal agreement. That is the way he wants to operate, apparently.

Dr. FEI. I think you are wrong, sir, that is not the way I want.

Mr. HARDY. That is not the way you impress me.

Dr. FEI. It is not the way the contract is written, it is not the way the discussions went on in developing these contracts, it is not the way in which our discussions with the University of Wisconsin proceeded in terms of how the research was to be undertaken.

Mr. HARDY. You have deliberately drawn a one-sided contract which obligates the Government without providing any way to assure performance.

Dr. FEI. No, sir.

Mr. HARDY. In my judgment, it ought to be canceled as of today.

Mr. REUSS. Will the chairman yield?

Mr. HARDY. Certainly.

Mr. REUSS. In saying that the contract ought to be canceled as of today, I assume——

Mr. HARDY. I think any member of the committee has a perfect right to disagree.

Mr. REUSS. If the chairman will wait until I state what I have in mind, the chairman will see that I believe the contract should be amended for clarity, but not canceled.

When the chairman says the contract ought to be terminated as of today, he means terminated and renegotiated in a manner which would give the Government the controls which he thinks are proper, does he not?

Mr. HARDY. I wouldn't go quite that far. I don't know whether it should be renegotiated or not. And I am not in a position at this time to suggest that the subject of the contract is proper or not. That is another matter.

Mr. REUSS. At least the chairman hasn't made up his mind that the subject is not a proper one?

Mr. HARDY. That is correct, but the thing I am saying, no contract ought to be executed in this form, no contract on the part of the Government in this form. The substantive part is another matter.

Mr. KANCHUGER. May I make an observation?

This Agency, AID, as well as some other Government agencies, not only has the authority to enter contracts, but also has authority to give grants to universities. This could have been done legally within our authority under a grant, and AID could have broadly stated its purpose as being land reform study and give the money to the university to study land reform. This is a technique which is adopted, for example, by the National Science Foundation——

Mr. MONAGAN. Should the terms of a grant be any less specific than the terms of a contract where you are dealing with $1.3 million?

Mr. KANCHUGER. The experience, at least of some of the agencies——

Mr. MONAGAN. I mean, you heard the question.

Mr. KANCHUGER. In direct answer to it, "Yes"; in that dealing with universities, where you want to give the maximum amount of flexibility to university research staffs, you use a grant and a grant is often used to allow them to make inquiries into areas——

Mr. HARDY. If the gentleman would permit, I think Mr. Kanchuger has performed a real service in this particular observation he has just made, because he has suggested to REPAS a device which they can technically use and get around any contracting at all. Now maybe that is what they want to do. Of course we all

realize that the Congress has bent over backward trying to provide flexibility for this Agency, but I am inclined to think now we have been shown more and more the error of our ways. Mr. Kanchuger has pointed out there is authority for grants, and all in the world Dr. Fei would need to do would be to cancel the contract and make a grant without any strings attached to it. That could be done.

Mr. REUSS. Will the Chair yield?

Mr. HARDY. Sure.

Mr. REUSS. I would assume, however, whether the AID operates by a contract or a grant, that the jurisdiction of this subcommittee would be equally clear in either case to look into the matter, whether it is a contract or a grant, to see that the Government is adequately protected. Therefore, I wouldn't really think that the AID is likely to go off on a grant jag because I would trust that the Hardy subcommittee would be right at the back of their neck.

Mr. HARDY. Undoubtedly we would have jurisdiction, but I don't know that we would be able to pursue a private agency, a study that we can include a governmental——

Mr. REUSS. Except Mr. Monagan was suggesting just now, and I surely agree with him, that if we found an improvident grant by the AID, we would certainly call them up short and do whatever was necessary to see that the will of Congress was carried out.

Mr. HARDY. I don't know what we could do. We would try and that is what we are trying to do here now, it is not the substance of the contract, but the way in which it was done and the terms of the contract are set out that we have been examining.

Of course the grant proposition, would, I think, make it more difficult for the committee to examine the details.

Mr. REUSS. To get at the money that had been spent.

Mr. HARDY. Yes, spent and obligated, so we might try to improve administrative operations and improve the caliber of the personnel in the Agency by pointing up that deficiency, but we have been doing that now for the number of years and the progress we have made is awfully poor. Instead of seeing improvement we see repetition of incompetence and indifference, improvidence, which is so disturbing that I don't know how we can continue it.

Mr. MEADER. Mr. Chairman, I would like to get into this, because I would like to ask the witness: Can you see any difference between a contract and a grant with respect to the ability of the congressional committee to make inquiries concerning expenditures made under either?

Mr. KANCHUGER. As Mr. Reuss ably pointed out, if it was a grant, you could probably have the money obligated immediately and disbursed fairly soon, and there might be, if the money is so spent, a problem of getting it back.

Mr. MEADER. We have a problem of stopping money from being spent; if it is already spent that is obvious. But the fact that the money has been spent has not in any sense inhibited this committee from inquiring whether it was spent rightfully or wrongfully.

Mr. KANCHUGER. The committee would not in any other way be hindered from examining a grant or a contract. They would both be examined. They would both have to be within the authority of our act.

Mr. MEADER. Let me ask a second question, and let's get back to the point Mr. Monagan raised.

In your view is it just as necessary to write detail into a grant as into a contract describing what the grantee or contractor is supposed to do.

Mr. KANCHUGER. Generally grants are written with less detail. For example, the National Science Foundation has a one-page grant in which they state the things that the university or research institution that they are giving money to will perform. Contracts generally have been written in greater detail.

Mr. MEADER. Just a moment. Aren't grants usually founded upon an application which requires the applicant for the grant to state in rather clear detail precisely what he proposes to do with the money if the grant is made?

Mr. KANCHUGER. The amount of detail that goes into an application usually varies with the type of project and the type of research that is being done.

Mr. HARDY. If the gentleman would permit. Doesn't the question as to the amount of specifics which go into either a grant or a contract depend on the susceptibility of a particular project to specifics? A grant is made in a case where the specifics are not possible. Isn't that frequently the case?

Mr. KANCHUGER. That is correct.

Mr. HARDY. Now in this particular kind of a situation that we have before us, and this is the thing that really sticks into me, I think we have demonstrated that specifics were possible; that specifics were feasible; that specifics on a similar situation were written into the Puerto Rican contract with the Department of Agriculture.

Now to the extent that specifics are feasible in this contract, they should have been written into it, just as they should have been written into a grant, if a grant had been made for a similar purpose.

Is that correct; or am I wrong?

Mr. KANCHUGER. The objective of the people who, as I understood it, who were making the decision about whether this contract should or should not be entered said they would get the best results if the university had the maximum amount of flexibility. Now you might have made it more specific by saying instead of making a land reform study in Latin America, you would make the land reform study in three countries and in each one of those countries you can stay a maximum of 6 months, and you have no more than 10 people in each country.

Now this might not give—again arguing administratively—this might not give you as good an end product as going to a responsible university and saying, "We are not going to restrict you to countries, but you may go anywhere in Latin America. We want to find out about land reform in Latin America. You study it for us and come back with results." If this is your objective, and if you have enough confidence in the contractor or the grantee, it seems to me you can make an argument for this type of arrangement.

Mr. HARDY. What you have said to me is that the Agency had less confidence in the U.S. Department of Agriculture than it did in the University of Wisconsin. Maybe that is proper.

Mr. KANCHUGER. We may have wanted different results.

Mr. MEADER. Mr. Chairman, I am very interested in this whole matter of research, and whether there is any difference between grants and contracts for research work, and I am also a little disturbed that Wisconsin seems to be getting all the attention at these hearings. So I would like to refer to a grant—it is item No. 21 on this list of 29 contracts—between AID and the University of Michigan.

Mr. REUSS. Are you suggesting we should investigate this?

Mr. MEADER. I am a little ashamed of the fact that the University of Michigan only got $29,400. But this grant——

Mr. MONAGAN. If the gentleman will yield, I would like to have noted here that Yale University has a contract for $915,000.

Mr. HARDY. I think we ought to look at all of these. [Laughter.]

Mr. MEADER. Which one is that?

Mr. MONAGAN. Yale University. It is in Connecticut.

Mr. REUSS. Has Sweet Briar got anything?

Mr. HARDY. We might want to avoid looking at anything Harvard might happen to have.

[Laughter.]

Mr. MEADER. May I continue, Mr. Chairman?

This grant is to investigate—the "whereas" clause says:

> Whereas AID desires to have explored in a preliminary research study the range of possibilities of the use of various types of plastics in the construction of low-cost family dwelling units which would be suitable in the less developed areas of the world.

Then it goes on for nine pages, and attachment 1 is a budget totaling $29,400. And as I have read this document over, it is quite detailed. It isn't a contract, it is a grant. It is quite detailed as to what the grantee shall do in maintaining records, and the details of the scope of the research, and the questions that it is supposed to answer.

Mr. HARDY. Do you think the University of Michigan ought to have as much latitude as the University of Wisconsin?

Mr. MEADER. And as a matter of fact, while it is termed a grant, the document is signed by the United States of America, by Edward E. Kunze, and accepted by the regents of the University of Michigan.

I can't see why performing under a grant is essentially any different from performing under a contract. You can write detail into either one, can't you?

Mr. KANCHUGER. Under that type of grant, I don't see the difference between that and a contract.

I would agree with you. It has two parties; it has mutual rights and obligations; it has detail. You could have stuck a contract label on that, rather than a grant.

Mr. MEADER. Even in a grant you just don't pay this $29,400 to the University of Michigan and kiss it goodbye. You only pay out the money after they have performed the work and presented vouchers, don't you?

Mr. KANCHUGER. Under that grant; yes, sir.

Mr. MEADER. Do you make any grants where you just given the grantee a lump sum and say, "You go ahead and do this any way you want to"?

Mr. KANCHUGER. I haven't made any that way.

Mr. MEADER. You, as an attorney in AID, would certainly object to anything of that kind, wouldn't you?

Mr. KANCHUGER. Most of the grants that I have seen, and I haven't seen many, have been grants which probably could have been called contracts. They had two parties signing, they were specific, and there wasn't, from what I could tell, very much difference between a contract and a grant.

Mr. HARDY. Why don't we just change this thing and call it a grant?

Dr. Fei, how about let's doing that? Let's change this Wisconsin contract and, instead of calling it a contract, call it a grant?

FURTHER TESTIMONY OF DR. EDWARD C. FEI, ACTING DIRECTOR, RESEARCH, EVALUATION AND PLANNING ASSISTANCE STAFF, AGENCY FOR INTERNATIONAL DEVELOPMENT

Dr. FEI. If you feel it would be important, sir, I don't feel the need to do that.

Mr. KANCHUGER. There are some places within the Government that have developed a distinction between grants and contracts, and have generally used and developed rules about the use of grants, where grants generally have been a more general document with greater flexibility.

Mr. FEI. I might add, sir, that just recently several of the agencies, including Defense, the Bureau of the Budget, NASA, and others, came out with a report on the use of grants and contracts with universities and other organizations. There they made a distinction, arguing that more of a grant type of awards should be made rather than a contract type. In the DOD itself, for instance, I understand they are moving more toward giving all of their people who do work for them grants instead of contracts.

Mr. HARDY. As a member of the Special Investigations Committee of the Armed Services Committee, I may inquire into that.

Dr. FEI. Yes, sir.

Mr. KANCHUGER. You are referring to the special Bureau of the Budget report that was prepared at the request of the President?

Dr. FEI. Yes, sir.

Mr. REDDAN. Dr. Fei, do you believe that whether a grant or a contract, the instrument should be as specific as possible?

Mr. FEI. I believe it should be as specific as would be conducive toward getting the best research results.

Now I think—what I mean by that is this: that you want—if I am a better sort of a man in this field than you, I should be doing the research and not you. But if you are the better man, I want to tell you my problem, tell you what my results that I would like to know or understand, not the specific results because I don't know, but within that, I rely on your judgment and your understanding of the problems to go to work and as you develop possibilities, to proceed.

Now I want to be kept in touch with this. I would like to be able to discuss this with you, but if you are the man that I am banking on I feel that if you follow a new lead that you feel is important in the understanding of the problem, I must give you that flexibility. If I can define—of course that doesn't mean that if I ask you to look at land reform, you started looking at nuclear energy, maybe there is a relationship I don't even see there. If you could explain it satisfactorily to me, I presume you should go ahead.

Mr. REDDAN. Excuse me, Mr. Fei. What you are saying, then—I do not disagree with you—is that in your opinion the University of Wisconsin is eminently qualified to perform this research work and that you rely upon them to make the decision how this work is to be done. Is that right, sir?

Mr. FEI. In other words, I rely on my understanding that I get from our technical people in this field, that they are good; that in their discussions they have come to mutual agreement on the kind of things that ought to be done under the contract; that Wisconsin is not one of those groups, according to my profession, that they would go off on some crazy thing and refuse to change, forcing us then to cancel the contract, which we have a right to do.

Mr. REDDAN. Then my question sir, is: How many proposals did the University of Wisconsin make, and how did the nature and scope of the work change with each proposal?

Mr. FEI. I think Dr. Long and Dr. Johnson, who are in this field, could speak to the details of it.

Mr. REDDAN. As a matter of fact, didn't Dr. Long cause changes to be made in the proposals made by the university?

Mr. FEI. I think Dr. Long testified that he had discussions on the technical aspects of land tenure research, that he shared with the University of Wisconsin people in this field.

Mr. REDDAN. Don't you know that the University of Wisconsin made numerous changes in their proposal at the request of Dr. Long?

What I am trying to find out, Who is the expert here, Dr. Long or the University of Wisconsin? Are you relying on the university? If you are relying on the University of Wisconsin, why doesn't Dr. Long? Does he share the same faith that you do?

Mr. FEI. We have, as was testified here by Mr. Johnson—there are very few people in the field—or Mr. Steele yesterday testified, there are very few people that are knowledgeable in the area of land reform. Several names were given and I would include Dr. Long in them. I happen to believe he is one of these people. I believe Prof. Ken Parsons, at the University of Wisconsin, Professor Timmons, at Iowa, are all in this area. Their discussions presumably help each other.

Mr. REDDAN. Tell me, Doctor, at the time this contract was executed, did you know what countries you wanted to look at?

Mr. FEI. Not specifically.

Mr. REDDAN. Did you know what sort of information you wanted to get?

Mr. FEI. In general, without the specific details I would not know of, I knew in general what we wanted to get; yes, sir.

Mr. REDDAN. Did you want the same specific details that were included in the Iowa State University contract in Peru?

Mr. FEI. No, sir. From what I understand from Dr. Johnson and others——

Mr. REDDAN. Have you seen the contract?

Mr. FEI. With the University of Iowa and Iowa State?

Mr. REDDAN. Yes.

Mr. FEI. No, I have not seen that contract.

Mr. HARDY. You saw it?

Mr. FEI. I don't believe I had——

Mr. HARDY. Didn't you sign it?

Mr. FEI. I don't believe I had anything to do with that.

Mr. HARDY. It doesn't matter.

Mr. FEI. As I said, that was a technical assistance contract, although it may have had a research component in it, but this was to provide certain technical services by Iowa State University in Peru.

Mr. REDDAN. Just one other question, Doctor.

In this contract with the University of Wisconsin, one of the services they are to perform, as I understand it—correct me if I am wrong—one of the services is that they are to search out and codify and explain to the Agency the research which has already taken place in this field of agrarian reform; is that right?

Mr. FEI. In general, yes.

Mr. REDDAN. How much of their effort, and how much of the cost of the contract, is to go into this examination of research already done?

Mr. FEI. I don't know, sir. I don't know the details.

Mr. REDDAN. Do you have any office or individual or division within REPAS which is responsible for collecting, organizing, or evaluating data which are already available on matters which the office thinks it should research?

Mr. FEI. No, I have no such special office; no.

Mr. REDDAN. Does anyone perform that function within your office?

Mr. FEI. All our research officers in discussing possible research projects look in their own areas, their own fields of competence, and try to see just what is known in the field, what literature is extant, and so on; yes.

Mr. REDDAN. What did your office do to determine to what extent the research which you were calling for in this contract with Wisconsin, had in fact already been done by others?

Mr. FEI. I assumed, I believe correctly, that the people engaged by the Agency to assist the Agency in land reform problems, which is their main, if not only, field of the work——

Mr. REDDAN. Are you speaking now of the University of Wisconsin?

Mr. FEI. No. I am speaking of the Agency.

For instance we have, as shown yesterday, Dr. Long, who is in the central part of the Agency, and his work is involved in land reform problems, policies, that——

Mr. REDDAN. Did he perform this function that I asked you about?

Mr. FEI. I would assume that he knows about this field since he deals with it every day.

Mr. HARDY. Do you just depend on assumptions to provide your reasoning for your administrative decisions?

Mr. FEI. I say I assume he knows what he is talking about when he says this is important and needs to be done. I assume that when he, with his former superiors, toured Latin America and saw all these problems, he conversed with people over there, when they look at periodicals, and then tell me that this is important research that needs to be done——

Mr. HARDY. That isn't the question that was asked. The question was, who, if anybody, undertakes to determine the extent to which the very research that you are interested in having performed has already been done by others?

Now you say you made an assumption that Dr. Long did it, on the general understanding that he is knowledgeable in this field. Now if

you depend on that kind of assumption for all of your administrative decisions, heaven help us.

Mr. FEI. I don't know what better persons to depend on than the professionals you hire to do this job.

Mr. HARDY. Is he specifically directed to do that particular type of thing? Is that one of his functions? Is that included in his position description?

Mr. FEI. No, sir.

Mr. HARDY. Well, then——

Mr. FEI. His professional competence, all his work, presumably all his contacts, all his daily activities, is in the field of land reform. That was why he was hired by the Agency.

Mr. HARDY. Then because of that he is supposed to know of his own knowledge the extent to which everybody else may have performed in this particular field, may have gathered the very data that you are seeking.

Now he is just one man and he hasn't looked for it. He is just one man.

Mr. FEI. You say he hasn't looked for it? I would assume he has.

Mr. HARDY. You would have assumed he made an exhaustive study of this. I don't make any such foolish assumptions as that.

Let's find out.

Dr. Long, did you make an exhaustive study of what all the other agencies of Government and private agencies had done, and the extent to which they may have gathered the very type of research that was here involved?

FURTHER TESTIMONY OF DR. ERVEN J. LONG, CHIEF, AGRICULTURE AND NATURAL RESOURCES DIVISION, OFFICE OF EDUCATIONAL AND SOCIAL DEVELOPMENT, AGENCY FOR INTERNATIONAL DEVELOPMENT

Dr. LONG. As I explained yesterday, sir, I first came with the Agency in capacity of a specialist in land problems and policies, and such time as I could devote to it I certainly tried to find out what was available.

Mr. HARDY. Of course you realize you are not answering the question. You said such time as you could devote. I realize the limitations on your time. I just made the observation that you are only one man.

Dr. LONG. That is correct. And I wish there were many more. And now Dr. Johnson is with the Agency and is a specialist and is concentrating on Latin America. During the time that I had this responsibility of working on land reform I can only tell the chairman, I spent all the time I could reading literature.

Mr. HARDY. You had other duties, didn't you, besides this one?

Dr. LONG. Most certainly.

Mr. HARDY. So for Dr. Fei to expect you to have the answers to the questions which I just raised is silly.

Dr. LONG. I think Dr. Fei is correct in assuming that within the staffing pattern of the Agency this is the degree of competency we have. If we had a larger staff we could do a fuller job.

Mr. HARDY. In that connection, I think we just as well realize that we are operating on assumptions which are absolutely impossible. It

would be impossible for Dr. Long to have done what you assume he has done. And you must know it, with the experience you have, Dr. Fei.

Now let us just take a look at this particular office which you head, Doctor. It was just approved last year, as I recall it, and the report of the Committee on Foreign Affairs in establishing this particular office, had this to say. And this is one of the things that you were charged with—at least that is what the Congress thought you were charged with:

The committee believes that perhaps the first major effort of the new Office of Development Research and Assistance should be to collect, organize, and evaluate the data already available.

Now all in the world you have done is assume that Dr. Long had done it with respect to this kind of a contract. Now that is one of the first things they expected you to do, and what have you done in that regard?

Dr. FEI. I have done quite a few things in that regard in general, sir, not in this contract.

Mr. HARDY. Certainly you have not done it here. At least if you have you haven't given us any evidence of it.

Mr. REUSS. Mr. Chairman, I would like to ask a general question of both Dr. Fei and of Mr. Kanchuger of the General Counsel's Office.

As background I suppose I should restate my belief in and admiration for the University of Wisconsin, and also my empathy for you fellows in AID, because I was once, some time ago, a lawyer for an aid agency myself. Having said all that, however, I now want to call your attention to the meat sentence of this contract.

As I read this $1,400,000 contract, that which the University of Wisconsin is supposed to do is all contained in part of one sentence. That is Article I–A: Services, where it says—and I quote:

* * * the University of Wisconsin is to conduct research and training with respect to making a comparative study and analysis of the economic, social, political, and administrative aspects of landownership, land tenure, and agrarian structure in countries and localities of Latin America.

It is not too much to say, is it, that the entire contract is really contained in those few words? That is what the other contracting party is supposed to do.

Mr. KANCHUGER. Yes, sir.

Mr. REUSS. Is there any violent disagreement on your part with that statement?

Mr. KANCHUGER. No.

Dr. FEI. No.

Mr. REUSS. I would have thought, frankly, that it would be excellent practice in a contract like that, at about this point in the contract, after you have had this general but very vague statement which doesn't say much more than that the University of Wisconsin is to do some research and training in land reform that affects Latin America, if you had then added another sentence somewhat along the following lines, if you had said, "* * * for the purposes of illustrating the general scope of this obligation, there is attached hereto and made a part hereof the informal memorandum of understanding between the Government and the University of Wisconsin which is attached hereto as appendix A * * *" and then go on for two of three typewritten pages to tell what this is all about.

That doesn't mean that anybody is bound to it, but it would certainly make me, as a legislator, charged with seeing that the will of Congress is carried out, a lot happier about it.

Now I would like your thoughts on that. It seems to me that doesn't impair flexibility, but it gets away from the situation which we have here, whereby Dr. Fei and various others from the AID assure us that they have confidence in the University of Wisconsin, and that based on their total conversations they are sure that the University of Wisconsin will do a good job. But none of this appears in black and white.

Now what about that? Wouldn't that be a better way of running the railroad?

Mr. KANCHUGER. For myself—and this is not a legal opinion—I think it would be better to be more specific; and I discussed this with the negotiator originally. In answer to your question about whether it would have been better to put in a general section giving a specific example, as you stated, it would not be legally binding. It wouldn't be part of the contract in terms of getting a binding——

Mr. REUSS. However, it would be morally binding, and if the University of Wisconsin started trimming on what was patently understood, somebody could call them to account.

Mr. KANCHUGER. This was partly fulfilled by the proposals that Dr. Fei has, which give greater detail of the specific work that the university is going to do.

Mr. REUSS. However, I don't find a single line referring to that proposal, or incorporating it by reference in the contract.

Dr. FEI. Sir, may I speak to that?

As I came on this work it seemed to me that, for instance in this case, the proposal goes in great detail about what the University of Wisconsin is supposed to do, and yet we find in the contract itself what I would call a lot of boilerplate which presumably is what our contracts and legal people are supposed to understand and know how to deal with it. And then, just one short paragraph.

I have said all along I don't see how in one short paragraph you can say the sort of things which it takes 20 pages to say. I feel it is very hard. Is it necessary, or should this proposal of theirs be incorporated into the contract, or is there enough of an understanding that the contract, once it is written—we have the proposals, the discussions that have gone on, to back it up, to show that this is what we mean.

A second point——

Mr. REUSS. If I may interrupt you there, speaking purely for myself I feel very keenly that it is necessary and desirable that the contract refer to the proposal, so that if there are sharp and unexplained deviations from the proposal somebody can call somebody else to account.

As it is now, the Government has to pay out its $1,400,000 as long as the University of Wisconsin is making any kind of an old study and analysis of land reform in Latin America. You learn this the first week in law school.

Mr. MONAGAN. It worries me that there is no requirement that there be a report in this language.

Dr. FEI. There is a requirement for reports.

Mr. MONAGAN. Not in this language here.

Mr. REUSS. Later on.

Dr. FEI. There is in the contract.

I think the second point I want to make is here again I find myself caught between what I think, or I am told are legal requirements. For example, I would have thought it would have been much better to say you do research and subject to discussion with us and our sort of professional people's orders to you, if you want to put it that way; you will go ahead and do other pieces.

I understand that is less binding, you see, according to the legal people, than if we just didn't say it, as the Chairman himself raised the point.

Mr. KANCHUGER. The problem that creates is that your money becomes obligated at a later date.

Dr. FEI. This is why, you see, I tried to understand how the other Government agencies operated.

I was told, for instance, that the ONR, the Office of Naval Research, is one of the best agencies as far as relationships with universities. They have $125 million worth of contracts every year with any number of universities, and apparently they sign a contract that is open ended and give them a series of so-called task orders.

I said, Isn't this appropriate for the Agency to use? I asked this question when I came in. I was given to understand that it isn't.

Mr. KANCHUGER. Wait a second. I am very sorry to have to take exception with that, but I went into this at great length in discussions with Mr. Belinky, and Mr. Goldman's previous memorandum advised making this a basic agreement with individual task orders.

Mr. HARDY. Maybe this is the place to get the Agency together.

Dr. FEI. I think there is bound to be disagreement on a new function which is undertaken here. We are trying to find our way around, see how other agencies do it. We have records on what the National Science Foundation does.

Mr. HARDY. AID is not so new.

Dr. FEI. Research by the Agency.

Mr. HARDY. Research is not new.

Dr. FEI. It is in legislation last year. We started this unit for the first time in January—December 29.

Mr. GRIFFIN. Mr. Chairman, can we have Mr. Kanchuger complete his statement? I think the committee ought to know what he did toward correcting this thing.

Mr. KANCHUGER. In the April 27, 1962, memorandum I started reading to you, on the top of page 2 I suggested to the negotiator of the contract that:

> You may modify by appropriate changes your agreement in any one of the following ways so as to meet the requirements for obligation of funds:
>
> (a) Make it a basic agreement, see FPR-1-3405-4, rather than a contract, where money can be obligated as agreements are reached for specific jobs.

That section of the Federal Procurement Regulations prescribes precisely the thing that Dr. Fei was talking about, where you have a general agreement and susbequently issue task orders. I repeatedly asked Mr. Belinky why he was not using it. The Audit Division wrote a memorandum to him and asked him why he was not using it. And Mr. Goldman pointed out—who was the previous——

Mr. HARDY. What did he tell you?

Mr. KANCHUGER. He said it could not be done that way and he may be able to explain why it couldn't have been a basic agreement with task orders issued periodically.

Mr. HARDY. Mr. Belinky, why don't you answer that?

You get the other chair. You separate Dr. Fei and Mr. Kanchuger.

Mr. BELINKY. I will be glad to answer that, Mr. Chairman.

Mr. HARDY. Very well.

Mr. BELINKY. A basic agreement in the field of procurement has its definite place, and in this particular contract, in my opinion, it was not appropriate to a basic agreement. Basic agreements are used where the situation with a proposed contractor is such that there will be repeated requests for work with the same contractor, where the same general terms would be negotiated. And for the reason to avoid repeated negotiations with the contractor on the same points, you would write a basic agreement and then follow on with task orders for each particular job that was to be done. And in the Wisconsin contract there was one job. There weren't several jobs.

Mr. HARDY. You might have had one job in one contract and increased it by countries, add different countries. Is that the kind of thing that could have been done?

Mr. BELINKY. No. For example, let us say that we contracted with a contractor to do research for a particular widget, and then with the same contractor you had in mind to award a contract or series of contracts to him to do research on something else, entirely different products. Since basically the general terms of all contracts would be the same, they could be negotiated at the one time. You could then use the basic agreement and by separate task orders you would provide for separate jobs.

Mr. HARDY. I don't believe you are getting to the meat of the problem. I believe following Mr. Kanchuger's point, and the question raised by Dr. Fei, you may have had this kind of approach set up for one country, as a basic agreement, and added on other countries. I believe that was the point you were making.

Mr. KANCHUGER. Yes.

Mr. BELINKY. The scope of work wasn't set up that way.

Mr. HARDY. I understand the scope of work wasn't set up that way. But I might suggest another reason why it was not done the way you suggested, Mr. Kanchuger. To do that you couldn't have obligated all of this money before the end of fiscal year, could you?

Mr. KANCHUGER. That is correct.

Mr. HARDY. Then you would have been right behind the eight ball. He couldn't have gotten his contract. He couldn't have obligated this money, and money would have been returned to the Treasury and you would have defeated the whole purpose.

Dr. FEI. I beg to differ with that, sir.

Mr. HARDY. That is all right, Doctor. Go ahead and differ. You and I are going to be in a disagreement in a lot of places.

Mr. GRIFFIN. Do you just differ, or do you have some explanation?

Dr. FEI. No, sir. I think from the point of view of our trying to mobilize the research community to do research in an area that is so totally new, because most university research has been in this country, individual scholars have gone overseas. Now we are looking at the

whole problem of what makes for change. For instance, in this case how do we mobilize research in the area of land reform activities of other countries, say Latin America? In the case of the bar association thing, worldwide? In other words, we are trying to see what kind of research can best promote our long-range objectives.

In a case like this, for instance, it is not a matter of everybody coming up and saying we have done this research, why don't you use us? It is our trying to get a good first-rate institution interested in doing this over a long period of time.

Mr. GRIFFIN. It seems to me this would be an ideal kind of a situation to do just what Mr. Kanchuger had suggested, because under this contract you are going to have to work constantly with the University of Wisconsin, reviewing what they have done, what they can do next, and so on and so forth.

The very first part, it seems to me, would be to go into the extent to which their research has already been done. That would be a unit of accomplishment in which you would issue a task order before they give you some idea of how much work is to be involved to do this. And once you find out how much has been done in the field, then you have an idea of where to go from there.

Then wouldn't you proceed in a logical manner?

Dr. FEI. You are really talking as if research unit in a university, for example, which has funds to use, is able to use it in its own planned way. Here that isn't the case.

For example, if I had said to the University of Wisconsin, "Prepare to do this job," and at the end of the first phase, which may have been either a day before June 30, or a day after, they had said, "All right, we are ready with the second. Our people are in the field," what can I say? If I say, "I am sorry. Right now our funds have run out. We don't have funds"——

Mr. GRIFFIN. So you get back to the chairman's point. The reason you did this was to obligate all the funds before the end of the fiscal year—which is where we started.

Mr. HARDY. That is exactly where I started.

Dr. FEI. It isn't where I start off with this money. I say I have to use it. It is the other side, that you don't allow me to use the funds in a fashion which would—if you said, "All right. These are your funds. You can have them to use without having to say you suddenly don't have funds." The budget just can't suddenly be $5 million and the next minute be zero. If I knew that I would plan it in a different way.

Mr. HARDY. So that is why you planned it this way, because you had the funds available in this year——

Dr. FEI. No, in this case, you see, the university said we have to get people in a position, we are going to send people overseas for 2 years. They are not going to go out on a 3-month trip. We want them out in the field to establish settlers there to work. If we were to ask you to do this, you see, you wouldn't say, Well, you have funds for 2 months, and then you have to find out whether there are still funds.

How would you be able to manage this?

Mr. HARDY. Now there is one thing I think I ought to bring out, if Mr. Griffin will permit.

Doctor, you started out on the premise that this thing was totally new and it was something that hadn't been done, and you had to make

it all embracing. Now we asked the Library of Congress to give us a bibliography on what had been done in the field in Latin America for the last 10 years, and we gave them 48 hours to prepare it for us. And they gave us a four-page memorandum listing. I haven't tried to count them, but a great number of studies that have been made during the last 10 years, some of them going back in the early 1950's; but apparently nobody in your organization undertook to do that. And you come in and say this is new, and I tell you it isn't new. It has been going on for a long period of time, and you and nobody else knows what has been done in that area.

Dr. FEI. You are assuming that I and nobody else knows what has been done in this area?

Mr. HARDY. We haven't found anybody in your Agency that does.

Dr. FEI. Perhaps if you showed the list to the people in this field, maybe Dr. Long could testify he has even written some of these, and he knows who wrote those.

Mr. HARDY. You heard Dr. Long's testimony a moment ago.

Mr. MEADER. His name is on the list.

Mr. HARDY. It is.

Dr. FEI. Therefore it seems to me you are assuming he did not consciously, when he decided to go ahead with this contract then, stop and look at what has been done in the field. He does this in the course of his work, because this is his field.

Mr. HARDY. If he is that smart, you don't need the University of Wisconsin to do this job.

Dr. FEI. Sir, if he is this smart, he knows research is needed, as pointed out by Dr. Johnson, by Mr. Peterson, who worked in Latin America and worked in land reform, and by Mr. Steele, who represented the USDA in going to Latin America. If they pointed out that this research was needed, should I second guess them?

Mr. HARDY. Have you seen the bibliography on this particular subject, which has been prepared by the American Bar Foundation, containing 31 pages of references?

Dr. FEI. Yes. I believe they showed it to me. I recall their sending it to me very early. I believe it was in April or March.

Mr. HARDY. It was issued in February.

Dr. FEI. I thought it was March or April.

Mr. HARDY. Then you do know of this. You knew that there had been a lot of work done before you signed the contract?

Dr. FEI. Yes. They showed me this and their point was that they were already involved and engaged in very exhaustive preparation and studies in this field. Therefore, it made me all the more secure in the fact that these people knew what they were doing.

Mr. MEADER. Mr. Chairman.

Dr. Fei, what review was made of material within the AID in its own files resulting from some 20-odd years of technical assistance in the field of agriculture in Latin America, commencing with the Office of the Coordinator of Inter-American Affairs under Nelson Rockefeller back in 1942?

Dr. FEI. These files, to the extent that we presume they exist, would be in the Office of Food and Agriculture, who have had responsibility in this area. Dr. Long, Dr. Johnson, Dr. Gibson, Dr. McIntyre, these are the people in that field. They are the ones who hold the files.

Mr. MEADER. Was any review of those files made to determine what work in the field of land tenure had been conducted with foreign-aid funds in the past 20 years in Latin America?

Dr. FEI. Could I have Dr. Long or Dr. Johnson or Peterson reply, since this is their field?

Mr. HARDY. Sure. Go ahead. Get it from wherever you can get the answer.

Mr. MEADER. Dr. Long, I don't believe is here.

Mr. HARDY. He is here. Dr. Peterson is here, and Mr. Johnson.

Mr. MEADER. I think we should know what they did to search their own files to find the answer to land tenure problems before they go out and enter into large contracts. What review was made?

Mr. HARDY. Dr. Long has already testified in connection with that. He said he read a lot of stuff, but he had a lot of other things to do.

Maybe Mr. Johnson and Mr. Peterson would like to reply.

Mr. Johnson, what did you do about that? Anything?

Mr. JOHNSON. I did nothing.

Mr. HARDY. Mr. Peterson, what did you do?

Mr. PETERSON. Nothing in particular. I have a feeling, though, that the University of Wisconsin is very well acquainted with everything of any substance that has been done in Latin America since the time of the Coordinator of Inter-American Affairs.

Mr. HARDY. Nobody in the Agency, to the best of your knowledge, made any study of your own files to determine what you had already secured in this area?

Mr. PETERSON. No, sir; not a systematic study.

Mr. HARDY. Apparently no study at all, except what Dr. Long said he did.

OK.

Mr. GRIFFIN. That is a lot of money to give the University of Wisconsin to gather material that is already available.

Mr. HARDY. If that is all they are going to do—but nobody knows what they are going to do, because the contract is very wide open.

Mr. JOHNSON. I can explain. I joined the Agency in January. In fact, I went on the payroll the 26th of January. And a month later I went to the Dominican Republic to help write the land-reform law, and then went down to Venezuela in connection with a short assignment. So I was gone practically a month.

Mr. HARDY. You didn't have much time to review the files.

Mr. JOHNSON. I came back and left about April 1, to go to Peru for a couple of weeks, and the contract was signed May 11.

Now obviously, as the record shows, I was not in the discussions on the contract. I did not do the type of thing that you asked whether I did.

Mr. HARDY. Thank you, Mr. Johnson.

Mr. LONG. Mr. Chairman, I would say such materials as were in the Agency files on land reform I read scrupulously and not alone. There are other people in the Latin American bureau who were reading and preparing statements built on such information as we had.

Now on the general matter of research that has been done in land reform, it is true that you can quote several articles, and I am proud to be author of one or two of them. But at any one time in history on any one subject there has been a lot of research done, and I should

not think that this is a strong argument for the discontinuance of research in this field.

I might point out in the land tenure field——

Mr. HARDY. Doctor, let me say this: the committee—certainly the chairman—hasn't suggested that there should be any discontinuance of analysis of this thing; but I do say, and I think that the Congress has said in its report, that before you spend money in this area, in any area of research, you should find out what has already been done.

Mr. LONG. I would like to simply say that I made all conscious efforts I could. I would like to point out that the Food and Agriculture Organization of the United Nations has prepared a bibliography in the form of two books—a book plus a supplement, of all research done up to this point in land tenure and—I may be incorrect in this, but I think Wisconsin was one of the parties which was given the job of doing this work.

This material is completely available to them and forms the foundation upon which the research will be done by the university to help us on the problems as we see them in the Agency.

Mr. REDDAN. Doctor, the contract provides specifically, and I quote from pages B and C:

> Contractor shall exert his best efforts to assemble significant research publications on these subjects, to make the results of such publications available in usable form to AID, and to utilize such findings in research undertaken under this contract.

My question, sir, is: Is the university making this assembly and digest and analysis of available research before it makes its own field research, or is it running these two efforts simultaneously?

Mr. LONG. The last question, do I know, I would say that all of the discussions would point to the fact of some overlapping timing. The first major effort would be to assemble existing known data.

Mr. REDDAN. Do you have any idea how long that willl take, Doctor?

Mr. LONG. No, I do not know exactly how long. I would presume that some of this work may be continuing throughout the duration of the contract. By this I mean that independent researchers all over the country may be doing research that will be useful to this study; and it is Wisconsin's obligation, as I understand it, to make that research data available to us.

A Ph.D. thesis may be written in 400 pages, 10 of which bear on our problem. With the staff we have, we obviously can't read every Ph.D. thesis in the United States. But the university has an obligation to do its best to make those data available to us and to build their own research on their reconnaissance of the data.

Mr. REDDAN. As I understand you, they are going to run these two things contemporaneously?

Mr. LONG. Except for the fact that as a matter of emphasis they have to do first this reconnaissance job.

Now I should say that these people are specialists and they already know most of what is available, so it is a matter of trying to round out and search out and make sure that they haven't missed some significant work.

Mr. JOHNSON. Mr. Chairman.

Mr. HARDY. Mr. Johnson, did you want to say something?

Mr. JOHNSON. Now I want to add that I did state I hadn't made a careful research in answer to your question of what was available. But I am familiar with the field in land tenure, fairly well, throughout the world, and I know there is a tremendous void and lack of data in South America. It is known well in the field.

Mr. HARDY. You don't know how much there is?

Mr. JOHNSON. Pardon?

Mr. HARDY. You don't know how much there is?

Mr. JOHNSON. I am familiar with these volumes. You don't need to know and go through an assembly to know that there is great voids in this field. There is a great lack of information.

Mr. HARDY. I don't need to go down the streets of Washington to know that we need to do something about crime prevention. I get that same general idea.

Is that the way you arrived at your conclusions?

Mr. JOHNSON. No. I know that there are plenty of voids, lack of information. In this whole matter, for example, whether there is more production per hectare or per man on small farms and large farms in Latin America. I defy anyone—and that is a crucial question relating to land reform—to come forward with some good concrete information on this.

I can mention a number of subjects that are very crucial in connection with land reform programs that you can't get answers to out of any of those things you have listed there. I know that.

Mr. REDDAN. Excuse me. Are you going to get those answers under this contract?

Mr. JOHNSON. I hope so.

Mr. REDDAN. If you wrote the specific questions into the contract you would get the answers, wouldn't you?

Mr. HARDY. You haven't asked for those.

Mr. JOHNSON. I didn't work on the contract.

Mr. HARDY. You don't know what you are going to get. You have a contract, but the University of Wisconsin is going to determine what you get, as I read it.

Any further questions of these witnesses?

Mr. Monagan?

Mr. MONAGAN. No.

Mr. HARDY. Mr. Meader? Mr. Griffin?

Mr. MEADER. No.

Mr. GRIFFIN. No.

Are you through?

Thank you, gentlemen.

Mr. REDDAN. Mr. Rothstein and Mr. Ford.

Mr. HARDY. I believe both of you gentlemen have been sworn?

TESTIMONY OF SAMUEL ROTHSTEIN, CHIEF, CONTRACT AUDIT BRANCH, AUDIT DIVISION, OFFICE OF THE CONTROLLER; AND JAMES J. FORD, SUPERVISING AUDITOR, CONTRACT AUDIT BRANCH, AUDIT DIVISION, OFFICE OF THE CONTROLLER, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. ROTHSTEIN. Yes, sir.

Mr. REDDAN. Would you please give your name and address to the reporter and identify your position in AID?

Mr. ROTHSTEIN. My name is Samuel Rothstein. I live at 2600 North Harrison Street, Arlington, Va. I am Chief of the Contract Audit Branch, Audit Division, Office of Controller, in AID.

Mr. FORD. My name is James J. Ford, 1502 Mount Eagle Place, Alexandria. I am Supervising Auditor in the Contract Audit Branch of the Controller's Office, and my superior is Mr. Rothstein.

Mr. REDDAN. Have you gentlemen been present in the room so that you understand the contract that we are considering, the University of Wisconsin contract?

Mr. ROTHSTEIN. Yes.

Mr. REDDAN. Did you gentlemen have an opportunity to review that contract in draft form?

Mr. ROTHSTEIN. Yes, we did. On April 5 a request came to our office to clear, or comment on, a draft of the University of Wisconsin contract, and it was assigned to Mr. Ford and reviewed, and our written comments, dated April 9, were forwarded to Mr. Belinky, on the contract.

Mr. REDDAN. Can you tell the committee briefly what your comments were on that contract?

Mr. ROTHSTEIN. We commented to the effect that in our opinion the contract was not too specific, and that because of the way the contract was written we suggested an alternative contract arrangement, namely to use a basic contract and to have task orders issued as countries and resources become more specific.

Additionally——

Mr. REDDAN. Excuse me, sir. Could you read the part of your memorandum to Mr. Belinky, where you refer to specific items of endeavor, the first paragraph?

Mr. ROTHSTEIN. Yes. Paragraph 1 of my memorandum of April 9, 1962. [Reading]:

> The draft provides for services "relating to research and training with respect to a comparative study and analysis of the economic, social, political, and administrative aspects of land ownership, land tenure, and agrarian structure in Latin America." The scope of work is indefinite in that the countries involved, personnel, equipment, materials and supplies, facilities and all other things necessary to the project are to be in accordance with any instructions issued by the technical liaison officer of REP.

Mr. REDDAN. Would you read to the committee any other specifics which you set forth in your memorandum, with respect to deficiencies, or comments for improvement?

Mr. HARDY. I think we can simplify here and just get you to check these items with me.

In item 2 you said, did you not, that the draft is, in effect, of the type of open-end or basic agreement?

Mr. ROTHSTEIN. Yes; that is right.

Mr. HARDY. And then, subsequently, in item 3 you said that unlike other contracts with the same university, the draft does not include the standard budget.

Mr. ROTHSTEIN. Yes; that is correct.

Mr. REDDAN. Did you also have a comment in item 4 with respect to cost sharing?

Mr. ROTHSTEIN. Yes; we did.

Mr. REDDAN. What was your conclusion with respect to that?

Mr. ROTHSTEIN. Would you like me to read my comment on it?

Mr. REDDAN. Yes.

Mr. ROTHSTEIN (reading):

The second "whereas" of the draft states that the performance of work and services are to be on a "cost-sharing reimbursable basis." Article II also refers to "the cost of AID's share of the work."

From the language of the draft we are unable to form an idea of what costs are to be borne by the university. Provision is made for an advance of $150,000; also reimbursement of all the apparent costs which may be incurred, including salaries of all staff members and campus personnel, which are directly attributable to performance, whether on full- or part-time basis, and overhead at the university's regular rates. If, in fact, the university is to bear any costs, we believe these should be specified in the contract.

Mr. REDDAN. Do you know what happened in the final contract which did or did not reflect the observation you made in your memorandum of April 9?

Mr. ROTHSTEIN. I believe in the final contract the clause on instructions, issued by the technical liaison officer of REP, was removed from the draft.

Mr. REDDAN. Let me put it this way: Have you reviewed the final contract? Have you seen the final contract?

Mr. ROTHSTEIN. I have reviewed it in detail since I have talked to the committee members. We review all contracts to schedule them for later audit. When the final contract was issued it was reviewed to schedule it for such audit, but not in any detail.

Mr. HARDY. Following your comments with respect to the draft which was submitted to you, was a subsequent draft submitted for your approval or further comment?

Mr. ROTHSTEIN. No, sir.

Mr. HARDY. So following your comments, the Agency did prepare and execute a contract without any further consultation?

Mr. ROTHSTEIN. That is right. They did it without further consultation. The financial advice we give is on an "as requested" basis. They sent the draft to us for comment. We commented. And then they did not send any further drafts or contracts to us.

Mr. REDDAN. Under present regulations is your approval required on contracts?

Mr. ROTHSTEIN. No, sir; it is not.

Mr. REDDAN. Previously was it required?

Mr. ROTHSTEIN. Yes; previously, going back—oh, over a year and a half ago.

Mr. MONAGAN. When did that change?

Mr. ROTHSTEIN. It changed about February 1961, based on a memorandum which was concurred in by all interested offices. The clearance of our office was no longer mandatory on contracts.

Mr. HARDY. That didn't come from the Director, or did it?

Mr. ROTHSTEIN. No. This was a memorandum issued by the Contract Office.

Mr. HARDY. Mr. Kessler?

Mr. ROTHSTEIN. Mr. Kessler; yes. I have a copy. It wasn't a unilateral issuance. In other words, it was a concurred in memorandum.

Mr. HARDY. That was concurred in by the Contract Officer rather than the Director.

Who imposed the restriction in the first place? Under whose instructions was the Contract Audit Branch approving these contracts previously?

Mr. ROTHSTEIN. It goes back a long time before——

Mr. HARDY. You don't know who issued the original instructions? How did the practice come to be in effect?

Mr. ROTHSTEIN. I remember some of the history. In the early days of contracting, the Contract Office as we know it today was not in existence. In effect it was composed of just one person. The Office of the Controller at that time had provided most of the financial advice to that one person and, in effect, acted as his staff. As the Office of Contract Relations was developed, with a complementary staff to perform all these functions, they took over many of the activities to themselves that were done by others.

Mr. MEADER. You have just related the development of the Contract Office. What does that have to do with the matter of clearing proposed contracts through the Audit Branch?

Mr. ROTHSTEIN. The chairman asked me how far back it went.

Mr. HARDY. I was trying to find out who put the thing in effect in the beginning, and who canceled it. Maybe we ought to ask Mr. Kunze.

TESTIMONY OF EDWARD E. KUNZE, CHIEF, CONTRACT SERVICES DIVISION, OFFICE OF PROGRAM SUPPORT, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. KUNZE. The original practice, Mr. Chairman, started in March of 1956, when the Office of Contract Relations was established. At that time there was published a flow chart of the points of clearance for each of the contract actions.

Mr. HARDY. Who issued the flow chart?

Mr. KUNZE. Well, it was issued by the Office of Management Planning, as an official Agency document.

Mr. HARDY. And approved by the Director of the Agency?

Mr. KUNZE. It was under his name. Certainly I don't know that he personally had knowledge of it.

Mr. HARDY. Who changed it?

Mr. KUNZE. It was changed as a result of a conference between Mr. Klein, who was assistant to Dr. FitzGerald, Mr. Tennant, who was Controller of the Agency, and myself, that I know of specifically. It was done with the approval of Dr. FitzGerald, who at that time was Deputy Director for Operations.

Mr. HARDY. So it did have top level approval. Then if a contract like this had gotten off the reservation because their procedure was changed, we can lay it at Dr. FitzGerald's door.

Mr. KUNZE. I wouldn't blame it all on him; no, sir.

Mr. MEADER. When was that change made?

Mr. KUNZE. February 1961. Can I give some background on it?

Mr. HARDY. I don't know that we want to get into it too far. I only wanted to understand whether it was a practice that had been going on for a period of time, approved by the head of the Agency. How did it happen that it changed?

Mr. KUNZE. It was basically because of the fact that there had been considerable criticism of the lenth of time it took to get out contract action. In reviewing some of the things which were holding up contract actions it was agreed that all contracts did not necessarily have

to have, or should not necessarily have to have, the review and approval and clearance of the Controller.

Mr. HARDY. I don't want to get into the merits of this thing one way or the other now. I think it may be better if you would send us a submission of a little history on this as to what did happen.

Mr. KUNZE. I will be glad to do it.

Mr. HARDY. Thanks. When it is received, we will, without objection, include it in the record as an appendix.

(Subsequently, the subcommittee was furnished the following documents, which appear as app. 5, p. 463.)

(1. Origin of Contract Office Memorandum No. 24.

(2. Contract Office Memorandum No. 24, February 21, 1961.)

Mr. REDDAN. Mr. Rothstein, are you in a position to tell the committee from your review of the draft and review of the final contract whether the final contract is or is not more specific than the draft contract which you reviewed?

You objected to the draft because it was indefinite, among other things, did you not?

Mr. ROTHSTEIN. Yes.

Mr. REDDAN. Is the final contract any better in your opinion?

Mr. ROTHSTEIN. The changes place, in my opinion, more responsibility on the contractor.

Mr. HARDY. Can you pinpoint that?

Mr. ROTHSTEIN. The changes, for example, in the part were in accordance with the instructions of the technical liaison officer, where that part was omitted.

Mr. HARDY. That put more responsibility on the contractor? It gave him more latitude, didn't it?

Mr. ROTHSTEIN. It was slanted toward giving him more responsibility, because before proceeding, he should have a more precise scope of work.

Mr. HARDY. Where did he get that from? Who is going to determine how precise it is? Is there anything in there that shows that?

Mr. ROTHSTEIN. No, nothing in the specific wording.

Mr. HARDY. So then the contractor was just given that much more freewheeling. Go ahead and see if you can find something else. You didn't do so good on that one.

Mr. MEADER. You didn't get an answer. Mr. Rothstein, the effect of striking that introductory phrase was to enlarge the discretion and power of the contractor and remove a limitation in favor of the Agency, isn't that correct?

Mr. ROTHSTEIN. Well, this is in reference to my comments, that we're discussing about this subject at this juncture; is that correct, sir? I mean, in reference to our comments. We were attempting to point out why, in our opinion, this contract, scope of work, was not too definite and this was one of the reasons why it appeared not to be definite. In other words, the contractor didn't have any precise scope of work.

Mr. HARDY. Does he have any more when you take this out?

Mr. ROTHSTEIN. It doesn't appear to be.

Mr. HARDY. So you didn't do so good in picking this out as an indication that it was improved, in my book.

Mr. ROTHSTEIN. I wasn't saying that this clause was going to—I was pointing out this clause, from the standpoint that this along with the rest of the wording, indicated that the contract was not definite in scope. It was——

Mr. HARDY. I am trying to see how they improved it when they took these words out.

Mr. ROTHSTEIN. It didn't seem to be.

Mr. HARDY. OK. Then we are in agreement. It didn't seem to be any improvement?

Mr. ROTHSTEIN. No.

Mr. HARDY. Where else did they change it that improved it?

Mr. ROTHSTEIN. Specifically in respect to our memorandum, I can't see any changes that were made in the draft which were responsive to our memorandum.

Mr. HARDY. Thank you. I think that pretty well takes care of it.

In that connection, one of your comments had to do with the lack of a budget.

Mr. ROTHSTEIN. That it wasn't attached as a part of the contract, that is correct.

Mr. HARDY. You have reviewed similar contracts before, you have audited other contracts.

Mr. ROTHSTEIN. Yes.

Mr. HARDY. Do you know of any other case where there was not a budget in a contract similar to this?

Mr. ROTHSTEIN. Offhand, I don't know. But I assume that it is possible that there may be several. I am not sure on that point.

Mr. HARDY. It is usual that they do have a budget?

Mr. ROTHSTEIN. Usual that they do have a budget.

Mr. HARDY. How can you perform an audit if you don't have a budget to go by?

Mr. ROTHSTEIN. The budget is one of the aspects of an audit program that you would consider. The contractors' records and the expenditures that he incurs and the relationship of these to the contract would form the other part of your work program.

Mr. HARDY. And you tie expenditures to a budget, don't you?

Mr. ROTHSTEIN. Generally; yes, sir.

Mr. HARDY. You can't do that in this case because you haven't get a budget?

Mr. ROTHSTEIN. We don't have a budget attached to the contract, but there is a budget that was submitted, which is dated—

Mr. HARDY. No obligation on the part of the contractor to adhere to it, is there?

Mr. ROTHSTEIN. It is not a firm budget from that standpoint.

Mr. HARDY. Does the total of the budget agree with the total of the contract?

Mr. ROTHSTEIN. The budget was used as a basis in arriving at the total of the contract, and within it, on the matter of where it agrees, some of the items submitted were for 3 years, and it was scaled down to a shorter period of time, so that, I mean necessarily from dollars to dollars, it may not agree, but it is within the figure.

Mr. HARDY. How will you conduct an audit?

Mr. MEADER. Of this contract?

Mr. HARDY. Of this contract?

Mr. ROTHSTEIN. I will do my best.

Mr. HARDY. How are you going to do it?

Mr. ROTHSTEIN. I will do my best to explain it, sir. When a contract comes in, it is scheduled for audit which would usually take place in a period at least 1 year after the contract has been in operation. The objective of our audit is to verify that disbursements made by the contract or under the contract are in accordance with the contract and were authorized by it. Much work precedes an audit and this involves the review of the contracts, the negotiation papers, which were prepared in connection with the negotiation, the budget, which is an integral part——

Mr. HARDY. That budget is not official. It is not a part of the contract.

Mr. ROTHSTEIN. This is true, sir, but there are contracts on the commercial contract side whereby a budget preceded the contract, but the budget itself is not made a part of the contract. And university contracts are one type where budgets are made a part of the contract. It is usual to put a budget on a university contract. It is not that usual and it is rather unusual to attach a budget to a commercial contract.

Mr. HARDY. It is unusual to attach a budget to a commercial contract but it is usual to attach one to a university contract?

Mr. ROTHSTEIN. That is right.

Mr. HARDY. So they just reversed the process here. It is not attached.

Mr. ROTHSTEIN. Not attached, no.

Mr. HARDY. You didn't give us a very good explanation of how you conduct an audit.

Mr. ROTHSTEIN. I didn't quite finish.

Mr. HARDY. Go ahead.

Mr. ROTHSTEIN. I was just trying to remember the last part.

Mr. HARDY. I am sorry I interrupted you.

In this case the budget is not an integral part.

Go ahead.

Mr. ROTHSTEIN. The auditor who is assigned to make the audit will also discuss various features of the contract, any questions that he may have developed along the way, with the people who are involved in it. In that case he may talk to the contract officer, and to the technical people. The auditor will also prepare a work program and in this program, he would indicate the steps that he would follow in performing the audit. One important feature that the auditor would be concerned with would be the contract cost limitations. There are many clauses in contracts which provide limitations on certain costs. In this particular contract there are limitations on direct costs on salaries, on travel, and on other direct costs, I believe, and the auditor would assure himself that these costs, the costs incurred, are not in excess of the maximums in the contract.

Mr. HARDY. Are those maximums written into the contract?

Mr. ROTHSTEIN. Yes, sir, they are; maximums are written into the contract.

Mr. HARDY. Go ahead.

Mr. ROTHSTEIN. With the auditors' work, the audit program written out and approved, arrangements would be made to visit the contractor's office where the original records are located. At that time, we would write to the mission where the contractor performs work to

have the mission controller also perform an audit of the contractor's records and performance overseas. This is done to bring together a complete picture of the contractor's performance and of the expenditure incurred under the contract.

Mr. HARDY. Is it possible under that procedure to determine whether or not the contractor has performed under this contract in accordance with the agreement?

Mr. ROTHSTEIN. This is not an auditing determination necessarily, because in making his review, the mission controller most likely would be in touch with the technical people at the mission to obtain their opinion as to the contractor's performance.

Mr. HARDY. I am trying to understand what your audit is going to show. The audit can show what he spent his money on, but it can't show one earthly thing wrong so long as he doesn't exceed the specific limitations, and they don't cover the entire amount of the contract. As long as he doesn't exceed those specific dollar limitations that are written into the contract in connection with a few items, you have $255,000 for certain personnel, and you have limitations of $35,000 under item 4, "Direct costs," in which you include your library materials and that sort of thing, and you have $78,000 limitation on travel allowances, so as long as he stayed within those, you can't even——

Mr. ROTHSTEIN. If he stays within those limitations and his records support the costs that were incurred for the purpose of this contract——

Mr. HARDY. Can you think of anything that he could have that wouldn't support this contract?

As a matter of fact, he doesn't even have to have records; does he?

Mr. ROTHSTEIN. Yes, he does. There is a requirement for the contractor to keep records and there is a requirement of audit by both the Agency and the——

Mr. HARDY. It says, "He shall supply the necessary personnel, equipment, material and supplies," if that means anything.

Mr. ROTHSTEIN. Yes. When he supplies what he considers to be necessary, and it appears to be authorized under the contract, and it is reasonable——

Mr. HARDY. Anything is authorized under the contract. So long as he has a document showing he actually bought it, you can't question it?

Mr. ROTHSTEIN. I would look for support, and if it looked reasonable, I wouldn't question it.

Mr. HARDY. You wouldn't care whether it looked reasonable or not, when you considered the latitude he is given under his services that he is going to perform, I don't know how you could question anything if he has a voucher that shows he paid for it. I don't know how you could do anything else. I think we have probably spent enough time on that one.

I want to ask you one other question and maybe I should address it to Mr. Kanchuger.

Mr. Kanchuger, listen to this and see where we are. I notice under article II A, the contract says:

> It is estimated that the cost of work to be performed under this contract will be $1,393,275, which shall not be exceeded without prior written approval of the contracting officer.

Down under section D, under the title "Obligated Funds," is says:

There is presently obligated for commitment under this contract the sum of $1,250,000.

That is $143,275 less than the amount which the contractor is authorized to spend.

How do you authorize the contractor to spend more money than you commit?

Can you answer that, Mr. Kanchuger?

Mr. KANCHUGER. It obligates $1,2500,000, they estimate the work at $1,393,000, and I would assume that Mr. Belinky anticipated that there would be other money which would be funded and added to the contract.

Mr. BELINKY. That is correct, Mr. Chairman.

Mr. HARDY. I want to understand the legality of authorizing an amount which is in excess of the amount which is obligated or committed.

Mr. BELINKY. We are not authorizing the $1,393,000, sir. We merely state that is the total estimated cost of the contract.

Mr. HARDY. Which you say shall not be exceeded without prior written approval of the contracting officer.

Mr. BELINKY. That is to put the contractor on notice, in the event we do give him money which would reach $1,393,000, he could not exceed that $1,393,000——

Mr. HARDY. That is not what it says to me.

Mr. BELINKY. That was the intention, sir, at the time it was drawn. Both parties understood it very clearly.

Mr. HARDY. I think I am going to get somebody to give me a legal interpretation on this.

Mr. Kanchuger, I think maybe you ought to do this to see what the contractor can spend, and see whether or not these two sections might be inconsistent to the point they might be illegal.

Mr. KANCHUGER. Yes, sir.

Mr. HARDY. Anything further?

Thank you, gentlemen.

Mr. KUNZE. Mr. Chairman, could I clarify this last point?

I think there is another article in the contract which clears up this question of obligated and total funds.

Mr. HARDY. Go ahead.

Mr. KUNZE. Article II D, titled "Obligated Funds and Limit of Total Payments." Is this the one you were reading from?

Mr. HARDY. I read this.

Mr. KUNZE. It says:

There is presently obligated for commitment under this contract the sum of $1,250,000, which may be utilized for U.S. dollar costs as set forth in article III of this contract, hereinafter called obligated funds. Additional U.S. dollars sums may be allocated to this contract by the contracting officer in which event upon written notice by the contractor, the obligated funds shall be deemed increased by the additional sum or sums so allocated. AID's obligation for U.S. dollar——

Mr. HARDY. Following that language, Mr. Kunze, the limitation under AID doesn't mean anything else at all but it says prior approval of the contracting officer.

Mr. KUNZE. Read the next sentence.

AID's obligation for U.S. dollar payments to the contractor under this contract shall in no event exceed the obligated funds so allocated.

This ties it down to the $1,250,000 which is presently obligated.

Mr. HARDY. Then the amount under (A) is misleading in the statement attached to that. That is probably a legal interpretation.

Mr. MEADER. Mr. Chairman, would you read that first article that had the $1,393,000 again?

Mr. HARDY. Yes, sir.

Mr. MEADER. I would like to ask the attorney and Mr. Belinky a question about that. I am going to read that again.

Article IIA—Estimates of Cost. It is estimated that the cost of the work to be performed under this contract will be $1,393,275 which shall not be exceeded without prior written approval of the contracting officer.

Why was that written in that form, Mr. Belinky?

Mr. BELINKY. Well, sir, I think that both parties to a contract should know specifically what the ultimate and maximum amount of the contract would be and in this particular case, we determined it would be $1,393,000. Now the contractor, although it is an estimate now, the actual cost could possibly be $1,500,000, but we may not be willing to reimburse them for the cost in excess of $1,393,000, and for that reason we put a limitation on the total costs.

But all that we had to obligate at the present moment of the contract was $1,250,000.

Mr. HARDY. That is all the money you had, and you have told him, we estimate this cost is going to be this $1,393,000——

Mr. BELINSKY. We didn't tell him that, he told us that.

Mr. HARDY. It is put in the contract?

Mr. BELINSKY. He told us, and who should know what his costs will be better than the contractor himself?

Mr. HARDY. In effect you have obligated this Government for $1,393,000 and put this little gimmick down on the bottom to get by with it.

Mr. BELINKY. I respectfully disagree, we obligated $1,250,000.

Mr. HARDY. You have a gimmick.

Mr. BELINKY. It is no gimmick.

Mr. HARDY. I am not sure whether you have a legal basis for what you have done here or not. I don't know, you lawyers can always come up with something technical to hang your hat on, I suppose. That is why we have to have good lawyers. AID needs one and every now and then I need one.

Mr. MEADER. Wouldn't it have been possible to say it is estimated that the total cost would be $1,393,000, but that the amount would be fixed by the performance in accordance with the contract according to your procedures for payments? I don't quite see this business of saying you shouldn't exceed this $1,393,000. I guess I am not making myself very clear, but it strikes me that this in effect says that you are going to pay the contractor $1,393,000 if he can show vouchers to justify it.

Mr. BELINKY. It means well——

Mr. MEADER. If he can——

Mr. HARDY. What did you have——

Mr. BELINKY. It means we will pay him up to $1,393,000 if we have that amount of money available, and I think it is only fair to place the contractor on notice that if he exceeds $1,393,000, he does

so at his own risk. But all that we obligated the Government immediately was the amount of money which we had available for obligation and that is $1,250,000.

Mr. MEADER. Then why didn't you make the contract $1,250,000?

Mr. BELINKY. We could have.

Mr. KANCHUGER. Mr. Meader, the contract obligation on page 8 is for $1,250,000; paragraph D, on page E.

Now the reason it states that the obligation is for $1,250,000, and the reason I take it Mr. Belinky wanted paragraph A in, which I think is a nullity as far as the obligation of the Government is concerned, is that he anticipated that there might be future money available and that future money would be applied to the contract and we might in the future obligate ourselves for more, up until this amount of $1,393,275. The actual obligation of the contract, however, is in paragraph D, which specifically limits it to $1,250,000.

Mr. MEADER. But even A contemplates that $1,393,000 might be exceeded, if the contracting officer gave his prior written approval.

It seems to me, if you were contemplating that this contract might go on, might be doubled, might be carried on indefinitely, you could make your contract for the amount of money you have to obligate right now, and then when that is used up, if you wanted to spend some more, and you have it available to obligate, then go ahead and make it. But it seems to me this is kind of a Dutchy way to write a contract.

Mr. HARDY. That is not unusual.

Mr. KANCHUGER. Contracts can be amended all the time, and you can put in any amount.

Mr. HARDY. Will the gentleman explain what he means by Dutchy?

Mr. MEADER. I mean it is a little bit unskillful.

Mr. HARDY. Do you have anything further?

Let the subcommittee stand adjourned, to reconvene at 2:00 p.m.

(Thereupon, at 12:15 p.m., the subcommittee was recessed, to reconvene at 2 p.m., this same date.)

AFTERNOON SESSION

Mr. HARDY. Let the subcommittee come to order.

Mr. Reddan, are we going directly in to this Bar Foundation contract?

Mr. REDDAN. Yes, sir.

Mr. HARDY. Who will our witness be on that?

Mr. DAVIS. Mr. Chairman, may I make a statement?

At the hearings yesterday——

Mr. REDDAN. Excuse me, would you identify yourself?

TESTIMONY OF RAYMOND H. DAVIS, CONSULTANT, AGRICULTURE AND NATURAL RESOURCES DIVISION, OFFICE OF EDUCATIONAL AND SOCIAL DEVELOPMENT, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. DAVIS. Raymond H. Davis, AID.

Mr. REDDAN. From AID. In what capacity, sir?

Mr. DAVIS. I was called here as a witness yesterday and I haven't been called. I was called to stand by.

Mr. REDDAN. Mr. Hoskins has the witness list for this afternoon and he was told the others were all excused.

Mr. HARDY. Is that the question you had in mind?

Mr. DAVIS. No, sir, it was with reference to some testimony yesterday concerning a meeting on March 22, in which Mr. Belinky and Dr. Long were present and which it was stated that I was present. And if you would like to have me——

Mr. HARDY. Were you present, Mr. Davis?

Mr. DAVIS. I was present at that meeting.

Mr. HARDY. Is there something that you think should be added to clear up——

Mr. DAVIS. Yes, sir.

Mr. HARDY. You have been sworn, I believe?

Mr. DAVIS. Yes, sir.

Mr. HARDY. Have a seat.

Tell the committee, if you will, what you know about that particular conference. There was some question, I think, at least some difference of opinion as to what took place.

Mr. DAVIS. Yes, sir.

Mr. HARDY. And the committee will be pleased to have your first-hand knowledge of what did occur.

Mr. DAVIS. I was invited by Dr. Long to attend that meeting that day and with reference to the part of the discussion relating to overhead, as Dr. Long testified, he was trying to present the principle that in this type of research project, the maximum amount of work should be done in the field and it didn't seem realistic to have the high rate of overhead for the on-campus, a much higher rate than for off-campus because the overhead work of the university, the technical and administrative backstopping, would be largely occasioned by the field work. There was no discussion at the meeting as to any amount of overhead, it was simply the principle of exploring with Mr. Belinky whether or not there couldn't be some other formula to consider. And Dr. Long did not say "Give Wisconsin what they ask for."

Mr. HARDY. Now what time did you go to that meeting?

Mr. DAVIS. I was there at the beginning.

Mr. HARDY. Will you tell us what time that was?

Mr. DAVIS. About 4 o'clock, as I recall.

Mr. HARDY. Four o'clock in the afternoon?

Mr. DAVIS. Four o'clock.

Mr. HARDY. What time did you leave?

Mr. DAVIS. Almost 6 o'clock.

Mr. HARDY. You were a little hungry by that time?

Mr. DAVIS. Yes.

Mr. HARDY. Did Mr. Belinky leave at the same time as you did?

Mr. DAVIS. We left to go, as I recall, we left the office at the same time.

Mr. HARDY. Did Mr. Belinky have any discussion as to what took place at that meeting?

Mr. DAVIS. After the meeting?

Mr. HARDY. Yes.

Mr. DAVIS. No.

Mr. HARDY. Did you and Mr. Belinky have any discussion about the subject before you went?

Mr. DAVIS. No.

Mr. HARDY. What is your specific responsibility in the Agency?

Mr. DAVIS. I am serving as a consultant, on a temporary basis.

Mr. HARDY. What kind?

Mr. DAVIS. Technical consultant.

Mr. HARDY. On what?

Mr. DAVIS. In the field of agriculture in Dr. Long's office.

Mr. HARDY. What does a technical consultant in the field of agriculture do? That can cover a multitude of sins.

Mr. DAVIS. It covers policy, program matters with which AID is concerned, technical assistance problems, review of programs and land reform to the extent that it is involved.

Mr. HARDY. How long have you been a consultant with AID?

Mr. DAVIS. About 5 months, not on a permanent basis. But most of the time for the last 5 months.

Mr. HARDY. Had you known Dr. Long before?

Mr. DAVIS. Yes, sir; I had.

Mr. HARDY. What was the purpose of your sitting in on that particular conference?

Mr. DAVIS. Dr. Long invited me to come in, if I was free, and I did so.

Mr. HARDY. Did you participate in the discussion?

Mr. DAVIS. Yes, to some extent. I supported Dr. Long. From my knowledge of land reform problems, I have, Mr. Chairman, been pretty deeply involved in two land reforms, one in Japan and one in Formosa. I was chief of the Agriculture Division in MacArthur's Headquarters when we carried out land reform——

Mr. HARDY. You recognize the distinction between the general subject of land reform and specific subject of overhead that we were talking about?

Mr. DAVIS. I realize that wasn't a matter in my field and Dr. Long realized it wasn't a matter in his field, except he was trying to——

Mr. HARDY. You better speak for yourself and let Dr. Long speak for himself. You tell us what you realize and not what Dr. Long realized.

Mr. DAVIS. I was supporting Dr. Long on the principle that the maximum amount of work should be done in the field under this kind of contract, that is where the problems are, that is where the problems have to be investigated.

Mr. HARDY. I am not sure that was the entire issue, as I understood it. Did you make any notes of what took place at that conference?

Mr. DAVIS. No, sir; I did not.

Mr. HARDY. So now you are depending on your memory. Have you had any discussion of this conference with Dr. Long since it occurred?

Mr. DAVIS. Not until Tuesday on the 26th, when he indicated to me that the committee investigators might want to talk to me.

Mr. HARDY. That is when he discovered that Mr. Belinky had a diary that mentioned this conference?

Mr. DAVIS. I didn't know it at this time.

Mr. HARDY. When did you find it out?

Mr. DAVIS. The next day.

Mr. HARDY. That was a rather self-serving proposition, not self-serving, but——

Mr. DAVIS. Dr. Long indicated that they would probably want to question me about the meeting on the 22d.

Mr. HARDY. I am sorry we overlooked it yesterday, but we were running short of time.

Mr. DAVIS. I was expecting to be called yesterday, on the discussion of this subject but I wasn't, and I was not called and I——

Mr. HARDY. You didn't make any notes of that conference?

Mr. DAVIS. I did not; no, sir.

Mr. HARDY. All you have now is your recollection of what occurred; how long ago was that?

Mr. DAVIS. About 5 months.

Mr. HARDY. Would you say then that Mr. Belinky falsified his diary?

Mr. DAVIS. I wouldn't say that. It was just a question, I think, that we didn't perhaps fully understand the two sides of the discussion. I wouldn't say it was falsified.

Mr. HARDY. Now you had a discussion for nearly 2 hours and Mr. Belinky said 2½, but you are within a half hour of each other. We won't argue about that, but for 2 hours, you all talked primarily about the question of overhead. That is what you were discussing?

Mr. DAVIS. A considerable part of the discusison was on overhead. We discussed other matters. Dr. Long spent some time telling of his experiences working under a university contract.

I pointed out some of my experiences on the ICA side.

Mr. HARDY. You say you are a consultant and you have been employed for about 5 months as a consultant?

Mr. DAVIS. Approximately 5 months.

Mr. HARDY. Do you have any specific duties in writing or just as they are assigned by Dr. Long?

Mr. DAVIS. There is a job description that was given to me, but it is generally as an agricultural consultant to assist Dr. Long. He was all alone in this office.

Mr. HARDY. What is your background of experience and knowledge in connection with the determination of what a proper overhead rate would be?

Mr. DAVIS. None, and I don't profess to be a specialist in that field. It was just a question of the principle that we didn't want anything that might prevent the University of Wisconsin to put the maximum amount of resources in the field, although we know the University of Wisconsin is a public-spirited institution, we didn't want anything that might keep them from doing——

Mr. HARDY. Obviously somebody wanted a big contract. It started out, if my memory serves me correctly, on an estimated budget of $251,000—including the law study, and wound up a little over $2 million, when you include the two.

It is $1,400,000 on one and $700,000 on the other one, I believe, so somebody was obviously trying to make it a big study and whoever was trying sure did a good job on that one.

One other question, during these 5 months, how many days have you served as a consultant?

Mr. DAVIS. I think as of now, about 100 days, something like that. The last week or so——

Mr. HARDY. What is your consultant fee, $75?

Mr. DAVIS. Seventy-five dollars.

Mr. REDDAN. Approximately how many days of the week have you consulted?

Mr. DAVIS. Generally, about 4 days a week. We are limited to 130 days in a calendar year.

Mr. REDDAN. You are retired?

Mr. DAVIS. Yes, a little over a year ago I retired from the Agency.

Mr. REDDAN. Department of Agriculture?

Mr. DAVIS. From AID. I was with the Department of Agriculture for about 20 years and have been with AID for about 10 years.

Mr. REDDAN. What was your position with AID when you retired?

Mr. DAVIS. I was Chief of the Agriculture Division in India.

Mr. HARDY. What rate did you have?

Mr. DAVIS. Top of FSR-1.

Mr. REDDAN. And you retired at that grade?

Mr. DAVIS. Yes.

Mr. REDDAN. What is your retirement pay?

Mr. DAVIS. $756 a month, after health insurance is deducted.

Mr. REDDAN. And you then went on as a consultant at $75 a day?

Mr. DAVIS. Yes, sir; after I had been retired for about 6 months.

Mr. HARDY. Now——

Mr. DAVIS. Before I started back.

Mr. HARDY. Under the Foreign Service retirement system, do you have to forgo any of your retirement pay when you take other Government employment?

Mr. DAVIS. Not with AID. I don't know what the rules are with other agencies.

Mr. HARDY. Well, I had a retired civil service employee working in my office recently and he had to forgo his entire retirement pay in order to accept his pay——

Mr. DAVIS. I think it varies. But there is a special provision, as I understand.

Mr. HARDY. Are there any other consultants working in your office with you?

Mr. DAVIS. No.

Mr. HARDY. What does this make your total income from Government sources? You are getting two Government paychecks, I take it?

Mr. DAVIS. That is right. Well, if I worked full time, full 6 months, it would be around $18,000, not quite what I was getting before.

Mr. HARDY. Well, that is another subject, but it is one that certainly is challenging to me at the moment.

If there is a wholesale practice in AID of employing retired Foreign Service personnel on a consultant basis and working practically full time, it certainly seems to me a violation of the intent of the statutes. I wouldn't suggest that it is illegal, but it certainly is a dubious procedure in my book.

Of course, I believe in utilizing the talents of personnel who are available, but I am not at all sure that there is real justification for paying a full retirement, plus a $75-a-day consultant fee on a when-actually-employed basis and employing people practically full time. To me that is a very dubious practice.

Thank you for your testimony.

Mr. MONAGAN. Mr. Davis, I wondered what activities you were involved in in connection with the land reform. You mentioned Formosa and Japan.

Mr. DAVIS. Yes, sir.

Mr. MONAGAN. What were you doing there?

Mr. DAVIS. In Japan, I spent 2 years in the fall of 1946 until summer of 1948 as chief of the Agriculture Division in General MacArthur's headquarters. And one of the activities underway during that period was the execution of the land reform program in Japan. It was pretty well carried out in a 2-year period.

Mr. MONAGAN. Carried out in 2 years there?

Mr. DAVIS. Substantially finished in 2 years.

They had a great deal of information about their land problems to begin with there, which is not true in other parts of the world.

Mr. MONAGAN. We don't know, do we, that there is no information on Latin America?

Mr. DAVIS. Not the kind they had in Japan, they knew exactly who owned what land, had good census data on the size of farms. They had data on the productivity of every parcel of land, the rice paddy land, the irrigated land was rated from 1 to 10 grades, the nonirrigated was rated from 1 to 10 grades.

They knew exactly what the productivity was of each and every piece of land, so there would be equity in the distribution of the land.

In Formosa, in July of 1952, I was appointed by President Truman as a member of the Joint Commission on Rural Reconstruction, one of two American members of a five-man commission consisting of three Chinese and two Americans, to carry out the rural development program in Formosa. One of the activities there was land reform, which was carried out very successfully.

Mr. MONAGAN. How long did that take?

Mr. DAVIS. There was actually three different stages to their program. First, reduction in rents. That started before I was there. The second——

Mr. MONAGAN. That doesn't take investigation, does it?

Mr. DAVIS. Well, still again, it had to be based on productivity of land to determine what the rental should be. Sale of public land, and then the redistribution of the holdings of landlords to small tenant farmers, and that part of it was carried out over a period——

Mr. MONAGAN. You didn't have to study that over a period of 3 years in order to determine——

Mr. DAVIS. As I say, there was a great deal of information already available in Formosa.

Mr. MONAGAN. It took 2 years to do the whole operation?

Mr. DAVIS. After it was started, but a great deal of planning and training ahead of time; yes, sir.

Mr. MONAGAN. Thank you.

Mr. HARDY. I would like to spend just another minute or two on the matter of your present employment. You say you work about 4 days a week, and that is $300 a week, which is about $1,200 a month, that is about $15,000 a year?

Mr. DAVIS. I am limited to 130 days a year, half time, for a year, figured normally 260 working days in a year, Government official work.

Mr. HARDY. Limited to 160?

Mr. DAVIS. 130 days.

Mr. HARDY. I was trying to figure out, but my arithmetic is not that quick, that is plus a retirement of how much?

Mr. DAVIS. $756.

Mr. MONAGAN. $9,072.

Mr. DAVIS. That is my business now, since retirement, is to serve as a consultant.

Mr. HARDY. Pretty good business.

Mr. DAVIS. I had no intention of going back with AID, but I have had different organizations talk to me, World Bank.

Mr. HARDY. I have been thinking of retiring. I wonder if I could get a consultant job over there.

Mr. DAVIS. If you retire young enough so you can still work.

Mr. HARDY. I am not much older than you are.

Mr. REDDAN. How many days have you consulted already out of your 130?

Mr. DAVIS. It is about 100.

Mr. REDDAN. Could this be renewed?

Mr. DAVIS. I presume at the end; I started 19th of March, and after the 19th of next March, if the Agency wants me, and if I am willing, I presume so, I don't know.

Mr. HARDY. Actually, do you have a termination date——

Mr. DAVIS. For 1 year, during which the period is limited to 130 days.

Mr. HARDY. In this situation, you serve when you are called; is that right?

Mr. DAVIS. That is right.

Mr. HARDY. Thank you.

Mr. REDDAN. Dr. Long.

Mr. HARDY. Dr. Long, will you come back, please?

(Thereupon, Erven J. Long, was recalled as a witness and, having been previously duly sworn, was examined and testified further as follows:)

FURTHER TESTIMONY OF ERVEN J. LONG, CHIEF, AGRICULTURE AND NATURAL RESOURCES DIVISION, OFFICE OF EDUCATIONAL AND SOCIAL DEVELOPMENT, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. HARDY. Dr. Long, before we get into the subject that we want to discuss here now, what information is available as to just what Mr. Davis does?

Mr. LONG. Well, you would have to observe the total workload of our office.

Mr. HARDY. I am not interested in total workload, I am interested in what he does.

Mr. LONG. We have responsibility for senior technical advice in the field of agriculture to all elements of the Agency.

Mr. HARDY. Is there any daily record kept of his performance as a consultant?

Mr. LONG. There is a daily time record, of course, kept of his work there, and he shares his work with me. I give him such work as there is to do.

Mr. HARDY. I don't mean to single out Mr. Davis. I am interested really in this total consultant problem, and as long as we have this example before us.

Mr. LONG. If I might, I would like to make just one explanation for the chairman's benefit. My office was set up to be a basically two-man operation as a minimum, two senior people. We made arrangements for a man who was at the time serving as Assistant Director General of the Food and Agriculture Office in Rome on leave from AID for a 3-year period, to come in and he has now done so and Mr. Davis was employed largely to help get things going until this other man could report. And in the meantime, our responsibilities have increased and, as you have so frequently pointed out in these hearings, the amount of work for one person is inordinate. Mr. Davis has been assisting me in everything that I do.

Mr. HARDY. I believe that is probably correct, that the amount of work you have to do is extremely heavy, but I am not at all sure that we couldn't have well dispensed with some of it. But that is another question.

The question that I was really trying to explore at the moment was whether or not there is any record that indicates what people do who are on a consultant basis. I don't want to get off in a dissertation of a general workload of the office, but I take it from what you have said that there isn't any record that would indicate what he devotes his time to?

Mr. LONG. Such a record could be obtained, as I say, from an examination of the workload of the office and——

Mr. HARDY. It wouldn't tell you what he did, would it?

Mr. LONG. To a certain extent, not totally. Many of the things he drafts carry his name as drafter, and other things that are done, he consults or contributes——

Mr. HARDY. That of course is the kind of thing that is almost impossible to measure because there isn't any written record kept of it, so if anybody wanted to determine—I say again, this is not directed to Mr. Davis as such, but at the practice, and I am going to be extremely interested to find out the total picture of these consultants over in AID. I have gotten an understanding that there are about 300 of them.

Mr. LONG. I wouldn't know.

Mr. HARDY. We have asked for a list of them, and this may involve an entirely separate study. But since this came up in this particular context today, I thought I would try to explore it just to the extent of seeing whether I could find out what there is available in the way of a yardstick that the Congress could use to see whether or not we are really getting anything out of these consultants.

I don't know. Maybe we are out of some and maybe not out of others, but evidently nobody has any way that we can determine anything.

Mr. Monagan, do you have questions on that point before we get into the other one?

Mr. MONAGAN. I did have a few questions on this Wisconsin contract. May I ask them now?

Mr. HARDY. I think you better do that now, if you will, because I want to get into the Bar Foundation contract.

Mr. MONAGAN. I just wanted to make an inquiry in connection with the proposed budget under the Wisconsin contract. It shows certain jobs set out; that is, there is a coordinator, a director of research, six research professors, and so forth. Are they people who are presently on the staff of the University of Wisconsin?

Mr. LONG. Not in every instance. We would hope that Wisconsin would use its existing personnel as fully as possible.

Mr. MONAGAN. These are full-time jobs, are they not?

Mr. LONG. Some of them are, and some not necessarily so.

Mr. MONAGAN. There are six professors at $15,000 each. Presumably those are full-time.

Mr. HARDY. Maybe they are consultants.

Mr. LONG. I don't have my budget statement with me, but for some of those it is specifically indicated that they may be part time.

Mr. MONAGAN. None of these that I read under "Staff and salaries". There is one coordinator who is part time. None of the others are indicated to be anything else but full time.

Mr. LONG. Could you excuse me, please, so I can get my papers.

The last proposed budget which I saw, which is dated March 16, indicates a coordinator, part time, and the director of research, which presumably would be full time, and then it says, "Research professorships, three full time at $15,000," and then, "Research professorships, three full time equivalents at $15,000," and then in parentheses, if you will note, it says, "may involve part time appointments of senior research professors," et cetera. So that I would understand that——

Mr. MONAGAN. Those figures, then, are different from this sheet that I thought was the final sheet.

Mr. LONG. It is possible some negotiation took place after this. So that you are looking at an earlier version. This is the last budget which I saw, sir.

Mr. HARDY. I believe what you have, Mr. Monogan, is a sheet which was used by the negotiator.

Mr. MONAGAN. What I am interested in is this: this proposal carries 26 people all the way from clerical labor up to director of research. What I want to know is how many of those are on the staff of the university at the present time, and how many are to be brought in and given these positions apart from the present staff of the University of Wisconsin?

Mr. LONG. I do not know just how many of those will be recruited from the outside.

Mr. MONAGAN. Has the university been involved in any projects having to do with land reform in South America or Latin America up to the time of this contract?

Mr. LONG. No, sir, not involved. I do not think so. I am not certain on this point, except to the extent that Dr. Penn was hired as a consultant on two occasions and Dr. Parsons, not with our Agency but I think with OAS.

Mr. MONAGAN. Is there any body of professional people available in Latin America, either in the field of agriculture or in the field of law that would have competency in this field and would be able to give assistance in this area?

Mr. LONG. I would assume so.

Mr. MONAGAN. You didn't make an investigation of that?

Mr. LONG. I didn't make a thorough investigation of who is available and who is not. The University of Wisconsin is committed to working out arrangements with such resources as they can find available.

Mr. MONAGAN. But in determining the necessity for the contract in the first place, it does seem to me, as has been partially suggested before, that it might be advisable to investigate, first of all, what studies are available now; secondly, what personnel we have in the AID agency, the embassies, the Department of Agriculture, and economic attachés throughout South America, and then what people in the universities, law faculties, and the agricultural departments at Latin American universities might be available to assist in a study like this, rather than bringing in some people who have had no contact with the area at all.

Mr. LONG. As I say, we had a meeting in Santiago of our people and we tried to bring into it all of the Agency's people who felt they were knowledgeable in this field, and we will, through the contract, involve the working out of relationships with such resources as can be brought to bear on it.

Mr. MONAGAN. It certainly would have a substantial effect on the cost of the contract. Someone spoke about the need for doing work on the spot. If there were people on the spot that could do these things, instead of transporting them down with some pretty substantial transportation charges. There are some, I note, of $4,000 a year, which would be between three and four round trips between the United States and South America. It would seem to me that would be an important consideration.

Mr. LONG. It would certainly be an important consideration in determining the total effectiveness and total amount that could be accomplished under the contract.

There is a tremendous amount of knowledge needed to have effective land reform programs in Latin America.

Mr. MONAGAN. Mr. Davis worked on them in Formosa and Japan. They were able to complete very thorough land reform and effective ones there in 2 years.

Mr. LONG. Correct. And I think he also pointed out, and I know this is true in India where I had some experience, that a tremendous amount of data are accumulated as a matter of normal governmental administration in those countries, which would surpass what we have in this country in many respects.

Mr. MONAGAN. In this country perhaps, but you don't know whether that knowledge may be available in some of these countries in Latin America or not.

Mr. LONG. I do know that it is not.

Mr. MONAGAN. This wasn't investigated from what you said.

Mr. LONG. It has been investigated by many people. And people in FAO and U.N., and so forth. I have tried very very hard to search the literature for some of the information of the kind that is readily available in an average Indian village—productivity per acre, the information on the size of the farms, the very basic kind of information that is necessary to have any kind of a successful land-settlement project or land-reform program.

So it is amazing to everyone concerned, I think, to find out how little information is available in most of these countries.

Mr. MONAGAN. Thank you, Mr. Chairman.

Mr. HARDY. Any questions, Mr. Reuss?

Mr. REUSS. No questions.

Mr. HARDY. Mr. Meader?

Mr. MEADER. No questions.

Mr. HARDY. Doctor, this contract has a security clause in it, but does it have a requirement for loyalty oath in it?

Mr. LONG. I am sorry, I didn't hear.

Mr. HARDY. The contract we have been talking about, does it have a requirement for loyalty oath in it?

Mr. LONG. Oh, I don't—I am not competent to testify on this, sir. But someone in the room can, I am sure, testify as to what the specific provisions in the boilerplate of the contract are.

Mr. REDDAN. Doctor, are you familiar with the recent correspondence from the University of Wisconsin with respect to security provisions of the contract?

Mr. LONG. No, sir.

Mr. REDDAN. Have you seen a letter addressed to Mr. V. Webster Johnson, by Prof. Raymond Penn under date of August 3, 1962, on this subject?

Mr. LONG. I don't believe I have seen it. No, sir.

Mr. REDDAN. You have not seen that one.

I show you another letter that Miss Seymour is bringing down there and ask you if that one has been brought to your attention?

Mr. LONG. I don't believe I have seen either of these letters. They didn't involve me in any way, at least. If I saw them, I paid no special attention to them.

Mr. REDDAN. Dr. Long, as nearly as we can determine from the files, you apparently had the earliest contract with this American Bar Foundation proposal. Would you please tell the committee when this American Bar Foundation proposal first came to your attention?

Mr. LONG. I believe on the 31st of May, 1961, Mr. Robert Wagner, who was then in the State Department, called me and asked me to attend a meeting with Dean Stason, Mr. John Randall—who was the chairman of the agrarian planning committee of the Bar Foundation—and Mr. O'Leary, to have this meeting with Mr. Milton Barall who was at that time Assistant Secretary of State for the Latin American region. I attended this meeting, and Dean Stason and Mr. Randall outlined the Bar Foundation's long interest in work in this field, and Mr. Barall indicated to him that the State Department was indeed very interested. And Dean Stason had indicated they were expecting to hold a meeting of their committee in the next month or two and would like to have someone from the State Department, or AID or both attend the meeting.

Mr. REDDAN. Was this a proposal that they be given a contract by ICA or be financed by the Government?

Mr. LONG. I am not real certain on this point. They had a proposal with them.

Mr. REDDAN. Do you have the proposals with you? There is one dated January 1, 1961. This was a proposal for what, sir?

Mr. LONG. I believe they had a proposal with them at that time pertaining to a conference that they wished to hold.

Mr. REDDAN. A 2-week institute?

Mr. LONG. "Institute" was the wording they used, I believe.

Mr. REDDAN. Did they propose to bring to the United States several persons from Latin America to discuss the problems of agrarian reform?

Mr. LONG. This was the general nature of their proposal, as I recall it; yes, sir.

Mr. REDDAN. Do you have the proposal there?

Mr. LONG. Now, I have January 1961.

Mr. REDDAN. Did they have a budget attached to that?

Mr. LONG. They had a budget; yes, sir.

Mr. REDDAN. What was the total?

Mr. LONG. The total budget was for $175,000.

Mr. REDDAN. That was to cover what period, sir?

Mr. LONG. One year, I would assume; or basically the 2 weeks of the conference, plus some extra work for a year.

Mr. REDDAN. You had this conference, you say, in May at the State Department?

Mr. LONG. Correct.

Mr. REDDAN. What was the purpose of the conference?

Mr. LONG. The purpose of the conference was, I suppose, Dean Stason and Mr. Randall wanted to discuss this with the State Department. I was not a participant so much. I was just invited to sit in and listen to the conference. I had no purpose other than that.

Mr. REDDAN. Was this for any other purpose than, as far as you can determine from the meeting, to inform the State Department of the nature of the activity of the American Bar Foundation's proposed seminar?

Mr. LONG. This was the purpose, so far as I could determine. And there was a good deal of background discussion about the Bar Foundation's broader perspective of interest and capability.

Mr. REDDAN. Was there anything said at that time about the Federal Government financing this operation?

Mr. LONG. Mr. Barall made some general statement, as I recall, to the effect that this was the sort of thing that the State Department was indeed interested in.

Mr. REDDAN. What was the next thing you did with respect to this proposal after the conference?

Mr. LONG. After this conference?

Mr. REDDAN. Yes.

Mr. LONG. I was asked to go to their meeting, which turned out to be in July, on the 14th I believe, 1961, a meeting of their technical advisory committee.

Mr. MEADER. 1961, did you say?

Mr. LONG. That is right, sir. And at this meeting, which assembled some people from the universities, and from the Department of Agriculture, I was the only representative of ICA, State Department; and they spent the time discussing a rough draft on an earlier draft of a paper of a technical nature which had been prepared by their committee—and we spent the day, as I recall it, discussing primarily the technical aspects of this paper. We did not, as I recall, get into any discussion of a proposal as such.

Mr. REDDAN. Well——

Mr. LONG. My part in it, by the way, was to try to outline a little bit the new structure of AID and its new goals, and so forth.

Mr. REDDAN. Was there any suggestion at that point that AID become involved as a party to a contract—or ICA, at that time?

Mr. LONG. There was no suggestion, but it was my feeling that the nature of Mr. Barall's comments had indicated to them that AID should perhaps wish to look at this proposal, of this sort, seriously.

Mr. REDDAN. For what purpose?

Mr. LONG. For financing purposes.

Mr. REDDAN. Where do you find that?

Mr. LONG. As I say, it was my assumption; or it is my assumption now, a recollection from the conference in Mr. Barall's office.

Mr. HARDY. Had State Department wanted ICA to finance this thing?

Mr. LONG. As I recall, he said something to the general effect that if this conference were conducted it would be ICA's responsibility; therefore, you should go to this conference.

Mr. REDDAN. Go to the conference as an observer or in the capacity to commit——

Mr. LONG. Not in the capacity to commit; no, sir.

Mr. REDDAN. What were you doing there other than just observing?

Mr. LONG. Nothing. I did go as an observer and we discussed—I made a few comments on the technical aspects of this paper on land reform.

Mr. REDDAN. What was the next thing that occurred in the chain of events? This was conceived by the American Bar Foundation as an institute which they were going to hold on agrarian reform. Is that right?

Mr. LONG. Yes. Although at this discussion on that day the technical people concerned did discuss a good deal the necessity for research in order to make the conference meaningful, both in its preparation and in its followthrough.

Mr. HARDY. I am having a little trouble understanding why, if the American Bar Foundation was planning to conduct this kind of an operation—why did somebody in the State Department or ICA try to see if they couldn't find some way to get them to accept some ICA financing?

Mr. LONG. They didn't, so far as I know.

Mr. HARDY. I understood you to attribute such an indication to Mr. Barall.

Mr. LONG. I am sorry. I misunderstood your comment.

Mr. HARDY. They hadn't come in to ask for any money to finance?

Mr. LONG. They came in with their proposal of January 1961, which has a budget in it.

Mr. REDDAN. Proposal for what?

Mr. LONG. Conference. And as I say, it was a conference to be preceded by a certain amount of investigative work and to be followed by translation of papers and publications and so forth.

Mr. HARDY. That proposal specifically anticipated Federal financing of this thing?

Mr. LONG. My recollection is that this was implicit in some way. But I just cannot testify accurately on this point, sir.

Mr. HARDY. You got a different recollection from the impression I get, from what we have. I had not understood that the American Bar Foundation came in for the purpose of getting Government fi-

nancing. It is very seldom you find any organization of Americans that won't accept Government financing if they can get them to do it. But I hadn't understood that——

Mr. LONG. I am under the impression this is why they came to State Department to discuss these possibilities.

Mr. HARDY. Is there anything in the documentation that would support that, that you know of?

Mr. LONG. I believe Dean Stason has himself written a chronology of events which someone here may have.

Mr. REDDAN. Do you have that?

Mr. LONG. No; I don't.

Mr. REDDAN. Is there anything in your records which would indicate prior to November 20, 1961, there was any suggestion on the part of the Bar Foundation that this might be financed by the Government?

Mr. LONG. Prior to November 20?

Mr. REDDAN. Prior to November 20, when you received a letter from Mr. Stason.

Mr. LONG. I don't know just what the record shows on this. I would like, if we could at this time, to get this statement from Dean Stason and examine it.

Mr. HARDY. If you can get it, I wish you would, because we are faced with this kind of a situation; looking at this thing sitting up here it looks as though somebody in Government deliberately was trying to see if they couldn't find some way to spend Uncle Sam's dollars on something that other agencies were prepared to do.

Mr. LONG. This is not correct, to my knowledge. Dean Stason came with this proposal to the State Department and elaborated his ideas to what they could do and Mr. Barall indicated that this was in the U.S. interest.

Mr. MEADER. What was the budget? Didn't you say that the January 1, 1961 proposal had a budget?

Mr. REDDAN. $175,000. Mr. Long, I show you a photostatic copy of a letter addressed to Dr. Fei by Dean Stason, dated September 6, 1962, and ask you whether that is the document you referred to as containing Stason's chronology of events.

Mr. LONG. I think perhaps it is. As I say, I haven't——

Mr. REDDAN. When did Dean Stason write that?

Mr. LONG. September 6 of this year.

Mr. REDDAN. This year?

Mr. LONG. Yes.

Mr. REDDAN. The committee received it yesterday.

This purports to be his recollection of a conference that took place in the spring of 1961.

Mr. LONG. This is a summary of all the event from the beginning of their work in this field.

Mr. REDDAN. Does he say anything in there about coming to Washington in the spring of 1961 to get Government support for the conference they were to hold?

Mr. LONG. Not as such; no, sir. I don't see it, that is.

Mr. REDDAN. That is the document you were referring to before?

Mr. LONG. I have now a more complete document, and I rather think this is the one I was referring to.

Mr. REDDAN. Is that the——

Mr. LONG. I have very casual knowledge of this document, sir.

Mr. REDDAN. Does the photostat I gave you purport to be a copy of the document you have just been handed by counsel for AID?

Mr. LONG. These are two different documents.

Mr. REDDAN. What is this second document?

Mr. HARDY. Mr. Hoskins, you just handed him that.

Mr. HOSKINS. Mr. Chairman, there are two letters, both from the American Bar Foundation, both signed by E. Blythe Stason, one addressed—pardon me. A letter of September 6, 1962, addressed to Dr. Fei, and another letter of September 5, 1962, addressed to Mr. Harold Weitzen, contracting officer for AID.

Mr. HARDY. Has a copy of that been furnished to us? Why hasn't it been furnished, Mr. Hoskins? You knew of the interest of the subcommittee. Here we art trying to answer questions on something and you have been withholding information.

Mr. HOSKINS. Mr. Chairman, we have certainly been trying to give the committee——

Mr. HARDY. You were able to produce it quite quickly when Dr. Long wanted it; but you hadn't presented it to the committee.

Mr. HOSKINS. Just a moment, Mr. Chairman, let me check one thing.

I was provided, apparently, Mr. Chairman, with copies of both documents, and I certainly had the very strong impression that I supplied both documents to the committee late Friday. Late Friday afternoon we had three trips up here by special messenger, Mr. Chairman, and we submitted numerous documents.

Mr. HARDY. You can understand the feeling I get when you spring a new document when Dr. Long needs it, but you haven't given it to us.

Mr. HOSKINS. That is what I am saying, Mr. Chairman. I was under the impression, on one of the three trips Friday afternoon, it was submitted to the committee. I may be in error; if I am, I apologize and am sorry. But I had no secretary last week, so I was unable to write letters listing all the documents I sent up. We sent maybe 30 or 40 different documents.

Mr. HARDY. I will get one of my investigators to work on this and see if they can find it somewhere between here and your office.

Mr. HOSKINS. Perhaps we have another copy available of this now. I do not know.

Mr. REDDAN. Mr. Hoskins, is this letter that you have there—you say it is addressed to whom?

Mr. HOSKINS. Mr. Harold Weitzen.

Mr. REDDAN. Does that contain anything in support of Mr. Long's statement that——

Mr. HOSKINS. It contains, on the third page, a reference to the meeting in Mr. Barall's office.

Mr. HARDY. Give it back to him and let Dr. Long testify as to what it is in it, so we can get this thing cleared up, and then if we find any inconsistencies subsequently, we will just have to handle them in the report.

I am mighty surprised, Mr. Hoskins.

Mr. LONG. On the first two pages it outlines the background of work that had been done by the foundation in this area, and then on page 3 he says:

On May 31, 1961, John D. Randall, chairman, E. Blythe Stason, administrator, and John C. O'Leary, deputy administrator/librarian, of the American Bar Foundation, met in Washington with Mr. Milton Barall of the State Department, Dr. E. R. Long, agriculture economist with ICA, and Mr. Robert T. Wagner, Foreign Affairs Officer of the State Department. Dean Stason outlined the proposed foundation project. Mr. Barall reviewed the State Department interest under the Act of Bogotá. He suggested that the foundation proposal dovetailed very satisfactorily with the Bogotá resolution and also with the general activities of OAS and the work of the Export-Import Bank. Arrangements were made for an advisory committee meeting and Mr. Barall indicated that representatives from the Government would be on hand at the meeting.

Mr. REDDAN. Does that say anything about the Government financing this?

Mr. LONG. It does not, sir, and my recollection on this point is extremely vague.

Mr. REDDAN. Was another proposal by the American Bar Foundation drafted, a revision of their January 1 proposal?

Mr. LONG. Yes. The next one that I have seen was a revised edition dated January 1962.

Mr. REDDAN. How about October 1961?

Mr. LONG. I am sorry; October 1961.

Mr. REDDAN. Is there a budget attached to that one?

Mr. LONG. Yes, sir.

Mr. REDDAN. This is a revised budget after the meeting which you say you attended which was held at Iowa City, Iowa?

Mr. LONG. Correct.

Mr. HARDY. When?

Mr. LONG. July 14, 1961.

Mr. REDDAN. Is this a new item in that budget that was submitted under date of October 1961?

Mr. LONG. I haven't made this comparison.

Mr. REDDAN. The last one, the last line item in that budget is allowance for assistance of graduate students, $25,000.

Mr. LONG. Yes.

Mr. REDDAN. Was there any discussion at this conference in July as to an item like that being put into the budget?

Mr. LONG. I believe there was. As I say, I was there as an observer and did not make suggestions at this time. But the committee represented many technical people drawn from various sources, and there was some discussion about the general matter of the kind of program that the bar foundation should develop, and it is entirely possible that this item grew out of that general discussion.

Mr. MONAGAN. Was that the only additional item over the prior proposal?

Mr. LONG. Yes, sir, as best I can here determine.

Mr. MEADER. Would that make the total $200,000?

Mr. LONG. $200,000.

Mr. REDDAN. This was still at this time—in this proposal—in the form of an institute to be held by the American Bar Foundation, is that right?

Mr. LONG. An institute, although from the beginning the item there on the preparation of working papers and so forth implied that the

invitees to the conference should do research, and that, as I recall, these graduate students would do research after attending the conference.

Mr. REDDAN. Was it also intended this should be a cooperative enterprise?

Mr. LONG. I don't believe that the details as to what the nature of the enterprise should be were discussed. We did not discuss this budget at that meeting, to my recollection.

Mr. REDDAN. The proposed budget and plan which you have before you there for October, did that discuss the cooperative nature of this seminar?

Mr. LONG. It says it would be cooperative with—I believe this one says that it would be cooperative with appropriate institutes in Latin American countries, and so forth.

Mr. REDDAN. Did it say that those invited from the Latin American countries would be asked to make contributions, financial contributions?

Mr. LONG. I am not certain on that point.

Mr. REDDAN. Did they discuss there the benefits the law schools and the American bar would receive from this institute?

Mr. LONG. They discussed primarily the fact that this kind of an institute would result in a mutual enrichment of the knowledge of legal people interested in this work in the North and South American Continents, and that this exchange of knowledge and competency would very greatly strengthen the legal foundations for carrying out agrarian reforms in Latin America.

This was the general nature of the discussion.

Mr. REDDAN. In the proposal dated October 1961 on the next to the last page, the last sentence in item 2 and in item 3, would you read those, please?

Mr. LONG. Is this item 8?

Mr. REDDAN. No, item 2, the next to the last page. I am not counting the budget. The last sentence on item 2.

Mr. LONG. On their departure?

Mr. REDDAN. No.

Mr. LONG. On which page?

Mr. REDDAN. These pages are not numbered. It reads:

> Our law schools will benefit thereby—

referring to the conference.

And No. 3:

> Through this cooperative enterprise American lawyers will learn much about the law as it exists in countries other than our own. The proposed institute would constitute an important educational factor for the American bar.

Now was that particular part of the proposal discussed at the conference in July?

Mr. LONG. Not in this detail. This paper, of course, was written subsequent to the conference.

There was, as I say, a general discussion about the advantages which would accrue from the better comprehension of legal people in the United States and in the Latin American areas, better exchange of information; that this would be mutually beneficial. But I am certain that it didn't take this specific term.

Mr. REDDAN. Were there discussions as to how this would be financed, this conference?

Mr. LONG. Not to my recollection.

Mr. REDDAN. Did you receive a letter under date of October 27, 1961, from Dean Stason?

Mr. LONG. Yes, sir.

Mr. REDDAN. Does he state in that letter anything with respect to financing of the conference?

Mr. LONG. I don't see it, sir.

Mr. REDDAN. The second sentence:

I am also sending copies to Dr. Bachman and Dr. Steele, both of the U.S. Department of Agriculture. * * * Mr. Randall and I have been in touch with the Johnson Foundation and we think there is some likelihood of interest on this part.

Mr. LONG. Yes.

Mr. REDDAN. Do you know what Dean Stason is referring to there?

Mr. LONG. My recollection on this point, based on conversation, is that he was hopeful of inducing the Johnson Foundation to provide the physical facilities, the buildings, that is to stay, in which the conference would take place. There may have been some other items, but this is what I recall.

Mr. REDDAN. You have no recollection of any discussion as to a financial contribution by the Johnson Foundation?

Mr. LONG. Not at that time, no, sir. There may have been. I recall the buildings aspect of it.

Mr. MEADER. Where are those buildings located?

Mr. LONG. I believe this is Johnson Wax Foundation, and I am not sure where their buildings are, but I understand they have some facilities on a lake somewhere.

Mr. REUSS. They are located about a mile north of the city of Racine, Wis., a building designed by Frank Lloyd Wright, which is quite beautiful. Come to see it.

Mr. HARDY. I appreciate the invitation.

Mr. REDDAN. Does that make any expression that AID finance this conference?

Mr. LONG. No, sir.

Mr. REDDAN. Did you have any conversation with Mr. Stason or the American Bar Foundation between that time and November 20, 1961?

Mr. LONG. I could not be certain, but I rather doubt it, between October 27 and November 20. But I have no firm recollection on that matter.

Mr. REDDAN. You have no notes or any communications from Mr. Stason?

Mr. LONG. I have a letter of November 20.

Mr. REDDAN. Yes, November 20. That is addressed to you by Mr. Stason?

Mr. LONG. Yes.

Mr. REDDAN. Would you read the last paragraph of that letter, please, sir?

Mr. LONG (reading):

If we can reach a satisfactory end result in the form of a contract with AID, this will be most gratifying.

Mr. REDDAN. Did that come as a surprise to you?

Mr. LONG. No, sir; it did not.

Mr. REDDAN. Where has this been suggested before? I am a little——

Mr. LONG. As I said, my understanding was that when Dean Stason brought the original proposal in to the State Department, it was as a proposal for financial assistance for the conference, and the other items related thereto, from some portion of the State Department, either directly from State or from ICA. This was my recollection of the character of those conversations and of all the conversations after that.

Mr. REDDAN. Had you been helping the Bar Foundation develop this conference?

Mr. LONG. No, I had not.

Mr. REDDAN. The sentence just preceding the one that you read reads:

> Conversely, when your reorganization is completed, we hope to have an opportunity to work further with you and your associates in developing our project.

What does that mean, "work further"?

Mr. LONG. Well, he had been in contact with me. I had been sent out to the conference out there, and we had on a technical basis discussed what they were going to do, and I don't recall the character of our discussion up to that point. But I did not work with them, to the best of my recollection, on anything pertaining to the budget.

From the beginning it was my understanding that this was a proposal to the State Department, and I had been asked to attend this meeting and participate as a technical person in the meeting.

Mr. REDDAN. A proposal for what purpose?

Mr. LONG. For this conference.

Mr. REDDAN. But it was not a proposal to be financed by the State Department?

Mr. LONG. It was my understanding it was.

Mr. REDDAN. If you will, please tell the committee from what you get such an understanding. There is nothing in the files, and we can find nothing that would suggest that was the purpose of the conference. If you will please tell the committee where you did reach that understanding, I would be very happy.

Mr. LONG. I am trying to the best of my recollection to say that this was the character of the discussion at the meeting in the State Department with Mr. Barall, and I was asked to go there for this reason, to this meeting.

Mr. HARDY. In other words——

Mr. LONG. To monitor, as it were, the discussions that were going on.

Mr. HARDY. Who asked you to go to the meeting? Did Mr. Barall ask you to?

Mr. LONG. Yes, sir.

Mr. HARDY. Who made this presentation on behalf of the Bar Foundation?

Mr. LONG. At the meeting?

Mr. HARDY. Yes.

Mr. LONG. Primarily Dean Stason, but Mr. Randall also.

Mr. HARDY. Had Dean Stason talked to you before you went to the meeting?

Mr. LONG. No, sir. I met him that day.

Mr. HARDY. But you were given to understand verbally that the whole purpose of this was to try to induce the State Department to put some money into this proposition?

Mr. LONG. It was a proposal that the Bar Foundation had been working on for a good period of time. They had some of their own resources. They were talking, perhaps subsequently to this, about the Johnson Foundation, I am not certain, and they were asking for the State Department's assistance. This is my best recollection of this conference.

Mr. HARDY. That is the thing I want to try to understand, where did this come from. The file doesn't reflect it.

Mr. LONG. The file is ambiguous on this point.

Mr. HARDY. Here is a budget that was submitted, but for what purpose it was submitted isn't clear from the records. We were trying to determine where you got this impression that they were coming in there with a proposal for State Department financing, and evidently you got it from oral discussion, if I understand what you are saying.

Mr. LONG. That is correct.

Mr. MEADER. Mr. Chairman, I'm sorry Mr. Reuss has left. I have to bring up the university.

Dean Stason is former dean of the University of Michigan Law School. I am going to suggest probably he is a scholarly gentleman who doesn't come right out bluntly and say, "I want you to give me some money," but when he comes down here and talks to the State Department about something, and has a list of costs in his hand, it is perfectly natural to assume that he wants the State Department to give him some money.

Mr. LONG. I think this is a very good statement.

Mr. HARDY. I take it that you make those observations from first-hand knowledge.

Mr. MEADER. Well, I think it was more than just a social visit.

Mr. REDDAN. Dr. Long, did Mr. Stason finally get around to asking you for money?

Dr. LONG. When he sent in these proposals——

Mr. REDDAN. Do you have a letter of February 12, 1962, addressed to you?

Mr. LONG. Yes, sir.

Mr. REDDAN. Is that a specific request for funds?

Mr. LONG. It is a reference to a letter which he is addressing to Dr. Fei, even though he misspells the name, and a suggestion that he would like to visit with him and with me and any other people in the Agency with respect to his proposal.

Mr. HARDY. Anybody that could open the purse strings.

Mr. REDDAN. Will you read the second paragraph of that letter, please?

Mr. LONG. Yes, sir.

In regard to the proposed team to go to Latin America in advance of the project, may I suggest after discussing the matter with John Randall we feel that we will make the best progress if we ask Prof. Jacob Beuscher to represent our project. He has a scholarly grasp of the subject matter and will, I believe, give us the best results. I shall be interested, however, in checking this point further with you.

Mr. REDDAN. Who is Prof. Jacob Beuscher?

Mr. LONG. He is a professor of law at the University of Wisconsin.

Mr. REDDAN. The proposal was attached to that letter. Did that contain a budget?

Mr. LONG. That would be the proposal of January?

Mr. REDDAN. January, 1962, yes, sir.

Mr. LONG. Yes, sir.

Mr. REDDAN. How much was it?

Mr. LONG. $250,000.

Mr. HARDY. You have me a little bit mixed up here.

You are talking about a proposal from the American Bar Foundation now for this study?

Mr. REDDAN. Yes.

Mr. HARDY. This research business?

Mr. REDDAN. Yes.

Mr. HARDY. Haven't we gotten ahead of ourselves a little bit? Wasn't this study encompassed in the original proposal for the University of Wisconsin contract?

Mr. LONG. Is this a question to me, sir?

Mr. HARDY. I am just posing it wherever I can get an answer.

From what I have reviewed of this file I had gotten the impression that the original proposal from the University of Wisconsin embraced this legal study also. I think we are getting now into a build-up of the costs in this American Bar Foundation contract, whereas I had gotten the impression that this was included in the original proposal from the University of Wisconsin to do the legal as well as the——

Maybe this business is covered in their present contract.

Mr. LONG. Sir, my understanding of the earliest Wisconsin proposal is no different from the final arrangement with the University of Wisconsin, namely that they had a small item of legal research, or legal support for their general economics investigations. The scope of the work which has been discussed so much here was lifted from—in its essentials, from their general statement of the scope in the first formal submission to the Agency. And their plan of work, or their set of objectives listed about 15 objectives, one of which was to do the legal research necessary to make the economics research viable. It was not a major item.

Mr. HARDY. What are we concerned with? First of all we are concerned with legal research to support the economic research, isn't that right?

Mr. LONG. That necessary amount, that minimum amount, which is necessary to make their economic research reliable and meaningful. It can come into existence or it cannot, depending on what they are investigating.

Mr. HARDY. All right.

What they proposed was adequate legal research to give substance to the economic research that they were proposing; isn't that right?

Mr. LONG. That is correct.

May I use an analogy, sir? The same sort of situation would arise with respect to soils. In order to make an investigation of a colonization project, they might find that the soils in the situation was strategic. This would be identified. But it would not be a major item of research under the Wisconsin contract.

Mr. HARDY. But the research that was a matter of basic concern was the research on land tenure; is that right?

Mr. LONG. The economics of land utilization, and agrarian structure and administrative aspects; yes, sir.

Mr. HARDY. That is the matter which was of fundamental concern. Now the University of Wisconsin proposed to make a study of that and they proposed also to do the legal work that was necessary to give that reliability. Is that right?

Mr. LONG. To the economics aspect of the study.

Mr. HARDY. That is what I am talking about. They proposed in their contract to do all the legal work that was necessary to back up their economic research; is that right? You don't want to suggest that they were going to do a halfway job on the legal business?

Mr. LONG. I am suggesting though, and stating that the amount of legal research necessary to make economic research viable and reliable is not the same as the amount of legal research necessary to do an adequate study of the legal aspects of land tenure in Latin America. By no stretch of the imagination are these two things comparable.

Mr. HARDY. What you are saying, your judgment is better than the University of Wisconsin's.

Mr. LONG. No, sir; I am not. The University of Wisconsin never did intend to do the amount of research or the type of legal research that is envisioned in the Bar Foundation contract.

Mr. HARDY. That may be so, but they certainly intended to do the legal research which would be adequate for the economic research they were going to do.

Mr. LONG. That is right.

Mr. HARDY. So what you are saying now is that you decided that wasn't enough legal research, that you were going to do a lot of legal research that is not at all necessary for economic research.

Mr. LONG. Pardon me, I didn't get your last point.

Mr. HARDY. I think it logically follows; if they propose to do all the legal research which was necessary to make the economic research reliable, then what you have now proposed or what is now contemplated by the Bar Association is far beyond that and is something that wasn't necessary at all from the standpoint of economics.

Mr. LONG. From the strictly economics research, that is right, in the same way that a certain amount of soils research——

Mr. HARDY. You are going to get a lot of information you haven't any use for.

Mr. LONG. No, sir, this is not true. The land tenure structure is deeply rooted in the legal problems of the country and this needs research.

Mr. HARDY. To the extent that is so, as far as it related to the economic study they were going to make, they were going to do an adequate job.

Mr. LONG. But only insofar as the economics investigation is required.

Mr. HARDY. That is what they were doing it for, weren't they? It looks to me like the contract which they proposed didn't spend enough money, so you said we will pull it out, we will let you have all of the money you asked for before, we are going to include in your

contract all you asked for for your legal work, too, but we are not going to make you do that legal work; we are going to give that to American Bar Foundation and instead of giving them $250,000 we are going to give them $750,000. In other words, boys, get out and spend this money; you can do it somehow; you can get a lot of stuff that maybe we can use.

Mr. LONG. We did not take any money out of the Wisconsin contract nor did we take out any reference to legal.

Mr. REDDAN. Does your final contract refer to legal research?

Mr. LONG. The scope of the work in the final contract is the same as the scope of work which was submitted in the original budget. We did not detail the legal, we did not detail all of the other items which would normally go in a plan of work.

Mr. REDDAN. Did the contract make any reference whatever to legal work?

Mr. LONG. I am not certain that it does. I didn't write the contract. I don't believe it did.

Mr. MEADER. Mr. Chairman, on behalf of the legal profession, I think I ought to get into this discussion.

Mr. HARDY. I need help. You are my counsel.

Mr. MEADER. I don't like the implication that all this legal research is unnecessary.

Mr. LONG. Thank you, sir.

Mr. HARDY. Don't be surprised what implications you may get from some of my questions.

Mr. MEADER. Dr. Long, I would like to talk about the substance of this research work related to this very question on the legal aspects of land reform. You are one of the authors on the list at the Library of Congress, so I assume you are a qualified expert.

Mr. LONG. Not in the field of law, sir.

Mr. MEADER. But in the field of land tenure and agrarian reform.

Mr. LONG. Yes, sir.

Mr. MEADER. At least for the purpose of these questions.

Now, the problem of land reform basically is whether or not the pattern of the agriculture economy of a country is sound for adequate production of agricultural products. It involved laws, the way property is held. It involves matters of taxation, it involves matters of tradition, historical social relationships, perhaps going back to some aspects of the feudal system in Spain.

Mr. LONG. Correct.

Mr. MEADER. Of land holdings.

Now, wouldn't a great portion of any research necessarily involve law tied in to these social customs and into these property rights? How could the University of Wisconsin, for example, make a comprehensive study and come up with any reasonable conclusions about proper patterns of agricultural holdings without devoting a good deal of attention to the laws of the countries in which the studies are made?

Mr. LONG. They would have to devote some attention to it and this is the reason that the contract indicated some attention to the legal research. The kind of land-reform problems that are ahead of us in Latin America, as I see them, involve a great deal of investigation as to the economic efficiency of various sizes of holdings on given types of land——

Mr. MEADER. What we call latifundia and minifundia.

Mr. LONG. And settling the public domain and irrigation projects, et cetera, and this is primarily an economics problem. I agree fully with you that we need——

Mr. MEADER. You participated in this seminar on agrarian reform in Santiago, February 21 to 24, 1961. I find in there a reference to the law passed in the State of São Paulo, Brazil, in which the taxation of real property was increased and the taxation was more burdensome on usable real property which was not being used; is that correct?

Mr. LONG. I understand so, yes.

Mr. MEADER. That involves primarily a legal problem, the drafting of legislation, for the State of São Paulo, and the economics are so closely tied to the legal aspects and the political aspects of getting some law passed that I don't see how you can compartmentalize any such studies.

Mr. LONG. And expertise in the field of taxation. I certainly do not quarrel with the idea that we need research in the legal aspects and that this should be coordinated with the research on the economics aspects, but the balance and proportions between the two depend upon the character of resources you can mobilize; and the University of Wisconsin did agree to provide the resources necessary to make their economics investigations reliable.

Mr. MEADER. What is there left? If you agree with me that the legal aspects, the changes in the laws relating to property and taxation and so on are so intimately bound up with the economics aspects that you can't separate them, what is there left to be done if that part of the legal research is done by the University of Wisconsin, what is there left to be done by anybody outside?

Mr. LONG. I again can only reiterate what I have tried to say, and that is that the proportions can be very, very different. I have written an article on land reform in India, which I think may make some contribution to India and to an understanding of this problem, and it was on the problem simply of the economics of the size of the holding, and it constituted an argument against collective farming, if you wish, sir, and this was not, obviously, didn't have any legal analysis in it because I am not competent in this legal area.

There is a great deal of information which we need, and desperately need in Latin America to make our efforts successful which are strictly of an economic and technological nature; and we also need some information on the legal side. The University of Wisconsin was willing to provide some of the legal research, particularly that which was enough to identify the legal limitations of their economics research.

I cannot testify to the character of legal research proposed under this, because we have experts on legal research in the room. I am not one of them.

Mr. HARDY. If you will permit, Mr. Meader, I think the point you are bringing up is aptly demonstrated by the Bar Foundation itself in this letter of February 6, 1962, addressed to Dr. Fei. Now, they recognize the inseparability of these different aspects of this problem, and in this letter, they say this:

> It is our intention that both in the research phases and the conference itself we shall utilize the special competence not only of lawyers but also of economists, agricultural experts, political scientists, and sociologists.

So you have these groups duplicating work and both of them realizing that. Well, at least the Bar Foundation realizes that you can't do a legal job without getting into some of the economic aspects of it.

And what you have done, you have gone ahead and pulled this legal stuff out of the University of Wisconsin contract, you have put it in the Bar Foundation contract, and they are telling you right straight out that they are going to have to use economists and even socialogists in this. I don't know why they haven't got a few psychiatrists in there.

Mr. LONG. Mr. Chairman, on this point, I would argue that there is not any duplication. There is overlap in the sense that each requires the other kind of technical competence. Each has a well-staked-out area of research and they are well and thoroughly coordinated and it requires this much resources, in my opinion, to scratch the surface of the needs of Latin America.

Mr. HARDY. I give you credit for believing in order to justify your support of the proposition.

Mr. LONG. Pardon?

Mr. HARDY. I give you credit for believing, in order to at least justify your support, the way you have it set up.

Mr. LONG. I believe in it very deeply.

Mr. HARDY. I don't question that for a second.

Now, Mr. Johnson, if you want to get into this picture, go right ahead. We will see if we can't entertain you as well as we did Mr. Davis.

Mr. JOHNSON. Mr. Chairman, I just want to give concrete examples; sometimes it is better.

Wells Hutchens, who was in the Reclamation Bureau and was on my staff at one time, when I was head of Land Economics, wrote a book on water law, which is a treatise that deals with the law and brings in just a little reference to land and the supply of water and so forth. Solberg has recently written a book on rural zoning—you can get these books in the library—on world zoning, which is largely legal treatises.

I can give other examples of legal research that are very fundamental and basic, that lie completely, you might say, in the legal realm, but have a relation to the economics field, and they are in this overlapping area where it is absolutely necessary to get the law and economics tied together.

Now, an example of that would be, as you all know, land tenure in a sense is a bundle of rights, subject to certain reserve powers of the Constitution. One is the police power, one is the eminent domain, one is the taxation.

How land rights are shared, give rise to different types of estates or interests in land that affect the use of land which is an economic matter.

Mr. HARDY. I don't know what you would prove.

(Discussion off the record.)

Mr. HARDY. I have had a little trouble applying your example to the thing that we have.

Mr. JOHNSON. If you wish me to repeat, I will do so.

Mr. HARDY. Let me ask you a question.

When did you first become familiar with the University of Wisconsin contract?

Mr. JOHNSON. Well, I came back from the Middle East. I was in Iran. I came back in October and then I went on home leave, and then joined the Agency in January. I was actually transferred to the Washington office on the 26th of January. I think the early part of January Dr. Long gave me a copy of the September 1961 proposal.

Mr. HARDY. Did you read it?

Mr. JOHNSON. Yes. I read the proposal.

Mr. REDDAN. Are you talking about the Bar Foundation contract?

Mr. JOHNSON. I am talking about Wisconsin. I also read the Bar Foundation. I think that was a little later. But I read both of the proposals rather carefully; in fact, very carefully.

Mr. REDDAN. When did you do this?

Mr. JOHNSON. I read the Wisconsin proposal, I am sure, in January, early January, before I was actually transferred to the staff. I was on TDY, and shortly thereafter—I am positive that February—I think there was a Bar proposal, and I read that.

Mr. REDDAN. Do you have any notes on that which would refresh your recollection since you were interviewed by the staff on August 31, Mr. Johnson?

Mr. JOHNSON. I was interviewed——

Mr. HARDY. By the staff of this committee. Actually you are testifying contrary to information which was furnished to me by the staff of the committee.

Mr. JOHNSON. I don't——

Mr. HARDY. You are testifying contrary to information which was given to me as being your statement.

Mr. JOHNSON. What was the statement?

Mr. HARDY. That you haven't even read the proposal.

Mr. JOHNSON. No.

Mr. HARDLY. Just a minute.

That you hadn't read the Wisconsin proposal at the time you drafted a memorandum, for the signature of Mr. Weissman, to Dr. Fei.

Mr. JOHNSON. That was a mistake. I left the wrong impression. I had not read the contract, but I had read the proposal. If I left the wrong impression, I am sorry for that; but I certainly had read the proposal.

Mr. HARDY. As a matter of fact——

Mr. JOHNSON. But I hadn't read the contract.

Mr. HARDY. I had a report of a conversation with you. You were asked how you could justify writing the memorandum for Mr. Weissman to sign, when you hadn't read the proposal.

Mr. JOHNSON. That is in error. I had read the proposal. I have no recollection—I did not, and even not to this date have I read the Wisconsin contract carefully, but I read the proposal. If I left a wrong impression, I am sorry about it. Certainly I have read the proposal.

Mr. REDDAN. What good would it do you to read the proposal? The contract is what you were trying to bring together with the Bar Foundation proposal. Weren't you interested in showing that there was no overlapping or duplication?

Mr. JOHNSON. There is a certain amount of overlapping. There should be in order to have good cooperative research.

Mr. REDDAN. How far should it overlap?

Mr. JOHNSON. Depending on the field you are working in. In some phase, as Dr. Long pointed out, you wouldn't have any overlapping. In some you would.

Mr. HARDY. You drafted, I believe, a memorandum for Mr. Weissman to sign, to Dr. Fei, dated May 25, 1962.

Mr. JOHNSON. That is right.

Mr. HARDY. You have just testified you had not read the Wisconsin contract.

Mr. JOHNSON. That is right; at that time. I still haven't read it, even to date, carefully. I have thumbed through it.

Mr. HARDY. Here is what you said in your memorandum, the one you prepared for Mr. Weissman's signature:

> The program of the University of Wisconsin will center around economic, legal, and physical factors that conditions the use and occupancy of land. The main emphasis will be on the study of economic problems and the training of Latin American students in land economics. The American Bar proposal will center on a study of legal problems thus the two contracts would appear to blend nicely together.

You made that statement for somebody else to sign, and you hadn't even read the contract.

Mr. JOHNSON. No, but I read the proposals. I was very familiar with the Wisconsin proposal and——

Mr. HARDY. I submit that is not the kind of performance I would expect of governmental employees.

Mr. JOHNSON. I was just asked to give——

Mr. HARDY. You were asked to prepare a memorandum for somebody else to sign. You prepared something but you didn't have the remotest idea of what you were saying.

Mr. JOHNSON. I'm sorry, Mr. Chairman: that is not true. I am familiar with the subject matter, how the law and economics tie together.

Mr. HARDY. What has that got to do with the contract? It might not necessarily have a thing in the world to do with this contract, and you ought to have sense enough to know it.

Mr. JOHNSON. I have faith in Wisconsin being able to carry out what I read in the proposal.

Mr. HARDY. That hasn't anything to do with what was in the contract.

Mr. JOHNSON. I assume—I read the proposal and I assume that they wrote a good contract based upon it. But it is possible I could have been in error. Sure, I will admit that.

Mr. HARDY. You drafted this memorandum on the basis of an assumption. All right.

Mr. JOHNSON. No, faith in Wisconsin, and a careful reading of the proposal and long experience in land economics.

Mr. HARDY. The more you talk about that the deeper you get in my book.

Mr. REDDAN. How many proposals had the university submitted?

Mr. JOHNSON. Well, as I say, I just came back, and I am not sure on that. I saw one, I saw the September 1961 proposal.

Mr. HARDY. You read that in January. So in May you wrote a memorandum based on an assumption you made after reading the proposal in January. You didn't know——

Mr. JOHNSON. I read it later than January, too.

Mr. MEADER. Let me ask a question, Mr. Johnson.

This was the 25th of May. Apparently this was a part of your official responsibilities, and the Wisconsin contract, as I recall it, was completed 2 weeks before that, on the 11th of May. Why should you not have looked at the contract itself if you were going to make some judgment about whether there was a duplication here in these two contracts?

Mr. JOHNSON. My answer—I will grant it might have been preferable to do so. I am familiar with the type of work at Wisconsin. I was familiar with the proposal, and I felt that under any contract that would be written by competent people it would encompass the work outlined in the proposal, and I still feel that can be done under what I have heard testified to.

Mr. HARDY. Let me make an analogy. You were making analogies. I have recently become familiar with the type of end product that comes out of REPAS. I would not want to judge all the contracts of REPAS by the unsavory observations that I have made thus far. And yet you are making an application of the same kind.

Mr. REDDAN. Did you know there was a proposal in March of 1962 from the University of Wisconsin?

Mr. JOHNSON. I think I did, yes.

Mr. REDDAN. But you read the September 1961 proposal, is that right?

Mr. JOHNSON. I may have read the other one.

Mr. HARDY. I don't believe, Mr. Reddan, we should pursue this any further. I don't think Mr. Johnson knows what he read.

Mr. JOHNSON. I read the Wisconsin proposal.

Mr. HARDY. You don't know what proposal you read. You say you read a proposal. You don't know whether you read the revised ones or not.

Mr. JOHNSON. I read the proposal, a list of things which Wisconsin was going to do, 10 or 12.

Mr. HARDY. I like to have testimony on the basis of fact. I am always happy to get any factual testimony I can. But when we get into the realm of conjecture and assumption, which you are testifying to, it doesn't serve any good purpose to go into this record.

Go ahead. Let's get on something else.

Mr. REDDAN. Mr. Long, to get back to the January proposal, did we cover the budget in that one, sir?

Mr. LONG. I believe you asked a question about it; yes.

Mr. REDDAN. That was for $250,000?

Mr. LONG. Yes, sir.

Mr. HARDY. You are picking up where we left off when I interrupted you?

Mr. REDDAN. Yes, sir.

On page 4 of that contract——

Mr. LONG. You mean of the proposal?

Mr. REDDAN. Yes; of the proposal—which is still a proposal for an institute of agrarian planning, is it not, sir?

Mr. LONG. Yes, sir.

Mr. REDDAN. On page 4, item 3, would you read that paragraph, sir, to the committee?

Mr. LONG (reading):

Since the program is truly a cooperative enterprise, the financial participation of all cooperating nations should be solicited even if some of the contributions are only modest in amount.

Mr. REDDAN. Do you know what that means? Do you know what they intended by that?

Mr. LONG. I do not know what it means, but I assume that it means, and it is my general impression that it means, that the invitees from the Latin American countries should be sponsored, if possible, by their bar associations or their governments, or their institutions by which they are employed; and that this should be solicited, this sponsorship should be solicited, in order to give a sense of participation and mutuality on behalf of the participating countries and institutions.

Mr. REDDAN. Has that same idea been carried over into the letter contract which now exists between AID and the Bar Foundation?

Mr. LONG. I am not certain on this point. Oppenheimer would have to testify on that.

Mr. REDDAN. Are you familiar with the letter to Dr. Fei that accompanied that proposal, the letter of February 6, 1962?

Mr. LONG. I have seen it.

Mr. REDDAN. Do you have that before you, sir?

Mr. LONG. I don't believe I have it.

Mr. REDDAN. I will read the last paragraph on page 2 of that letter, which reads as follows:

Naturally, financial support of the project is a principal concern. We have discussed the matter with the staff of the Rockefeller Foundation and the Johnson Foundation. Although we have not as yet requested definite commitments, we have reasonable assurance of support from those sources, possibly to the extentof $50,000 total. Also, the American Bar Foundation itself, being thoroughly convinced of the worth of the project, will contribute $25,000 to $30,000 of its own funds. However, it is a large project. We originally budgeted $200,000, but as we have studied the matter more fully we have concluded that the research and publication aspects will, if properly carried out, cost more than we at first estimated by at least $50,000.

Do you know, Dr. Long, whether or not the funds referred to by Dean Stason will go into the final contract?

Mr. LONG. I don't know of my own knowledge. I know only this.

Mr. MEADER. Let me see. You intend to provide in the contract, do you, that the American Bar Foundation will put up $25,000 to $30,000 of their own funds, and secure at least $50,000 from other foundations?

Mr. LONG. Mr. Weitzen is in the process of negotiating the contract. I think he could speak to this point, sir.

Mr. MEADER. You don't know.

Mr. LONG. I have not been in on any negotiating.

Mr. MEADER. Is this addressed to Dr. Long?

Mr. LONG. No, to Dr. Fei.

Mr. REDDAN. And Dr. Long referred to this in a letter.

Mr. MEADER. Let me ask Dr. Long if the Rockefeller and Johnson Foundations put up $50,000, the American Bar Foundation put up $25,000 to $30,000 to contribute to this study, do you think they should?

Mr. LONG. Do I think they should?

Mr. MEADER. Yes.

Mr. LONG. I think they should get as much support as they can from other sources.

Mr. MEADER. And your efforts would be to see that those other resources are used along with any funds that are derived from AID, is that correct?

Mr. LONG. As I say, I would have nothing to do with negotiating the arrangements, but I certainly would counsel any organization doing research for us to get as much support as they can from nongovernmental sources in support of it.

Mr. REDDAN. Did you discuss with Mr. Belinky the proposal which had been submitted by the Bar Foundation?

Mr. LONG. I don't recall that I did, sir.

Mr. REDDAN. Since this was the same area, did you think that was something which would be a matter of importance to a negotiator?

Mr. LONG. Well, as I tried to explain, I didn't consider it to be the same area, but as I say, a certain amount of overlap and coordination, but not duplication. My conference with Mr. Belinky was limited to other matters and I assumed, of course, that he knew about it, but I did not personally discuss it, to my knowledge, with him.

Mr. REDDAN. Did you recommend acceptance of this January proposal?

Mr. LONG. I recommended, as I recall——

Mr. REDDAN. On February 27, 1962, did you write a memorandum to Dr. Fei?

Mr. LONG. Yes, sir; as I recall, Dr. Fei had received this proposal under the letter you have just referred to. He sent it out to several people, and I wrote a memorandum to him recommending that he arrange to discuss this proposal with Dean Stason and so forth.

Mr. REDDAN. Would you read the first sentence?

Mr. LONG (reading):

> I strongly recommend that AID arrange as quickly as possible to dicuss this proposal with Dean E. Blythe Stason, Administrator of the American Bar Foundation, and Mr. John D. Randall, chairman of the committee on agrarian planning, with the object of concluding a contract to finance research in the proposed area.

Mr. REDDAN. That was a proposal for $250,000.

Mr. LONG. On a 1-year basis, that is correct.

Mr. HARDY. Is there any outline in that proposal of how much they expected to accomplish in 1 year?

Mr. LONG. Not in 1 year as such. It was an overall proposal with 1 year budget attachment. This $250,000 is expenditures involved in 1 year. Now it does have an item of tuition and so forth for these students for 2 years, but this is because the expenditure has to be made in advance for students.

Mr. HARDY. How long a program was it supposed to be? Did the proposal indicate what the duration would be?

Mr. LONG. I am not certain on that point. The discussion had been that certain aspects of the activities would go on for many years, but those would be the activities in the centers or institutes that would be established and would be not necessarily financed in any way by our Agency.

Mr. HARDY. So then the proposal didn't——

Mr. LONG. The proposal contemplated more than 1 year's research at this time, I am confident of that.

Mr. HARDY. The director was only being employed for 1 year.

Mr. LONG. No, I don't believe this is implied. This is a 1-year budget, as I understand it.

Mr. HARDY. Where do you get the notion that it is going to be a continuing proposition; how do you know?

Mr. LONG. On this point, I recall conversation at the very first meeting of the committee that I attended—the only meeting of the committee I attended—on July 14 of 1961, in which the point was made that this kind of an activity would not be meaningful unless it were carried on over a sustained period of time.

Mr. HARDY. How long a period of time?

Mr. LONG. Oh, various years were mentioned, 5 years, 10 years.

Mr. HARDY. In other words, if this started out as a $250,000 project, it was your contemplation that it would run indefinitely; it would be a continuing budgetary item for ICA. If you supplied $250,000 the first year, you could expect to do at least that much every succeeding year?

Mr. LONG. No, sir; this is not my understanding.

Mr. HARDY. What is your understanding?

Mr. LONG. In the first place, the conferences were what one might call a one-shot proposition. Secondly, the institutes would be arranged and then would hopefully carry themselves. Just how many years of research would be necessary, I am not certain, but it would be more than 1 year. It wouldn't be meaningful if it were attempted in 1 year's time.

Mr. HARDY. It would be difficult to budget Government funds on a definite basis if your projects were set up to run indefinitely.

Here we are going to make a commitment, it is not going to be meaningful, do it piecemeal, but it won't be meaningful if we don't keep it on next year. You people would come back to Congress and say you started a project last year, and you have to have more money for next year because it isn't complete and it won't be meaningful if Congress doesn't give you more funds. And that puts the Congress right over a barrel, because you people at the Agency have made commitments that extend over a period of time, and there isn't anything for us to do at that point but to try to salvage what has already been done.

Mr. LONG. In negotiation of the contract, I am certain a determination would be made as to how long Government financing should be extended, but at this general discussion of the need for this kind of activity, it was determined that it would be necessary that certain aspects continue over a sustained period.

Mr. MEADER. Mr. Chairman; Dr. Long, in the Sunday supplement of the New York Times I read an article by Teodoro Moscoso, and he quoted somebody as saying, some Latin American, "It is 1 minute to midnight." Do you remember that?

Mr. LONG. Yes.

Mr. MEADER. If the situation is nearly as urgent in Latin America, as was indicated by Dr. Moscoso in that article, your research will be done after there is any need for it.

Mr. LONG. This is a commonly advanced argument, and I suppose it has been advanced for the last 20 years and will be for the next 20. The urgency is great, but action will be more intelligent if it is based on sound research and knowledge. And just because a disease is important today, it does not mean we shouldn't be working to get the

facts to correct this or to cure it; and, in my judgment, the imperative need for certain adjustments in Latin America does not make a strong argument that we shouldn't have good facts upon which to base our work in the future years.

It is for this reason, however, that in both these contracts—or rather in the technical discussions leading up to these contracts—I have always argued that the information should be channeled in to the Agency as rapidly and as effectively as is expeditiously possible because we need this information as we go along. We can't wait for publication at the end of 10 years, obviously.

Mr. REDDAN. Doctor, the Bar Foundation's research was to culminate in a seminar or a 2-week institute held in this country, was it not, sir?

Mr. LONG. Not necessarily to culminate. It is my understanding that there will be research following this conference. That is, this was my early understanding. I am not cognizant of what has gone on in recent negotiations.

Mr. REDDAN. In the letter to Dr. Fei from Dean Stason on February 6, 1962, Dean Stason says:

> A 2-week conference of knowledgeable, selected invitees to consider prepared agenda on land laws and to seek conclusions as to the preferred solution.

Now, are you going to seek conclusions as to preferred solutions before they finish their research?

Mr. LONG. It is my understanding that these invitees will be asked to bring with them some materials which they would have prepared from research prior to the conference. At the conference these will be discussed, clarified, and then research monographs prepared following the conference built on the technical contributions of people at the conference.

Mr. HARDY. You view this conference then as a beginning rather than an end?

Mr. LONG. Not a beginning, but at least in the early discussions this is what was in mind. There may have been some rediscussions as to the technique.

Mr. HARDY. Between now and the time of this conference, the invitees are going to get together their ideas and bring them in, in order to come up with some conclusions. This is before the research is done?

Mr. LONG. They are going to do some research before the conference, and it is my understanding that the student participants in the conference would do some afterward. Now, as I say, this matter may have been discussed subsequent to my contact with this program and may have been changed in the light of those discussions. On this point I am not sure.

Mr. HARDY. If I can evaluate the testimony that we have had, about the information currently available, conclusions based on those might be rather dangerous.

Mr. LONG. This is why we need research.

Mr. HARDY. Nevertheless, you are going to hold this conference and draw up conclusions based on nonexistent knowledge. Doctor, I declare, this is just a little out of hand.

Mr. LONG. The question as to whether the conference should be primarily for formulating research to be done or primarily to discuss

research which has been done, I think this point has been discussed various ways and I am not certain as to the outcome.

Each has its advantages and each has its disadvantages.

Mr. REDDAN. Doctor, to go back to your memorandum of February 27, 1962, to Dr. Fei, you strongly recommended immediate negotiation of this contract and acceptance of this proposal; is that right?

Mr. LONG. I strongly recommended that AID arrange as quickly as possible to discuss this proposal, and so forth, with the object of concluding a contract.

Mr. REDDAN. Did you think that was an adequate proposal?

Mr. LONG. I didn't make the judgment that it was adequate in its entirety as a basis for making a contract.

Mr. REDDAN. Did you suggest to Dr. Fei it was inadequate in any respect?

Mr. LONG. No, sir. I realized he would need more competency than mine alone to make this judgment.

Mr. HARDY. Did he have it?

Mr. LONG. He availed himself of other advice within the Agency and I am sure he is prepared to discuss this.

Mr. HARDY. You don't know what competency he did avail himself of to decide on this, do you?

Mr. LONG. Not in detail. I know he availed himself of considerable competence.

Mr. HARDY. You have been represented to us as being his mainstay in this field. Maybe I misunderstood.

Mr. LONG. Sir, I was one of several people who was asked to comment on this proposal and I commented on it within the framework and from the reference point, I should say, of my interest and my competency, but he certainly obtained the competency of legal people.

Mr. HARDY. He didn't need anyone else but yours?

Mr. LONG. Oh, he certainly did. I could not comment entirely on the legal aspects of research.

Mr. REDDAN. All right, did the Bar Foundation submit a subsequent proposal on April 30, 1962?

Mr. LONG. Yes, they did.

Mr. REDDAN. What was the budget on that?

Mr. LONG. The budget on this contract differed from the first one——

Mr. REDDAN. What was the amount, sir?

Mr. LONG. $347,600.

Mr. REDDAN. Did you urgently suggest that they accept that proposal?

Mr. LONG. Yes, sir; I wrote him a memo.

Mr. HARDY. It is a pity he hadn't accepted the other one, we might have gotten off a whole lot less expensively. Now it has gone up and pretty soon it is going up higher. I wonder if anyone pressured the American Bar Association to increasing this thing?

Mr. LONG. Mr. Chairman, if you will examine and compare these two proposals, you will notice simply that almost the entire difference between them is that one is an annual budget and the other one is a budget for the 2 years. There are some minor differences, but this is most of the difference. Instead of listing project director for 1 year at $15,000, it lists him 2 years for $30,000. Senior research

lawyer, full time, 2 years, $20,000 instead of 1 year at $10,000. It is simply a recasting of the original proposal in terms of a 2-year project.

Mr. MEADER. Mr. Chairman, I have just been reading again this very interesting document which came out of the conference in Madison on July 12, and 13, 1962, and there is a reference here to the American Bar Foundation project, and on page 5 there is this very interesting paragraph which may explain the growth of the projects. I quote from the paragraph in the center:

> The legal research program should be connected with the land tenure incentive program, but rather than having a lawyer and an economist working together on the project, it would be more feasible to have the economic and legal research activities coordinated by one person.

Now does that mean where you have a lawyer working here and an economist here, you have another person on top to coordinate their activities, according to Parkinson's law?

Mr. HARDY. They probably have more coordinators than they have workers.

Mr. MEADER. Is that what you understand that paragraph to mean, Dr. Long?

Mr. LONG. I didn't attend the conference and I understand these were loosely taken notes and probably don't mean much of anything, this particular sentence. I don't know what it means.

Mr. HARDY. Well, this new budget for about $350,000, this for the first time brings in a 2-year proposition. It looks as though somebody in AID might have suggested that the Foundation put up a 2-year proposition instead of 1.

Mr. LONG. As I understand it, this was simply their way of recasting their last proposal, casting it in terms of a 2-year instead of 1-year budget.

Mr. HARDY. Dr. Long, there had not been any opposition to the Bar Foundation's $250,000 proposal, but they might have had a little difficulty with the $350,000 proposal unless perhaps they had a friend in court who had suggested to them that if they submitted a 2-year proposal before the end of the fiscal year it could be pushed through.

Mr. LONG. This is a very inaccurate interpretation of what happened.

Mr. HARDY. I wish I could believe it and be sure of it.

Mr. REDDAN. Did you have anything further to do with this proposal?

Mr. LONG. Not specifically beyond the last memo that you referred to.

Mr. REDDAN. What is that, sir?

Mr. LONG. I don't believe I had anything specifically beyond the last memo you referred to, when you said, did I write a memo pertaining to this last proposal and I did. I believe this is the last formal contact I had with it, sir.

Mr. REDDAN. Do you know that a letter contract has been issued?

Mr. LONG. I knew after the fact. I don't have the figure before me, but——

Mr. HARDY. You have it there, Mr. Reddan.

Mr. REDDAN. $700,000.

Mr. LONG. Yes, something of that sort.

Mr. HARDY. So here we have $250,000, a month later $350,000, and then without even getting a new submission, insofar as you know, it goes up to $700,000 in a letter contract.

Mr. LONG. I understand there were some new submissions, but I was not involved after this last one.

Mr. HARDY. That is good stewardship of the taxpayers' money. I don't understand it.

Mr. LONG. Good research can save the taxpayers a lot of money, in my opinion.

Mr. HARDY. If you turn it all over to researchers, we wouldn't have anything else to spend for more substantial things, or anything to use the research for when you get through.

Mr. LONG. I agree, you shouldn't turn it all over to research.

Mr. HARDY. Thank you, Doctor.

Mr. Rogers.

Dr. Long, don't go away. I have one more question I want to ask. I will get back to it.

(Whereupon, Mr. Rogers was duly sworn.)

TESTIMONY OF WILLIAM D. ROGERS, SPECIAL COUNSEL TO U.S. COORDINATOR FOR THE ALLIANCE FOR PROGRESS, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. REDDAN. Would you give the reporter your name and address.

Mr. ROGERS. William D. Rogers, 304 Beechwood Drive, Alexandria, Va.

Mr. REDDAN. You are employed in AID, Mr. Rogers; in what capacity?

Mr. ROGERS. My title is Special Counsel to U.S. Coordinator for the Alliance for Progress.

Mr. REDDAN. In May of 1962——

Mr. MONAGAN. Who is that?

Mr. ROGERS. Mr. Teodoro Moscoso, U.S. Coordinator.

Mr. REDDAN. In May of 1962 you held that title, also?

Mr. ROGERS. Yes, sir.

Mr. REDDAN. Who is Mr. Silverstone?

Mr. ROGERS. Mr. Silverstone is a member of the General Counsel's office of AID.

Mr. REDDAN. Did you receive a memorandum from him, or a buck slip, on May 25, 1962, with respect to this Bar Foundation matter?

Mr. ROGERS. I have no present independent recollection.

Mr. REDDAN. You didn't bring that with you?

Mr. ROGERS. I did not.

Mr. REDDAN. I show you a Thermo-Fax copy of a memorandum purpotedly addressed to you by Mr. Silverstone, date of May 22, 1962, and ask if you received the original of that?

It goes chronologically forward. The next letter is yours, addressed to Dr. Fei on May 28. Do you recognize that memorandum at all?

Mr. ROGERS. Yes; I received this.

Mr. REDDAN. Would you read it, please?

Mr. ROGERS. The Silverstone memorandum to me?

Mr. REDDAN. Yes, sir.

Mr. ROGERS. To Mr. William Rogers, GC/LA.

Mr. MEADER. What is the date?

Mr. ROGERS. Dated May 25, 1962. From Jonathan Silverstone, Assistant General Counsel. I will leave out the standard forms of the buck slip. [Reading:]

Subject: Research, Land Reform, American Bar Foundation.

Mr. HARDY. I don't believe you need to read those punctuations. We will let the girl get them off the document when you get through. Of course, it is more impressive, but we can do without it.

Mr. ROGERS. The text of the memorandum reads as follows:

This is the bar foundation proposal for its contribution to the Alliance.

It appears to contemplate AID financing a Bar Foundation Institute on agrarian planning, including a survey of written literature, a conference, and a book. The figure of $347,600 is suggested.

The chief merit of the proposal may be ABA involvement in the Alliance, but beyond that its necessity as a Government-financed effort is not immediately apparent to me.

How should we proceed?

Mr. REDDAN. Following that, did you write a memorandum to Dr. Fei?

Mr. ROGERS. I have no present independent recollection.

Mr. REDDAN. Will you flip over to——

Mr. HARDY. It must not have made much of an impression on you.

Mr. ROGERS. Is that a question?

Mr. HARDY. No, that was an observation. If you care to treat it as a question, I will be glad to have you reply to it.

Mr. REDDAN. Have you found the copy of your memorandum?

Mr. ROGERS. Yes, I have a document that purports to be a memorandum from me to Dr. Edward Fei, dated May 28, 1962, 3 days after the Silverstone note.

Mr. REDDAN. Would you read that, please?

Mr. HARDY. Just a moment, Mr. Reddan. Did you advise Mr. Rogers of the matters he was going to be testifying about?

(Discussion off the record.)

Mr. ROGERS. The subject of this is "Institute on Agrarian Planning":

This relates to the revised American Bar Foundation proposal for an institute on agrarian planning.

I called your secretary, on May 28, to confirm that I thought this was a good notion, assuming:

(*a*) It does not duplicate too substantially other work in this popular field;

(*b*) The Foundation attracts a reasonably competent staff;

(*c*) It concentrates on the use of Latin American lawyers; and

(*d*) It would make a substantive contribution—a point on which I defer to Marv Weissman.

Mr. MEADER. Defer to whom?

Mr. ROGERS. Marv Weissman.

Mr. HARDY. He was the gentleman for whom Mr. Johnson wrote the memorandum.

Mr. REDDAN. Did you have any further comments on that proposal other than those that appear on the memorandum to Dr. Fei?

Mr. ROGERS. This is my best recollection.

Mr. REDDAN. Was that intended as an endorsement of the proposal or recommendation of its acceptance? What was the purpose of writing that memorandum?

Mr. ROGERS. It was intended as an endorsement, contingent upon these four qualifications which are in the memorandum.

Mr. REDDAN. You had read the proposal at that time?

Mr. ROGERS. I had read the proposal.

Mr. REDDAN. Did you feel they were contained in the proposal as submitted by the Bar Foundation?

Mr. ROGERS. I didn't understand the question.

Mr. REDDAN. You raised four points there, and you said if they were included or covered by the proposal, you could recommend its acceptance. Is that right?

Mr. ROGERS. That is correct.

Mr. REDDAN. Did the proposal contain those safeguards, or whatever you want to call them?

Mr. ROGERS. I am not sure I recall now whether I did or not. I don't recall.

Mr. HARDY. You didn't remember ever having seen this letter. You do remember having read the proposal. But you can't remember anything about what it contained.

Mr. ROGERS. I didn't say that, Mr. Chairman. What I tried to suggest was that I didn't want to testify now that at that time I felt that the four points I have raised here were adequately covered in the proposal itself. I would presume that I felt then that not only the proposal itself but also the conversations which occurred in connection with it contained indications as to whether or not these four conditions which I have suggested here were satisfied.

Mr. HARDY. Did you suggest that those were satisfied or should be satisfied?

Mr. ROGERS. Should be.

Mr. HARDY. That being the case, the assumption would be that they were not embodied in the document.

Mr. ROGERS. That may be the presumption, but, as I say, I couldn't testify.

Mr. HARDY. You ought to know——

Mr. REDDAN. Would you have raised those questions if they were already adequately covered?

Mr. HARDY. They were adequately covered, but you say let's be sure they are in there. I would like to deal on the basis of reasonableness, but it is difficult with this kind of testimony.

Mr. ROGERS. I want to be clear that I testify as to what I know is a fact and recall as a fact rather than my supposition as to what my state of mind was at the time.

Mr. REDDAN. Would you normally have made a point of bringing those matters to Dr. Fei's attention if they were already adequately covered in the proposal?

Mr. ROGERS. You are asking me to speculate——

Mr. HARDY. No, don't speculate on anything. You are not going to be a very good witness, I don't think, because your memory is too difficult. I don't want you to speculate. If you don't know, just say you don't know. Go ahead.

Mr. REDDAN. I have no further questions.

Mr. HARDY. Any questions?

Mr. MEADER. I am somewhat curious as to why this was brought to your attention, Mr. Rogers.

Mr. ROGERS. Why did John Silverstone send it to me?

Mr. MEADER. Yes.

Mr. ROGERS. I don't know.

Mr. MEADER. Do you have some responsibility with respect to REPAS contracts?

Mr. ROGERS. No, I do not.

Mr. MEADER. So he was just more or less asking you on an unofficial basis for your reaction to this proposal; it wasn't in the chain of command and you had no function to perform?

Mr. ROGERS. That is correct. I was not reviewing this for legal sufficiency. This does not fall within my strict area of jurisdiction. This was not a Latin American regional bureau contract.

Mr. MEADER. You are just a personal acquaintance of Mr. Silverstone, and he wanted to get your slant on it; is that about the size of it?

Mr. ROGERS. I am a personal acquaintance. I presume that is why he sent it to me. That is correct.

Mr. HARDY. You are a special assistant to Mr. Moscoso?

Mr. ROGERS. Yes, sir.

Mr. HARDY. Mr. Moscoso's responsibilities are to deal with the overall AID program in Latin America. I would presume that his office has some interest in this particular subject matter.

Mr. MEADER. Could I look at that just a minute?

Mr. HARDY. Yes.

Mr. MEADER. This paragraph puzzled me, the final paragraph of Silverstone's memo to you:

> The chief merit of the proposal may be ABA involvement in the Alliance. But beyond that its necessity as a Government financed effort is not immediately apparent to me.

What did that mean to you, Mr. Rogers? Mr. Silverstone's comments on the buckslip, what did he mean by "ABA involvement in the Alliance"? Did he mean that it was to be of some benefit to the Government if he got the American Bar Association behind the Alliance for Progress; is that what that means to you?

Mr. ROGERS. It could mean that, I would hate to try to testify as to what was in his mind. I understand exactly the question in your mind.

Mr. HARDY. Didn't it raise a question in your mind?

Mr. MEADER. The second phrase of that sentence—

> beyond that the necessity of a Government financed effort is not immediately apparent to me.

That would seem to indicate that Mr. Silverstone had thought this research wasn't worth doing, but it might be a darned good thing even at the cost of $347,000 to get the American Bar Association to support the Alliance for Progress.

Mr. ROGERS. Yes, sir, it is subject to that interpretation. I hope that is not what he meant. In any event, I hope that is not the reason on which this contract was entered into.

Mr. MEADER. I share that hope.

Mr. HARDY. I am about to lose hope.

Mr. MEADER. The first point you raise:

> I called your secretary on May 28 to confirm that I thought this was a good notion.

I suppose you mean the contract or getting the American Bar Foundation behind the Alliance for Progress, or something, I am not sure just what was a good notion.

Mr. ROGERS. The notion I had was to get a competent group of lawyers to do research with respect to legal implications of land reform and agrarian reform in Latin America.

Mr. REDDAN. Were you familiar with the Wisconsin contract?

Mr. ROGER. I knew about the Wisconsin contract and this I am sure was in the back of my mind when I wrote subparagraph a.

Mr. MEADER. You say—

assuming it does not duplicate too substantially other work in this popular field.

Mr. ROGERS. Correct.

Mr. MEADER. In other words, you were aware, I suppose, because of your familiarity with Latin American conditions and the position that you hold, that quite a number of studies on land tenure are going on and you think maybe there might be too many.

Mr. ROGERS. I am not sure how many are going on, I know there has been a lot of writing in the field, not all of which has been very helpful.

Mr. HARDY. Everybody wants to get in the act.

Mr. ROGERS. I hope what we would be financing would be somewhat more fruitful than some of the other things that——

Mr. MEADER. I had the general impression that neither you or Mr. Silverstone thought this undertaking was very worthwhile.

Mr. ROGERS. No, I endorsed this undertaking with those four conditions. And I endorse it today.

Mr. HARDY. With those same four conditions?

Mr. ROGERS. Correct.

Mr. HARDY. You don't know whether those conditions have been met or not.

Mr. ROGERS. I do not.

Mr. HARDY. As a matter of fact, I don't believe anyone knows whether they have been met or not. Thank you.

Mr. ROGERS. Thank you, Mr. Chairman.

FURTHER TESTIMONY OF JACK OPPENHEIMER, SENIOR RESEARCH OFFICER, RESEARCH DIVISION, RESEARCH, EVALUATION, AND PLANNING ASSISTANCE STAFF, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. HARDY. By the way, before we start with Mr. Oppenheimer, where is Mr. Silverstone?

Mr. HOSKINS. Mr. Silverstone is on leave in Connecticut.

Mr. HARDY. Too bad we didn't we didn't send for him. He might been able to shed a little light on this.

Mr. REDDAN. Mr. Oppenheimer, before you testify, will you give the committee a brief biographical background?

(Discussion off the record.)

Mr. REDDAN. Would you submit to the committee a biographical background?

Mr. OPPENHEIMER. I would be very happy to do so, sir. May I try to clarify a matter with respect to a question that I believe the chair-

man asked as to how this proposal was drawn to Mr. Rogers' attention. I am testifying from the files, which are in my possession.

Mr. HARDY. I will be happy to have any clarification of any point, Mr. Oppenheimer. We are looking for factual information.

Mr. OPPENHEIMER. Thank you, sir.

On a buckslip, which my file shows is in possession of your committee——

Mr. HARDY. What buckslip?

Mr. OPPENHEIMER. Buckslip of May 25, 1962.

Mr. HARDY. Are you talking about Mr. Rogers' testimony?

Mr. OPPENHEIMER. This is a buckslip memorandum from Mr. Wilkins to Mr. Silverstone dated——

Mr. HARDY. Do we have that?

Mr. REDDAN. Yes, sir.

Mr. HARDY. We didn't have testimony on that.

Mr. REDDAN. Go ahead.

I will be very happy to have him read that.

Mr. OPPENHEIMER. This is only to try to answer the question you asked previously.

Mr. HARDY. Thank you.

Mr. OPPENHEIMER. The buckslip is directed to Mr. Silverstone, dated May 25, 1962, it is from Mr. Wilkins, who was acting General Counsel, I believe, at the time, in Mr. Rubin's absence, and it has three items:

(1) For your thoughts and necessary action or Kanchuger's; (2) Would probably be wise to discuss with Rogers; (3) —

Do you want me to read on?

Mr. HARDY. Go ahead.

Mr. OPPENHEIMER (continuing):

Note short deadline, May 27.

Mr. HARDY. Didn't have much time, did they?

What do you know about this memorandum? You sound like you have had some real familiarity with it. Do you have any knowledge of it?

Mr. OPPENHEIMER. Sir, I am the monitor on this project with the American Bar Foundation. I have made it my business to become familiar with the file.

Mr. REDDAN. When did you become monitor?

Mr. OPPENHEIMER. I became monitor at the time I was first brought into this matter, which was on June 19.

Mr. HARDY. That is 2 or 3 weeks, about 3 weeks after this memorandum?

Mr. OPPENHEIMER. Sometime after it; yes, sir.

Mr. HARDY. They only had 2 weeks in which to act on it. Now, what do you know about the background of this? Did you analyze the reason this one was written? What does Mr. Wilkins have in mind?

Mr. OPPENHEIMER. I know nothing further than what is in the file.

Mr. HARDY. It doesn't help very much. You see, he suggests it would probably be wise to discuss with Rogers. Now Mr. Rogers doesn't know any reason why Mr. Silverstone sent it to him. Mr. Rogers said he didn't know any reason at all why Mr. Silverstone should have sent it to him except on a personal basis.

Mr. OPPENHEIMER. I can't speak for Mr. Rogers, all I can do is testify from the record.

Mr. HARDY. He testified a minute ago. Didn't you hear him?

Mr. OPPENHEIMER. I did, sir.

Mr. HARDY. Well, what I am getting at is this, I don't know the significance of this. I am trying to understand it. It says here, you should talk to Mr. Rogers. But Mr. Rogers says he doesn't know why Mr. Silverstone sent it to him in the first place.

Mr. OPPENHEIMER. I cannot speculate as to Mr. Wilkins reason for saying Mr. Silverstone should discuss it with Mr. Rogers. I am only trying to place in the record something which bears on it.

Mr. HARDY. I don't know how.

Mr. OPPENHEIMER. I have nothing further to be helpful on this.

Mr. REDDAN. You came into this picture on June 19, 1962, is that right, sir?

Mr. OPPENHEIMER. Yes, sir.

Mr. REDDAN. What was your official connection with the contract? You say you were the coordinator?

Mr. OPPENHEIMER. Monitor.

Mr. REDDAN. What is the difference between a monitor and a coordinator?

Mr. OPPENHEIMER. I might say, sir, I wore two hats. On June 19, sir, Dr. Erven Long called me to ask me if I would be good enough to attend, in Dr. Fei's absence, a meeting in his office with himself, Dr. Davis, Dean Stason, another gentleman whose name I do not recall from the Bar Foundation. I believe it was Mr. Randall, and myself, to discuss the April 30, 1962, proposal from the American Bar Foundation. That is the time, the point of time, sir, that I got into the matter.

Mr. REDDAN. Had you had any background in land or agrarian reform?

Mr. OPPENHEIMER. I had, yes, I have background in the matter. I have authored, as long ago as 1946, the legal and historical portions of Interior Department publication, "Land Ownership Survey on Federal Reclamation Projects."

Mr. HARDY. You wrote that?

Mr. OPPENHEIMER. I wrote portions of the historical and legal chapters. This is a Government, GPO, publication, 1946.

Mr. HARDY. I take it then, that was based on your expert knowledge in the field?

Mr. OPPENHEIMER. Perhaps I ought to stop at this point and tell you of my background, sir.

Mr. HARDY. We may have to do that.

Mr. OPPENHEIMER. Would you like me to proceed?

Mr. HARDY. Please.

Mr. OPPENHEIMER. As part of my education, I am a graduate of Yale Law School. I am a member of the bar.

Mr. HARDY. Not Harvard.

Mr. OPPENHEIMER. Yale, sir.

Mr. HARDY. Go ahead.

Mr. MEADER. What year?

Mr. OPPENHEIMER. I was associated—fall of 1943. I was associated for some years between approximately 1944 and 1956 with the De-

partment of the Interior. During those years, I was associated with both the Bureau of Reclamation and the U.S. Geological Survey. Both in those bureaus and in the Solicitor's Office, which is the general counsel's office of that agency performing legal work and legal research.

I was acting in the capacity of Assistant Solicitor at the time I left the Department of Interior in 1956, to go on to other assignments. Do you want me to give further background? This is my background with respect to my legal qualifications and experience.

Mr. MEADER. How long have you been with AID?

Mr. OPPENHEIMER. I have been with AID since January of this year, sir.

Mr. HARDY. I didn't understand where your expertise as to land tenure came from.

Mr. OPPENHEIMER. As I think the chairman may be familiar, the U.S. Bureau of Reclamation has as its major function the construction of irrigation and power facilities——

Mr. HARDY. I have heard about those.

Mr. OPPENHEIMER (continuing). For the distribution of water to arid lands, mostly in the Western portion of the United States. In administering that program and the statutes associated with that program, there was a good deal of interpretive work to be done, and legal work to be done concerning the administration of the excess land provisions of the reclamation law which, in sum, sir, have to do with the distribution of water from Federal facilities only to holders of 160 acres individually and 320 acres for man and wife. This is consistent with the land policy of the United States since the time of—they go back to Jefferson, actually, but certainly since the Homestead Act.

Mr. HARDY. So that is the basis for your experience?

Mr. MONAGAN. Mr. Chairman.

I didn't understand where you were between 1956 and 1962.

Mr. OPPENHEIMER. I didn't know whether you felt that was relevant. I didn't want to take the committee's time.

Mr. HARDY. You were in NASA, were you not? I wonder if you might have been over doing some work over the moon?

Mr. OPPENHEIMER. No, sir. In 1956, I was asked to join a group called—and I am not trying to be facetious, sir—a group called the Advisory Committee on Weather Control, which was a Presidential committee established by statute, as their counsel and as their executive secretary. And I served in that capacity for 2 years. I might say, among things that I did in those 2 years, I wrote an article on the legal aspects of weather modification which was reprinted in the Insurance Law Journal of May 1959, I believe, on the subject—I think it was one of the first articles and has become a definitive work in the field, on the subject of the law with respect to weather modification, cloud seeding, and the water rights concerned, and so on. So I do have some competence in this field.

Mr. HARDY. That has a pretty strong bearing on agriculture, too.

Mr. OPPENHEIMER. Yes, sir.

Upon the conclusion of my work with the committee I returned to the Department of the Interior for approximately 1 year, and then I was asked to join the General Counsel of the National Aeronautics and Space Administration to do some work for him.

Would you like me——

Mr. HARDY. I don't believe we need that, not unless Mr. Monagan would like to have it, of course. That is a big area opened up.

I would have been surprised if you had gotten into it yet, but sooner or later there is going to be a big area of analyzing productivity and so forth of land on these other planets when we get to them. But I don't believe we are quite ready for that one yet, and I hope I will live to see it.

Mr. OPPENHEIMER. Sir, I don't think that is out of the realm of reason.

Mr. HARDY. I don't either. I say I hope I live to see it. But anyway, let's get back. I don't want to get lost out in space.

Mr. MONAGAN. We will have another study on the land reform on the moon.

Mr. HARDY. I'm sorry I suggested that. Maybe some of these folks will come up with a proposal to do some research in this area. [Laughter.]

Mr. HARDY. Go ahead. If they did, maybe they would give you the opportunity to monitor it.

Mr. REDDAN. Did you have anything to do with preparing a draft of a contract between the United States and the American Bar Foundation?

Mr. OPPENHEIMER. Yes, sir.

Mr. REDDAN. What was the basis on which you prepared your draft?

Mr. OPPENHEIMER. The basis was the proposal of April 30, 1962, and the further discussions which I would like to refer to, sir, which I detail in my memorandum of June 22, 1962, to Dr. Fei, the covering memorandum on the letter contract——

Mr. REDDAN. Before we get to the letter contract——

Mr. OPPENHEIMER. I was only pointing out that this has been detailed in the record.

Dr. REDDAN. Did you draft a contract July 26, 1962?

Mr. OPPENHEIMER. That would be in July.

I wanted to be clear we are talking about something of which I may have some knowledge.

Mr. REDDAN. Did you draft that?

Mr. OPPENHEIMER. I did not draft that.

Mr. REDDAN. As coordinator or monitor on this project, are you familiar with that draft?

Mr. OPPENHEIMER. I have no document which refers——

Mr. HARDY. There is something missing from your files?

Mr. OPPENHEIMER (continuing). Which refers to work.

May I see the document to which you are referring, sir?

Mr. HARDY. Pass that down.

Mr. REDDAN. I don't know that this is your work. I am asking whether or not it is. If it is not, do you have a familiarity with it as monitor for this project?

Mr. MEADER. Did we ever get to his other hat?

Mr. HARDY. What other hat?

Mr. MEADER. He said he wore two hats. As far as I know he is just a monitor.

Mr. OPPENHEIMER. The answer to this, sir, is "No." I did not.

Mr. HARDY. You did not draft it?

Mr. OPPENHEIMER. I did not draft this, no.

Mr. REDDAN. As monitor——

Mr. OPPENHEIMER. This is the Association of American Medical Colleges.

Mr. REDDAN. They have struck that out.

You will notice that somebody wrote that wrong. You see the handwriting there?

Mr. OPPENHEIMER. I see some handwriting. It isn't too clear.

Mr. HARDY. That was another one that somebody had in mind.

Mr. REDDAN. Will you read the first paragraph? To whom does that refer?

Mr. OPPENHEIMER. The Bar Foundation. I think I can respond to this now quite consistent with my previous testimony.

Mr. HARDY. Consistent or not, if you can respond to it we would appreciate it.

Mr. OPPENHEIMER. Sir, I would like to say that my testimony has been consistent and truthful, and I only want to emphasize this.

Mr. HARDY. Every now and then I make mistakes. I don't know; maybe you won't.

Mr. REDDAN. All I want to know, Mr. Oppenheimer, is where the $400,000 figure came from in the budget.

Mr. OPPENHEIMER. This is another matter. This is not with respect to this.

Mr. REDDAN. The last proposal I saw——

Mr. HARDY. Just a minute, Mr. Reddan. Isn't that a draft of a proposed contract for the American Bar Foundation?

Mr. REDDAN. Yes.

Mr. HARDY. Mr. Oppenheimer doesn't seem to realize that is what that is yet, and as monitor, I don't know, maybe that is one somebody held out on him.

Mr. OPPENHEIMER. This draft contract of July 26, 1962, is being used for the purposes of developing a definitive contract based on the letter contract.

If, sir, you are speaking with respect to the budget which is attached to this document, you did not ask me that previously——

Mr. REDDAN. I hadn't gotten up to that. I was trying to have you see the document.

Mr. OPPENHEIMER. It doesn't have the figure of $400,000.

Mr. REDDAN. Do you know where that came from?

Mr. OPPENHEIMER. That is a budget, as the note indicates on the bottom, and may I read the note?

Mr. REDDAN. Yes, if you will.

Mr. OPPENHEIMER (reading):

> The above budget is tentative and will be reconsidered after the project gets underway.
>
> Lined items above set forth will be deemed subject to adjustment by transfers within the total budget as may be directed by the contractor.

I refer to that budget in my memorandum of June 22, Mr. Reddan. That was the reason why I brought that to the committee's attention.

Mr. REDDAN. Where did the $400,000 figure come from? The last proposal in the file from the Bar Foundation is for $340-some-thousand. Now this is $60,000 higher. I am trying to find out who put the extra $60,000.

Mr. OPPENHEIMER. This was a budget which I understand was drawn up by Mr. Houston Lay.

Mr. REDDAN. Who is he, sir?

Mr. OPPENHEIMER. He is the international program director for the American Bar Foundation. This was a budget——

Mr. REDDAN. How long has he been in that capacity?

Mr. OPPENHEIMER. I think he was retained by the American Bar Foundation sometime in February of 1962.

Mr. REDDAN. Prior to that time he had been employed where?

Mr. OPPENHEIMER. Employed by the State Department. He is a retired Foreign Service officer.

Mr. HARDY. Is he working for the Bar Foundation on a per diem or does he have a regular salary? You don't know, or do you?

Mr. OPPENHEIMER. I do know, sir.

Mr. HARDY. Then would you answer the question?

Mr. OPPENHEIMER. I wasn't asked yet.

Mr. HARDY. I just asked you.

Mr. OPPENHEIMER. I understand that he is employed full time by the American Bar Foundation.

Mr. HARDY. Thank you.

Mr. REDDAN. And the $400,000 figure, you say, came from Mr. Lay?

Mr. OPPENHEIMER. Yes, sir.

That was so preliminary, sir, in its character, that is the reason when you read the letter contract, that we did not employ the $400,000 figure.

As a matter of fact, we didn't employ it as we didn't employ a number of figures, because we wanted much more searching scrutiny and examination of these figures pending the negotiation of a definitive contract. This, sir, was one of the reasons why we entered into a letter contract, because under a letter contract it is neither desirable nor required to have a detailed budget—as a matter of fact, any budget.

Mr. REDDAN. Did you prepare the letter contract, Mr. Oppenheimer?

Mr. OPPENHEIMER. Yes, I did.

Mr. REDDAN. That is dated June 22, 1962?

Mr. OPPENHEIMER. Yes, sir.

Mr. REDDAN. Accompanying that letter contract was a memorandum to Dr. Fei?

Mr. OPPENHEIMER. Yes, there was.

Mr. REDDAN. Did you prepare that also, sir?

Mr. OPPENHEIMER. Yes, I did.

Mr. REDDAN. We have had testimony here, Mr. Oppenheimer, that a great deal of thought and effort went into getting the American Bar Foundation contract and the University of Wisconsin contract to dovetail so that they would overlap but not overlap too far, that they would be compatible and so forth.

Did you consider the Wisconsin contract at the time you drew the letter contract for Dr. Fei's signature?

Mr. OPPENHEIMER. Yes, I did.

Mr. REDDAN. Did you refer to it in your memorandum to Dr. Fei on June 22, 1962?

Mr. OPPENHEIMER. Yes, I did.

Mr. REDDAN. Would you read that part where you refer to the Wisconsin contract, sir?

Mr. OPPENHEIMER. I am reading. I think there may have been more than one place and that is why I am pausing, sir.

Mr. REDDAN. Let's start at the last paragraph on the first page.

Mr. OPPENHEIMER. Yes, sir. [Reading:]

It was agreed that the Wisconsin contract——

Mr. REDDAN. You say it was agreed. Who agreed, sir?

Mr. OPPENHEIMER. May I read the previous paragraph? I think that will clarify that.

Mr. REDDAN. All right.

Mr. OPPENHEIMER (reading):

The subparagraphs on pages 1 and 2 and paragraph 1 on page 3 reflect the discussions had on different occasions from June 19 to today.

Today being June 22.

Mr. HARDY. Mr. Oppenheimer, I hate to interrupt you and I do not want to prolong this, but I read this rather carefully.

Now you refer to a variety of discussions and it is not clear what you are referring to. Running all through this document are the words, "it was agreed," "it was agreed," "it was agreed," and there is not one earthly way in the world that anybody examining that file can tell who reached that agreement.

You sent that up to Dr. Fei, I don't know what he considered it to be, but it does not mean anything to me, and unless you can be a little more definitive, it is totally meaningless—"it was agreed!"

It might be agreed by you all by yourself, as far as I know. You might be agreeing with yourself, but there is not anything there to indicate who agreed.

Mr. OPPENHEIMER. I believe I recited the names of the people who were involved in these discussions in the paragraph I was talking about.

Mr. HARDY. In that paragraph you are talking in extremely general terms, you are talking about a series of discussions you may have had standing on street corners and you are not giving us anything at all to tie to, and if you are saying in effect, that all of these people that you have discussed this thing with agreed to this thing, that is one thing. But if so, when and where?

Mr. OPPENHEIMER. They did agree, and in a series of discussions between June 19 and today, which in the context of this memorandum, is June 22.

Mr. HARDY. Let's boil this right down and get right down to the meat of the coconut.

Mr. OPPENHEIMER. May I read the names of the people who were involved?

Mr. HARDY. I was going to ask you a question. You do not need to read them out. They are in the memorandum, I can read them too. I want to understand right at the beginning, item No. 1 there, "It was agreed." Now are you saying that everybody that you have mentioned in that first paragraph agreed to that.

Mr. OPPENHEIMER. No; I think one has to see the context here, sir, and may I at least read the one sentence which leads into this item 1?

Mr. HARDY. You can read the whole thing, I don't care.

Mr. OPPENHEIMER. Thank you, sir.

Mr. HARDY. I did not want to kill any more time uselessly.

Mr. OPPENHEIMER. I will read it very rapidly, sir.

Dean Stason and Mr. Houston Fay of the American Bar Foundation, and Assistant Administrator Waters, yourself—

meaning Dr. Fei—

Dr. Karl Bode, Mr. David Mayer, Dr. Erven Long, Dr. Davis, Dr. Paul Fisher, and myself of AID. In these conversations it was the consensus that a functional, as distinguished from a geographical, approach to research on the legal aspects of agrarian planning was desirable.

And this is the important sentence, sir:

This change in viewpoint stemmed from the following factors.

And then I listed the factors which were the basis for this decision to have a global research project rather than simply restrict the contract to Latin America.

Mr. REDDAN. Read the first one, please, sir.

Mr. OPPENHEIMER. Thank you. [Reading:]

It was agreed that the Wisconsin contract (to which this proposed contract is a companion project), for research and analysis of the economic, social, political, and administrative aspects of land reform as related to Latin America is too restrictive in geographic coverage, and, hence, too limited for adequate substantive and comparative comprehension of the problems.

Mr. REDDAN. Did Dr. Long agree with that?

Mr. OPPENHEIMER. Dr. Long did agree. We had a very specific discussion with respect to this matter.

Mr. HARDY. Dr. Long then was one of your guiding lights that wanted to make this a worldwide proposition?

Mr. OPPENHEIMER. He was, sir, yes. We had a full discussion on that matter.

Mr. HARDY. All right, go ahead.

Mr. OPPENHEIMER. Shall I go on reading?

Mr. REDDAN. All right, if you will, please.

Mr. OPPENHEIMER. This next sentence is simply detail on the point already made, so I won't waste the committee's time.

Mr. HARDY. Well, as long as we are at a break right here, I want to refer to Dr. Long's testimony awhile ago. He had recommended previously acceptance of a contract at a much lower figure for the limited Latin America area, and now we find that he is one of the main people who told you to expand this and make this a worldwide proposition. Don't do anything halfway. Really get ourselves a project that will be a dilly.

Mr. OPPENHEIMER. Mr. Chairman, there is background to this.

Mr. HARDY. I know you can find background.

Mr. OPPENHEIMER. In the letter of May 18, which was the covering letter which was submitted to Dr. Fei, submitting the revised proposal of the American Bar Foundation dated April 30, 1962, Dean Stason in that letter, as well as in the proposal itself, mentions the desirability of expanding for global coverage in order, sir, to obtain the comprehensive comparative analysis of the laws and customs and practices——

Mr. REDDAN. What letter is that, sir?

Mr. OPPENHEIMER. Letter of May 18.

Mr. REDDAN. Would you look at that letter, please?

Mr. OPPENHEIMER. Yes, sir. I am alluding, Mr. Reddan, to the bottom of the first page of the letter of May 18 from Dean Stason to Dr. Fei which was the letter of submittal for the April 30, 1962, proposal.

And he says, as follows, if I may read it:

> As progress is made in the study of agrarian legal problems in the Western Hemisphere it is hoped that the scope of the studies may ultimately be expanded to include other areas of the world such as Africa and Asia.

As it developed, sir, in subsequent discussions, Dean Stason's reasons for stating that, and the other people who were involved in the discussions, and I have read their names already in my testimony, believed that it was highly desirable in going into a research project on the legal aspects of agrarian reform to take a worldwide approach. There is also a reference——

Mr. HARDY. I declare, I get dismayed when I see how eager everybody is that touches this business to expand it, to blow it up out of all proportion, beyond any reason and commonsense.

You have quoted Dr. Stason in a letter of what date?

Mr. OPPENHEIMER. May 18, 1962.

Mr. HARDY. I am going to quote from a letter of May 28 which Dean Stason wrote to Dr. Long. It says:

> We had specifically discussed Central Africa as a possibility. We do not wish to undertake more than we can handle with high credit but see no reason why we could not extend our present program to include a small pilot venture in Africa.

Now you have come up with a worldwide proposition and you go back to his letter of May 18 as justification or as support for his asking for it. On May 28, he says, "No, we don't want to bite off more than we can chew at one pop." But then you come along and give him the whole world to operate in and say, "Please take this $700,000 worth."

Without objection, we will put this May 28, 1962, letter in the record as an appendix. (See app. 7, p. 467.)

Mr. REDDAN. Excuse me. Do you have that letter of May 28 to Dr. Long?

Mr. OPPENHEIMER. Yes; I do. I can only say, sir, that this matter was thoroughly discussed with Dean Stason in my presence, so that I can testify to it. On June 19——

Mr. HARDY. You convinced him he was wrong in this May 28 letter?

Mr. OPPENHEIMER. Sir, I must say to you that I did a good deal of listening at that meeting and very little talking.

Mr. REDDAN. Did the American Bar Foundation suggest to you that they could do this on a worldwide basis? Did they make that proposal?

Mr. OPPENHEIMER. The American Bar Foundation stated that it would be highly desirable.

Mr. REDDAN. You are referring back to that letter of May 18?

Mr. OPPENHEIMER. No; I am not. I am referring to what was said on June 19.

Mr. HARDY. Do you have any written memorandum on that?

Mr. OPPENHEIMER. My written memorandum, sir——

Mr. HARDY. Are there any minutes of that meeting?

Mr. OPPENHEIMER. There are no detailed minutes of that June 19 meeting. The recollection of that meeting is contained in my memorandum of June 22 to Dr. Fei.

Mr. REDDAN. Who was present, sir, and where was the meeting held?

Mr. OPPENHEIMER. In Dr. Long's office.

Mr. HARDY. All those people that you have listed were present?

Mr. OPPENHEIMER. I will tell you who was present. Dean Stason was present, Dr. Long was present, Dr. Davis was present, and I believe Mr. Randall of the American Bar Association was present, as was myself.

Mr. REDDAN. How do you reconcile what you say developed from that conference with what Dean Stason says in his letter to Dr. Long on May 28, that they don't want to bite off more than they chew, and a little pilot project is all they want?

Mr. OPPENHEIMER. Sir, I can't speculate——

Mr. REDDAN. I didn't ask you to speculate, I asked you to reconcile.

Mr. OPPENHEIMER. I am not in a position to reconcile.

Mr. REDDAN. Do you see the inconsistency?

Mr. OPPENHEIMER. I don't think it is inconsistent. In my opinion it is not inconsistent.

Mr. REDDAN. Tell me, Mr. Oppenheimer, do you have a familiarity with letter contracts?

Mr. OPPENHEIMER. Well, when I was with the Department of Interior——

Mr. REDDAN. Have you written letter contracts?

Mr. OPPENHEIMER. With Geographical Survey, I had written some letter contracts. I had also written some letter contracts when I was with the Advisory Committee on Weather Control.

Mr. REDDAN. How much of the funds of the overall project can be obligated by a letter contract? Fifty percent?

Mr. OPPENHEIMER. In accordance with 1–3.405–3 of the Federal Procurement Regulations, concerning letter contracts, it stipulates as follow:

> The maximum liability of the Government stated in a letter contract generally shall not exceed 50 percent of the total estimated cost of the procurement, but this liability may be increased in accordance with agency procedures.

Mr. REDDAN. The last proposal you had from the Bar Foundation was for how much, sir?

Mr. OPPENHEIMER. The last proposal we had from the Bar Foundation was prior to writing the letter contract. The last budget which was the preliminary tentative budget to which we referred earlier in my testimony was for $400,000.

Mr. HARDY. Was that before the letter contract was written?

Mr. OPPENHEIMER. Yes, it—the date is June 18, 1962. The reason why that was——

Mr. HARDY. This is a little confusing and I think we are going to have to clear this up. This budget was provided to us, this $400,000 figure was an attachment to a draft memorandum dated July 26.

Mr. OPPENHEIMER. Mr. Chairman, I don't know how that became attached.

Mr. HARDY. I don't know how it did either, but that is the way it was presented to us.

Mr. OPPENHEIMER. But I do know that the document to which you refer, the July 26 document, comes out of a copy of a document which Mr. Weitzen provided in the process of negotiating the definitive contract with the Bar Foundation people as an example of the kind of phased approach we would take to this contract.

Mr. HARDY. That was not even then presented as a fixed budget?

Mr. OPPENHEIMER. This is on July 26, 1962. This is a month after the letter contract was entered into, sir. This was when we were entering into definitive negotiations.

Mr. HARDY. If you have an earlier budget showing that $400,000, I want to see it and see the date on it and see how you got it. It wasn't presented to us.

Mr. OPPENHEIMER. It is in my file, sir, just as I read it to you, and there is a notation on it—

through Grant to Hardy committee, August 24, 1962.

Mr. HARDY. We have a copy of this $400,000 figure, but it is attached to a July 26 draft memorandum. How and when did you get that document?

Mr. OPPENHEIMER. That was handed to us by Mr.——

Mr. HARDY. Can you tell the committee how and when you got that?

Mr. OPPENHEIMER. Yes, sir. This is a document which was handed to me by Mr. Lay on the occasion of the discussion of the entering into the letter contract. And he pointed out to me that this was their most recent budget with respect to the 2½-year effort about which Dr. Long has previously testified.

I said to him on that occasion that I had not yet been able to examine this budget and that was just simply an additional reason why I felt the letter contract was a proper instrument for the U.S. Government to enter into under the circumstances.

Mr. REDDAN. Is that the last budget you received from the American Bar Foundation?

Mr. OPPENHEIMER. That was the last budget prior to the letter contract; yes, sir.

Mr. REDDAN. Where did you get the $700,000 figure in the letter contract?

Mr. OPPENHEIMER. The $700,000 figure arose out of the decision to have a research contract on the legal aspects of agrarian reform on a worldwide basis.

Mr. HARDY. When did that arise?

Mr. OPPENHEIMER. That decision was taken in conversations among myself, and Dr. Fei, and Dr. Long, and after having spoken with the American Bar Foundation representatives, between, I cannot pin it down to anything more than between June 19 and June 22.

Mr. HARDY. Well, you had to do something like that in order to be able to commit $340,000, didn't you?

Mr. OPPENHEIMER. No.

Mr. HARDY. You had to come up with the $700,000 figure. All in the world you had to do was double the $350,000 figure which they had submitted and then you could justify committing it on a letter contract.

Mr. OPPENHEIMER. Sir, that just is not the case, sir, I beg to differ.

Mr. REDDAN. Do you have anything which supports your testimony here today, sir?

Mr. OPPENHEIMER. I have no memorandum other than, other than, sir, if I might read to you the paragraph which bears on this matter in my memorandum of June 22, to Dr. Fei, in which I refer to the cost figures. And I said as follows:

Since the American Bar Foundation's revised budget of April 30, 1962, and its preliminary budget of June 18, 1962, applicable to the Latin American first phase of the project, totaled $347,600, and $400,000 respectively—

Mr. REDDAN. Where did that first phase come into that? That is the first time I have seen that, Mr. Oppenheimer. Did they in their proposal refer to a first phase and second phase?

Mr. OPPENHEIMER. This, sir, was one of the reasons why I referred to the May 18 letter and read you that one sentence and also referred, but have not read, to a reference to the desirability of undertaking worldwide research project in the April 30, 1962, proposal.

And they, and the language employed there is to talk of it as the Latin America phase. They themselves were thinking along the lines of a series of phases.

Mr. REDDAN. Just a minute. You can't testify as to what they were thinking unless you have something——

Mr. OPPENHEIMER. Yes, I can because this was discussed.

Mr. REDDAN. Just a moment. You can't testify as to what they are thinking unless they told you what they were thinking or put it in writing. If they told you, tell us who was present, when they told you, and what was said. If it was in writing, identify the document for us, please.

Mr. OPPENHEIMER. I have nothing in writing on this particular matter, but——

Mr. HARDY. Clearly, and I do not think we need to pursue this any further, the memorandum you were reading just a moment ago clearly indicates to me that the only reason in the world that this was done was so that you could commit the $340,000, and I will just read this out, so that I will save you the need for doing it, I will read what you were reading. You talk about—there is a lot of language in here but it doesn't mean too much.

Since the American Bar Foundation revised budget of April 30, 1962 and its preliminary draft budget of June 18, 1962, applicable to Latin America first phase—

that is your word—

of the project, totaled $347,600 and $400,000 respectively * * *

I submit they were for the same purpose, and the "applicable" that is the key, this is the clincher.

* * * and applicable Federal procurement regulations limited the obligation under letter contracts to 50 percent of the total estimated cost, it was determined that $700,000 would be a reasonable estimate of the total cost of the work to be performed under the contract and that $340,000 could be committed prudently under the letter contract to the first and subsequent phases of the work to be performed.

That was nothing in the world but a means by which you could commit $340,000 in a letter contract, and your own language gives it away.

Mr. OPPENHEIMER. That was not our intention.

Mr. HARDY. I do not want to try to read your mind, but I can read your memorandum.

Mr. OPPENHEIMER. This was not my intention, and this is not my interpretation of that matter, sir.

Mr. HARDY. I do not expect you to sit there and acknowledge that you deliberately fabricated the thing.

Mr. OPPENHEIMER. Sir, I can only testify as to the events which transpired and the accuracy with respect——

Mr. HARDY. $700,000 is your figure, it was not the American Bar Foundation's figure.

Mr. OPPENHEIMER. That is not the case, sir. That is not the case.

Mr. HARDY. The way I read this, you made the estimate of $700,000.

Mr. OPPENHEIMER. I can only say, sir, that with respect to whose figure it was, that I am sure that Dean Stason and Mr. Lay would be happy to testify. I can only say for myself, sir, that $700,000 was a figure which we discussed mutually with the American Bar Foundation representatives.

Mr. HARDY. Well, I do not see anything in here, there is not anything to indicate it at all. This is clearly a rationalization on your part and an effort and a device by which you could commit the entire $340,000.

I think your own statement in here that you are limited to 50 percent by the Federal procurement regulation is an acknowledgement that that was a factor.

Mr. OPPENHEIMER. Mr. Hardy, Congressman Hardy, sir, may I make another statement with respect to this matter?

Mr. HARDY. Certainly anything you can say of a factual nature that would help clear this up, we would be happy to have. But I am a little weary of conjecture and things that you can't support, self-serving statements that can't be supported at all, and that is about what we have been getting for some little while. I want to be reasonable and I do not want to be unfair. I try to be just as fair as I can be, but I am getting a little weary of this business of just running all over the lot and coming up with something that is purely self-serving.

Now if you have any factual information that you can give, that will give a better explanation than this, than you have given thus far, the committee would be most happy to receive it.

Mr. OPPENHEIMER. Mr. Chairman, I think it might be of interest to the committee to know that the present situation is this: We now have a letter contract committing $340,000 with an estimated—and I would like to underline for the committee the word "estimated"—amount of $700,000 total expenditure.

On the basis of this letter contract, sir, we are now in the process of negotiating a definitive contract.

Mr. HARDY. I hope Mr. Hamilton sees fit to cancel the whole thing and start over and do it on a proper basis.

Mr. OPPENHEIMER. That definitive contract, sir, will be stated in the form of a series of phases, the first phase of which will be the Latin America research project, another phase of which will be a corollary to it, which will be an internal planning phase so that other phases

can be developed and budgeted, and the contract officer and myself will approve each phase as it goes on.

Mr. HARDY. I do not believe I care to have any more detail of a contract which you plan to let and which I hope does not go through.

Mr. OPPENHEIMER. I am stating this because we are in the process of negotiating a definitive contract based on the letter contract.

Mr. HARDY. You go ahead. You have the administrative responsibility and I am not going to tell you what you can do or what you cannot do or what you should not do. I have expressed the hope that Mr. Hamilton would cancel this whole thing and start over on a reasonable and proper basis. The whole thing, to me, is just filled with ineptitude, to say the least, and that is the most charitable way I can express it.

Mr. OPPENHEIMER. Sir, I would like to make one comment with respect to that.

It is my understanding that a letter contract is a conventional document which is authorized in law. It is part of the Federal procurement regulations. I followed the provisions and the terms——

Mr. HARDY. What you are about to say is, we are hooked. Is that what you are going to say?

Mr. OPPENHEIMER. I am not about to say that, sir. I am about to say that it was my intention, and I believe I have managed to do so, and I have done so, I might say, sir, for 19 years in my employment in the Federal service, in protecting the interests of the U.S. Government and I have done nothing else but that.

Mr. HARDY. Well, I want to be completely fair with everybody, but this whole things speaks of nothing but ineptitude. I realize this is a letter contract, and I realize a letter contract has a legal standing, but I also realize that the Government has a right to cancel.

Mr. OPPENHEIMER. That is quite true, sir. As a matter of fact, sir, in the letter contract there is a termination provision.

Mr. HARDY. And I think we have a right to cancel whether or not there is a termination provision, and that brings up another point which I might just mention for Dr. Fei's benefit.

We had a discussion on another contract and it was stated we could not cancel it because it did not have a cancellation clause. It seems that in the rush to get the contract through and obligate the funds before the end of the fiscal year, the negotiator forgot to incorporate a cancellation clause.

However, I am advised by the Comptroller General that a cancellation clause is not necessary in order for the Government, in its best interest, to cancel a contract.

Mr. OPPENHEIMER. I am happy that I did not ineptly draw this instrument.

Mr. HARDY. Do you have anything further?

Mr. REDDAN. No.

Mr. HARDY. Thank you, Mr. Oppenheimer.

Mr. OPPENHEIMER. Thank you.

Mr. REDDAN. Mr. Chairman, we have a number of documents which we have received from the Agency, some of which we have made references to, but have not included in the record.

Mr. HARDY. Without objection, we will examine these documents and determine which ones, or parts thereof, should be included in the record.

Before we leave, Dr. Long, there is just one more question that I did want to explore very briefly with you, and I will try to be brief because this has been a long day and I know we are all a little bit on the weary side.

I believe that all the employees of AID have to take a loyalty oath, do they not, when they become employees?

Dr. LONG. Yes, sir.

Mr. HARDY. Is there any provision in either of these two contracts requiring loyalty oaths of those people who are going to be employed with Federal funds to perform the services under these contracts?

Dr. LONG. I don't know the answer to this. This is completely outside my competency.

Mr. HARDY. Dr. Fei, do you know, or Mr. Kunze or Mr. Belinky?

Mr. BELINKY. I don't believe there is a specific clause with reference to taking a loyalty oath, but there is a provision in the contract which provides that before the contractor sends any of his employees overseas, those employees must have the approval of the Agency. At that time, the practice has been to get the proper security clearances and——

Mr. HARDY. I am not thinking just of security clearances, Mr. Belinky.

Mr. Kunze, did you want to say something about that?

Mr. KUNZE. I would confirm what Mr. Belinky says. There is no requirement in the contract for a loyalty oath.

Mr. HARDY. So United States dollars could be employed to employ subversives.

Mr. KUNZE. Not if they go through security clearance.

Mr. HARDY. What do you mean, if they go through security clearance? Security clearance is not required of everyone who goes overseas, is it?

Mr. KUNZE. Yes, sir, it is.

Mr. HARDY. I notice the University of Wisconsin has been trying to get that withdrawn with respect to Mr. Michael Sund.

Mr. KUNZE. They may have been trying to, but they will not be successful, to the best of my knowledge. It is a requirement in the contract.

Mr. HARDY. Are you familiar with a letter of August 3 from Dr. Penn to Mr. Johnson?

Mr. KUNZE. I am not, sir. I have not seen it.

Mr. HARDY. I do not have a copy of a reply. Mr. Johnson, have you replied to that letter?

Mr. JOHNSON. That letter came to me, Mr. Chairman, by mistake. The channels were not clear, and immediately upon receiving that letter, I turned it over to contract officials and very definitely told them at the time that it was a mistake.

Ray Penn sent it to me, he should not have sent it to me. That was not the proper channel.

Mr. HARDY. It belonged to Mr. Kunze. Did you send it to his office? Who did it go to, Mr. Belinky?

Mr. BELINKY. No, sir.

Mr. HARDY. Who got it?

TESTIMONY OF HAROLD C. WEITZEN, CONTRACT OFFICER, RESEARCH, EVALUATION AND PLANNING ASSISTANCE STAFF, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. WEITZEN. I am Harold Weitzen. The letter was turned over to me.

Mr. HARDY. Have you answered it?

Mr. WEITZEN. We have taken the steps necessary to get clearance for the people who are involved, sir.

Mr. HARDY. I didn't ask you that, I asked you if you answered the letter.

Mr. WEITZEN. No, sir, we have not because we have not gotten a reply with respect to clearance.

Mr. HARDY. Haven't gotten a reply from whom?

Mr. WEITZEN. Our security officer.

Mr. OPPENHEIMER. May I speak to that?

Mr. HARDY. I do not know what you know about it, but if you do, go ahead.

Mr. OPPENHEIMER. Just prior to coming here for the hearings, for these 2 days of hearings, I received word and got a document, which indicates, which states that Mr. Michael Sund has been cleared. I have informed, by telephone, the director of the University of Wisconsin project, Professor Penn, of this matter.

Mr. HARDY. Now, is a security clearance construed to replace a loyalty oath?

Mr. OPPENHEIMER. Sir, I am not a specialist in the area of security. I could not testify with respect to that.

Mr. HARDY. I thought that everybody who works for the United States—and certainly if you are going to send them overseas, and they are going to be working for the United States—I thought that they all were subject to at least showing an allegiance to the United States. And if we are going to have people running all over the world at the expense of the taxpayer without providing adequate assurance that they are loyal, then it is about time we put a stop to the whole business. And I can't get any satisfactory answer.

Dr. Fei, have you any answer?

Dr. FEI. No, sir; whatever the Agency's policies or practices are, I wouldn't think we would differ——

Mr. HARDY. Is it true that there was a loyalty oath requirement in this contract and it was deleted?

Dr. FEI. No, sir, not to my knowledge, sir. I think if you have any information that this is so, I would like to find out.

Mr. HARDY. I do have information to that effect.

Dr. FEI. I am very much surprised. I am sure that the people who have dealt with this contract, negotiated it, can give you that information, and it would be best to find out because I am surprised that you are saying that there was a loyalty oath that was dropped out.

Mr. HARDY. I do not know. I asked you the question.

Dr. FEI. Not to my knowledge, sir.

Mr. OPPENHEIMER. Sir, I can state categorically, and I am under oath, that the provisions with respect to clearance and approval and with respect to handling of classified data have not been removed from the Wisconsin contract.

Mr. HARDY. Did you have anything to do with it?

Mr. OPPENHEIMER. I am the monitor, sir.

Mr. HARDY. For Wisconsin?

Mr. OPPENHEIMER. For Wisconsin.

Mr. HARDY. You are monitor for both of these contracts?

Mr. OPPENHEIMER. Yes, sir.

Mr. HARDY. I hope you are as well informed as you think you are.

Mr. KUNZE. Mr. Hardy, we have not had in any of our contracts the requirement for loyalty oath.

Mr. HARDY. Maybe you should put it in.

Mr. KUNZE. We have had a requirement in for security clearance for everyone who is going overseas, and certain people who are serving in the United States.

Mr. HARDY. What would be the attitude of the Agency if I offered an amendment to the appropriation bill prohibiting expenditure of any funds to pay the salary of any individual who does not ascribe to a loyalty oath?

Mr. KUNZE. In principle, I am sure there would be no objection. I don't know whether there are any legal implications with respect to taking an oath as regards the individual contractor employees relationship to the U.S. Government that would inhibit it. That is, I don't know whether, under these circumstances, he could be assumed as being an employee of the U.S. Government.

Mr. HARDY. I don't care whether he is assumed to be an employee of the U.S. Government or not, if we are going to send U.S. citizens overseas and pay them with U.S. tax dollars and they are going to be working in a delicate area like this, they ought to be required to take a loyalty oath to the United States and there ought not to be any question about their loyalty, and if they have any hesitation in taking such an oath, then we ought not to hire them in the first place.

Mr. KUNZE. I agree.

Mr. HARDY. There ought not be $1 of tax money——

Mr. KUNZE. I agree with you, sir, and that is the reason why each of the contracts have had the requirement for security clearances.

Mr. HARDY. Security clearance; you have to have security clearance too, don't you?

Mr. KUNZE. Yes, sir.

Mr. HARDY. You also took an oath of loyalty to the United States, didn't you?

Mr. KUNZE. I certainly did.

Mr. HARDY. Is there any reason why tax dollars should be paid to people who are going to be going overseas and questioning people about this particular subject with the dynamite-laden political implication?

Mr. KUNZE. My only reservation would be, if that kind of loyalty oath put them in a position to claim that they were employees of the United States and, therefore, subject to the benefits of the Federal employment.

Now I don't know whether this is so, but I think it could be looked into.

Mr. HARDY. Well, I am surprised that we should be confronted with a request that there be no necessity for security clearance. That raises a question in my mind immediately about other aspects of the contract.

Mr. BELINKY. Perhaps what the chairman is talking about is pro-

vision for the confidential treatment for the information and reports which the contractor was to submit.

Mr. HARDY. You have seen the letter from the university with respect to this subject?

Mr. BELINKY. No, sir.

Mr. HARDY. That is what I am referring to.

Is there anything further?

Let the subcommittee stand adjourned subject to the call of the Chair.

(Thereupon, at 5:30 p.m., the subcommittee was adjourned.)

APPENDIXES

APPENDIX 1—LETTER FROM HON. PORTER HARDY, JR., CHAIRMAN, FOREIGN OPERATIONS AND MONETARY AFFAIRS SUBCOMMITTEE, TO HON. DEAN RUSK, SECRETARY OF STATE, OCTOBER 1, 1962

OCTOBER 1, 1952.

HON. DEAN RUSK,
Secretary of State,
Washington, D.C.

DEAR MR. SECRETARY: On August 10 and 11, 1962, the subcommittee held open hearings to inquire into certain activities of the Research, Evaluation and Planning Assistance Staff of the Agency for International Development. Although no State Department witnesses testified at the hearings, I am forwarding the galleys of the hearings, in accordance with our usual practice. It is requested that they be reviewed by the appropriate officers of the Department for the purpose of clearing them from the standpoint of national security and U.S. foreign policy prior to publication. When this has been done, I would appreciate your so advising me by letter so that it may be made a part of our published record.

Sincerely yours,

PORTER HARDY, JR., *Chairman.*

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APPENDIX 2—LETTER FROM FREDERICK G. DUTTON, ASSISTANT SECRETARY, DEPARTMENT OF STATE, TO HON. PORTER HARDY, JR., SEPTEMBER 24, 1962

DEPARTMENT OF STATE,
Washington, September 24, 1962.

HON. PORTER HARDY, JR.,
Chairman, Foreign Operations and Monetary Affairs, Subcommittee, Government Operations Committee, House of Representatives.

DEAR MR. CHAIRMAN: This is to advise you that the State Department has no objection from the standpoint of foreign policy and national security to the publication of "Agency for International Development Contract Operations, Office of Research, Evaluation and Planning Assistance Staff, Part II."

Sincerely yours,

FREDERICK G. DUTTON, *Assistant Secretary.*

APPENDIX 3—LETTER FROM R. L. CLODIUS, ASSOCIATE DEAN, UNIVERSITY OF WISCONSIN, TO DR. EDWARD FEI, ACTING ADMINISTRATOR, RESEARCH, EVALUATION AND PLANNING ASSISTANCE STAFF, AGENCY FOR INTERNATIONAL DEVELOPMENT, SEPTEMBER 4, 1962

THE UNIVERSITY OF WISCONSIN,
Madison, Wis., September 4, 1962.

DR. EDWARD FEI,
Acting Administrator, REPAS,
AID, U.S. State Department,
Washington, D.C.

DEAR DR. FEI: It has come to my attention, through Prof. Ray Penn, that the term "cost sharing" has been questioned in connection with the AID-University Land Tenure Contract.

I am surprised that this question should even arise now. Mr. Belinky raised it with me on the telephone before the contract was signed, and I explained to him then our understanding of the general nature of the contract and how it represented only one part of a major and expanding university program. He indicated that he understood, and said he was satisfied.

In general, we understand the contract to be a vehicle by which the U.S. Government can finance a specific research and training program in Latin American land tenure. We feel, and assume that the AID State Department does too, that this type of research and training is of most vital importance to future relations with Latin American countries. We know, too, that this is an activity that can only be done effectively by a university, and, in the field of land tenure, Wisconsin is the leading university.

The contract, by design, includes only the research activities that are to be financed by AID. However, we have referred to this as a joint effort, cost sharing if you please, because the university has, in the past, is now, and will, in the future, invest many resources in research and training in land tenure. Recognizing that it is not possible to catalog all the contributions the university will make to this overall effort, let me give you just a few illustrations:

1. The program director, Ray Penn, has been budgeted less than one-half time to the contract since July 1, 1962. Yet, he has been devoting a major portion of his time to this activity for several years. For the last year, and for the duration of the contract, he is devoting what any person would consider to be normal full time to this effort.

2. Prof. Charles Anderson, of the political science department, will be doing research in San Jose, Costa Rica, and Bogotá, Colombia, the first semesters of 1962–63. He is not budgeted on the contract, yet his research is a part of and supports the overall research program. Also he will negotiate and plan for future land tenure research under this contract.

3. The administrative committee, seminar committee, and the subject matter advisory committee have been meeting regularly. These 15 staff members have received no financial support from the contract.

4. At least 10 graduate students doing research in this area are being supported by noncontract funds (4 NDEA, 2 or 3 lawyers, 3 Ford fellows in geography, et al.).

5. From grant funds, the university will be putting $60,000 per year for the next 5 years into the Ibero-American area.

6. The university gives a long list of courses important to training Latin American technicians. The list is attached. The staff giving these courses have done and are continuing to do research in this area.

7. The university has substantial programs in Africa, India, and other Far Eastern countries. Many from these activities will be useful in the Latin American research program.

So you see, there should be no question about the joint nature of this contract. The contract was intended only to show the activities to be financed by AID.

Further, I think we are making real good progress getting the research program underway. Plans are progressing in Colombia, in Brazil, with Inter-American Committee for Agricultural Development, and with Inter-American Institute of Agricultural Sciences. We are particularly impressed by the members of Latin American institutions that want to join with us in the research and the enthusiastic reception we have received. I am, of course, biased, but I feel strongly that our dollars spent on research and training and particularly on this project will be among the most productive we spend.

Sincerely,

R. L. CLODIUS.

APPENDIX 4—AIRGRAM FROM AGENCY FOR INTERNATIONAL DEVELOPMENT, WASHINGTON, TO LATIN AMERICAN MISSIONS; SUBJECT: "PROPOSED LAND REFORM POLICY FOR LATIN AMERICA," SEPTEMBER 1, 1962

DEPARTMENT OF STATE,
September 1, 1962.

From: AID/W.
Subject: Proposed land-reform policy for Latin America.
Address and serial No.: AIDTO Circular LA-47.
Authorizing officer: Teodoro Moscoso AA/LA.
AID and other clearances:
R. Sternfeld, LA/DP.
M. Weissman, LA/ID.
Drafted by: L. Peterson and others.
Office: LA/ID.
Date: August 27, 1962.

INTRODUCTION

The purpose of this airgram is to restate U.S. policy with respect to AID assistance in land-reform activities undertaken in Latin American countries under the Alliance for Progress, and to provide missions with a checklist of problems and opportunities in this field. More specific guidelines can only result from analysis of the land-reform problem in individual countries, or, in some cases, given regions within those countries.

In signing the charter of Punta del Este, the signatory countries agreed, among other things, "to encourage, in accordance with the characteristics of each country, programs of comprehensive agrarian reform leading to the effective transformation, where required, of unjust structures and systems of land tenure and use, with a view of replacing latifundia and dwarf holdings by an equitable system of land tenure so that, with the help of timely and adequate credit, technical assistance and facilities for the marketing and distribution of products, the land will become, for the man who works it, the basis of his economic stability, the foundation of his increased welfare, and the guarantee of his freedom and dignity."

The statement goes to the very heart of socioeconomic development in Latin America—a more equitable distribution of land ownership to those who till the land and a much wider distribution of the income from the land.

The President of the United States has made repeated reference to land reform as a major component of U.S. foreign aid objectives. In most, if not all, Latin American countries, U.S. assistance in support of land reform activities is an essential part of an integrated program to help provide the requisites for economic development.

It involves many of the essential ingredients of rural reconstruction, social stability, and overall economic growth.

SCOPE OF LAND REFORM

Land reform is concerned with improvement of agricultural economic institutions; that is, the establishment of owner-operated farms through the acquisition and redistribution of land to landless peasants; the reclamation, development, and settlement of both private and public lands; effective and equitable property and land tax policy and administration; the consolidation of fragmented parcels of land into more productive units; the use of agricultural credit and farmers' cooperatives for the benefit of the new landowners; the promotion of equitable landlord-tenant relations; and, at least, a minimum of public services—roads, schools, health programs, marketing facilities, and extension education—to meet the essential needs of the small farmer.

APPROACHES

There are several approaches to land reform, and some persons are prone to consider their approach as a panacea. Each approach must be considered in relation to the reality of the given country situation.

Direct approaches to land reform are: (1) settlement of undeveloped areas; and (2) establishment of an equitable land-ownership pattern and resettlement in existing agricultural areas. A related and indirect approach is provided by establishing effective and more equitable property or progressive land and inheritance taxes.

In the countries of Latin America opportunities for frontier expansion are great and promising on both undeveloped public and private lands; and in these areas the developing of farms of adequate size for a farm family should be a rational process. Land settlement of undeveloped areas, to result in a genuine contribution to the national economy and to the betterment of the lives of the settled people, must be carried out within the context of a well-planned program of "frontier development" in the respective country. A series of "colonization projects" is not in itself a general frontier development program.

In the development of new land it is necessary to avoid costly mistakes. The United States has gained its experience in this matter primarily from correcting its mistakes. Rural zoning, Government purchase of isolated farms, and local land use planning have been instituted primarily as corrective retroactive measures in the wake of irrational settlement, tax delinquency, and land foreclosures. Latin American countries should be spared this costly experience.

The opening of new land areas is generally a slow undertaking requiring heavier development costs and higher social overhead costs than the setting up of owner-operated farms in established farming areas. Wherever there is land colonization or settlement, it should generally be accompanied by the acquisition and subdivision of large private holdings.

For Latin America as a whole, farms of over 2,500 acres make up approximately 65 percent of the total agricultural area yet represent only 1.5 percent of the total number of farms. This maldistribution of landholdings obviously results in severe social, economic, and political inequities, and offers extensive opportunities for land redistribution.

Some redistribution of landownership in Latin America is taking place. In some cases, large landlords are offering their land for sale to governments, and the much higher returns to capital in industrial investment and urban pursuits encourages landlords to dispose of their holdings for subdivision into owner-operated farms. A pressing need is the development of clearer policies and better procedures for effecting a more rapid rate for such ownership transfer.

More effective and equitable land, property, and inheritance taxes have an important place in both comprehensive tax and land-reform programs. Too often good tax laws are nullified by poor execution. In addition, the necessary cadastral surveys, land classification, and property appraisals, on a country-wide basis, usually represent a formidable task. Progress may be slow; some short-cut expedients must be used at the outset. Programs of land, property, and inheritance tax reform must be well planned to be effective, but even more important, they must be well administered.

CAPITAL AND TECHNICAL ASSISTANCE

Under the authority of section 618 of the Act for International Development of 1961, AID may, where justified, provide financial assistance to land-distribution programs. Such financial assistance, either as loans or grants, might be in (*a*) helping defray the administrative costs involved in implementing land transfer programs; and (*b*) in contributing to a revolving fund that may be needed to defray such payments to landlords as are made in advance of the payments to be received from the new purchasers.

Loans from AID, as well as from IDB and other credit agencies, also can be made to help finance the cost of (*a*) supervised agricultural credit programs; (*b*) land-reclamation projects; and (*c*) public facilities in areas where land reforms are being executed.

It is recognized that financial assistance, per se, is not the complete answer. The real solution to this complex problem of agrarian reform may lie in "changing the hearts and minds and capabilities of the people." Thus the AID missions must be concerned with assistance of the kind and extent that will

help people to help themselves. Such assistance, financial and technical, under existing U.S. policy, will be forthcoming primarily from multilateral agencies. Nevertheless, the missions should plan their own staffing requirements, in coordination with other agencies who may be assisting in land-reform programs, to achieve a maximum impact.

A major consideration in U.S. policy in extending both technical and capital assistance to countries is that our efforts help in the development of institutions for the transfer, under proper conditions, of land from its present owners (public or private) to new owner-operators. In some countries, a first step is institutional development before any land may be properly distributed, while in some other countries institutional development may proceed as land reforms are being implemented. It is of the utmost importance that U.S. and other agency assistance result in the improvement of agrarian institutions; i.e., in truly helping people to help themselves.

POLICY AND PROGRAM GUIDE

The U.S. Government believes, as has been demonstrated in many countries of the world, that some type of owner-operated family farm system can best meet the goals of increased agricultural productivity; the conservation and development of land resources; and improved economic well-being of the rural people of Latin Amercia. Increased agricultural productivity, as well as social justice, should be a major objective of land-reform programs.

A number of foreign aid agencies—such as United Nations, Organization of American States, and the Inter-American Development Bank—and other U.S. Government departments, State universities, private consulting firms, etc., as well as AID, are in a position to provide assistance on various aspects of agrarian reform to the countries of Latin America. In most instances, assistance from these sources is clearly preferable to direct AID activity. It is the policy of AID to encourage full participation by all such agencies according to their capabilities and with effective coordination of all efforts.

In the establishment of owner-operated farms, the land resources—including available and potential water resources—should be studied as to feasible economic uses and use capabilities. Land-use planning is a necessary step in land reform. In the early stages of planning, stress should be on good plans, the building of a good organization, well-staffed, and a training and educational program for all levels of operation. The farm units established must be of adequate size, at fair value, supported by a good supervised agricultural credit program and needed public services.

Listed below are some of the survey, research, planning, legal, organizational, or implementing elements involved in land redistribution or land settlement programs. AID should encourage responsible agencies to extend help on these activities to the extent possible, supplementing this activity by its own direct programs where appropriate:

1. Development of cadastral surveys, title-recording systems, land-use capabilities studies and classifications, and economic feasibility evaluations.
2. Evolution of land and water policies for the wise use, control, and management of land resources.
3. Analysis of land tenure situations and problems within the country.
4. Establishing equitable and progressive land and inheritance tax systems and aggressive enforcement procedures.
5. Recommending major land uses and types of farming that would provide a decent living for an optimum number of owner-cultivators.
6. Developing policies and criteria required in deciding what large holdings should be acquired by Government for resale to prospective owner-cultivators, as well as criteria for establishing prices of land to be purchased and resold, and determining what acreage ceilings will be established for retention in present ownership.
7. Determination of organizational responsibility for administering the land purchase and resale program, including the character of local land commissions or other bodies that might be entrusted with certain details of land-ownership transfers.
8. Determining the method of financing and the banking or other institutions to have responsibility for providing necessary capital, the land or other types of bonds that might be involved, payments for the land and collections from the new purchasers.

9. Drafting enabling legislation and necessary ordinances that will provide the legal framework for implementing Government policies and plans.

10. Establishing a supervised agricultural credit program for new owner-operators so essential to the success of any land reform program.

11. Organizing rural cooperatives, such as credit societies, to help farm families to raise their standards generally and to become more responsible citizens of a community.

12. Providing extension and other technical advisory services to the new owner-operators and small farmers.

13. Construction of roads and public facilities, including land reclamation works.

14. For those tenant farmers and farm laborers who will not acquire land of their own, equitable landlord-tenant regulations, and agricultural labor policies in the interest of tenants, sharecroppers, and farm laborers must be developed.

15. Training host country nationals that are responsible for land reform programs is a very important element of a successful land reform program. Success will rest upon trained leaders, technicians, and upon active farmer education programs.

U.S. policy is to encourage desirable land reforms; to help governments help themselves with their land-reform programs; and to help build institutions for the benefit of those who till the land. It is the responsibility of each mission to take a continuing active interest in the field of land reform; reflect this interest in its planning and strategy determinations, and demonstrate by its program conformation and execution accomplishment of appropriate measures.

ACTION

1. Each USAID is requested to report specific data to AID/W on:

(*a*) Status of land reform plans and programs of the host country;

(*b*) Assistance, if any, host country is receiving from other outside agencies;

(*c*) Steps taken by mission to assist host country or extent to which host country can and should be assisted.

2. This information should be incorporated in the report called for under AIDTO Circular LA–5.

RUSK.

Cable room: Send to following as: AIDTO Circular LA–47; AIDTO Circular L:

10	Asuncion	13	Lima	3	Recife
5	Belize	10	Managua	15	Rio De Janeiro
12	Bogotá	7	Mexico City	9	San Jose
10	Buenos Aires	5	Montevideo	12	San Salvador
8	Caracas	10	Panama City	14	Santiago
5	Georgetown	5	Paramaribo	5	Santo Domingo
9	Guatemala	10	Port Au Prince	14	Tegucigalpa
7	Kingston	12	Port of Spain		
10	La Paz	12	Quito		

APPENDIX 5—AGENCY FOR INTERNATIONAL DEVELOPMENT CONTRACT CLEARANCE: ORIGIN OF CONTRACT OFFICE MEMORANDUM NO. 24 AND CONTRACT OFFICE MEMORANDUM NO. 24, FEBRUARY 21, 1961

ORIGIN OF O/CO MEMORANDUM NO. 24

Under date of February 21, 1961, Mr. Julius J. Kessler, Acting Director of the Office of Contract Relations, issued O/CO memorandum No. 24 which removed the Contract Audit Branch, Audit Division, Office of the Controller, as a mandatory point of clearance for a variety of types of contract actions. The memorandum also reaffirmed the responsibilities of the Contract Audit Branch in several specific areas in the contracting process. Among these were the review and analysis of all responses to invitations to bid; the determination of all overhead rates; the determination of contractor's financial reliability; the review and clearance of all proposed waivers of competition; the review of all proposed changes in standard contract provisions; and participation as members of a contract team in decisions involving the type of contract to be used, the content of invitations to bid, and the establishment of basic contract arrangements for those contracts handled under the contract team systems.

The decisions reflected in O/CO memorandum No. 24 were designed to expedite the contracting process by providing for Controller clearance on a selective, rather than on a compulsory, across-the-board, basis. They resulted from agreements which had been reached between staff members of the Office of the Controller and the Office of Contract Relations and concurred in by the Deputy Director for Management and the Deputy Director for Operations.

FEBRUARY 21, 1961.

O/CO MEMORANDUM NO. 24

To: All O/CO personnel.
From: Julius J. Kessler, Acting Director, O/CO.
Subject: Responsibilities/Functions for Contract Review and Analysis by the Contract Audit Branch, Office of the Controller.

1. Effective immediately, the Contract Audit Branch, Audit Division, Office of the Controller, will no longer be mandatory as a general clearance office for contract clearances.

2. The responsibilities of the Contract Audit Branch pertaining to the contracting process are:

A. Review of invitations for competitive bids or requests for proposals

(1) When requested by O/CO, CAB will review draft invitations for competitive bids or requests for proposals that are prepared by O/CO.

(2) When an invitation is submitted to CAB for review and analysis, the request from O/CO will indicate whether specific information is required concerning the invitation or whether a complete review and analysis is to be made by CAB.

(3) CAB will inform O/CO by memorandum the results of their review of each invitation.

B. Review of responses to invitations to bid

(1) O/CO will submit all responses received to CAB for review and analysis.

(2) CAB will prepare an analysis of the bids (spread sheets) and will furnish O/CO the original copy of such spread sheets. CAB will prepare a memorandum to O/CO to transmit the spread sheets indicating the low bid, second, third, and fourth bids, and the CAB comments and any other appropriate information not included in the spread sheets.

C. Examination of contractors' cost estimates and financial statements

(1) When requested by O/CO, CAB will review the cost estimates and related financial information furnished by a proposed contractor. CAB will make such examinations of the financial information furnished by the proposed contractors as may be necessary to determine whether (i) the contractor is financially responsible; and (ii) adequate accounts and records are available to comply with the applicable provisions of the contract. If these determinations cannot be made from the information furnished, CAB will make an examination of the books and records at the office of the proposed contractor.

(2) Where a provisional overhead rate is to be applicable to a proposed contract CAB will make a determination as to the appropriate overhead rate to be allowed.

(3) When CAB completes the financial examinations and makes the determinations as outlined in C (1) and (2) above, O/CO will be promptly informed by memorandum of the results in such detail as may be necessary to permit O/CO to make decisions concerning the applicable parts of the proposed contract. In the memorandum CAB will also give O/CO their opinion as to the financial responsibility of the contractor.

D. Review of draft contracts and amendments

(1) Upon specific request from O/CO, CAB will review draft contracts and contract amendments. The review by CAB will encompass specific items as requested by O/CO in the memorandum transmitting the draft contract or amendment.

(2) In view of the functions to be performed by CAB as outlined above, it is anticipated that O/CO will request the review of a limited number of draft contracts.

E. Negotiation of contracts

(1) In cases where the team concept is not involved, CAB will participate in the negotiations on an "as requested" basis.

(2) In contracts where the team concept is involved, CAB will participate in the negotiations as outlined in paragraph H below.

F. Review of waivers of competition

(1) Requests for waivers will continue to be submitted to CAB for review in accordance with the decisions of the Operations Review Committee.

(2) The responsibility of the Controller to review and concur in the issuance of waivers of competition submitted by O/CO to CAB will be accomplished by the Director, Audit Division.

G. Policies and procedures

(1) CAB will participate when requested in the development of regulations or directives pertaining to contracting. If CAB does not participate in this function, they will be provided an opportunity to review and comment on proposed contract regulations and directives.

(2) Proposed changes to standard contracts and clauses for various types of contracts will continue to be submitted to CAB for review and comment.

H. Contract team system for certain contracts

(1) The concept of the contract team system was outlined in a memorandum from the Deputy Director for Operations to the Director, Office of Contract Relations, under date of November 17, 1959. This memorandum provided that the team concept would be applicable for contracts where the estimated expenditures would be in excess of $1 million, and in other cases as determined appropriated by the Director, O/CO.

(2) CAB will continue to provide a representative for each contract team as outlined in the DD/O memorandum referred to above.

(3) When a contract team is organized, the CAB representative will participate in all of the team meetings until decisions have been reached on the type of contract, the content of the invitation and basic arrangements have been established. Thereafter, requests of the O/CO team leader for participation of the CAB representative in contract team meetings will generally, but not necessarily, be limited to meetings concerned with financial provisions of proposed contracts.

3. To provide for uniformity of the requests and control over the arrangements as outlined above, the requests for assistance from CAB will be approved only by Division or Branch Chiefs of the Office of Contract Relations.

APPENDIX 6—MEMORANDUM FROM DR. ERVEN J. LONG, SPECIALIST IN LAND PROBLEMS AND POLICIES, OFFICE OF FOOD AND AGRICULTURE, AGENCY FOR INTERNATIONAL DEVELOPMENT; SUBJECT: "UNIVERSITY OF WISCONSIN RESEARCH CONTRACT ON AGRARIAN STRUCTURE, LAND OWNERSHIP AND TENURE IN LATIN AMERICA," TO DR. EDWARD FEI, THROUGH DR. RALPH RUFFNER, FEBRUARY 5, 1962

FEBRUARY 5, 1962.

To: Dr. Edward Fei, REPAS.
Through: Dr. Ralph Ruffner, EDS.
From: Dr. Erven J. Long.
Subject: University of Wisconsin Research Contract on Agrarian Structure, Land Ownership and Tenure in Latin America.

Comment was requested of me by Messrs. Belinky and Roth, of your staff, on the following points:

1. Research proposal, copy of

Attached—as submitted by the University of Wisconsin.

2. Source recommendation or sole source justification

This is an unsolicited research proposal, so limited to the University of Wisconsin as the sole source of this service.

3. Fund citation

To be obtained from Dr. Fei.

4. Bilateral agreement or project agreement, if necessary, or statement regarding same

This requirement is not applicable inasmuch as this is a multicountry (regional) project, and multilateral agreement is not feasible. Country clearance will be routinely arranged by AID prior to visitation of the country by university staff. Provision for such clearance should be specified in the contract.

5. Statement of work

The University of Wisconsin should make a comparative study and analysis of economic, social, political, and administrative aspects of landownership, land tenure, and agrarian structure in countries and localities selected to be of general significance throughout Latin America. It should conduct the analysis and prepare reports in such fashion as to build a comprehensive body of knowledge on these subjects. The university should exert reasonable efforts to assemble significant research publications on above subject, to make results of such publications available in usable form to AID, and to utilize such findings in research undertaken under the contract.

6. Reports required

The University of Wisconsin should be required to submit annual administrative and substantive reports. The annual substantive reports shall elucidate all research findings during the year, all modifications or additions to findings of previous years; and principal hypotheses or inadequately tested findings of the year which require further study.

Each year's annual substantive report should be accompanied by a work plan for the following year. The work plan, though permitting flexibility, should specify principal problems to be investigated and general lines of approach to these problems.

Annual substantive reports should be so designed as to, cumulatively, provide AID with the principal findings of the research undertaking financed under the contract.

7. Preferred performance dates

Performance should commence with the signing of the contract and continue through the end of the fifth full fiscal year after the signing of the contract.

8. Comments on costs

The costs seem generally appropriate, assuming that university overhead shall be absorbed within the $1,250,000 for the 5-year period. It should be anticipated that expenditures during the first year of the contract may fall below the pro rata amount—in order to permit careful planning and staffing—but will be expanded later to absorb the short fall. In all probability the $5,000 per year suggested in the proposal for library materials and publications will prove inadequate, and should be enlarged by transfer from other items.

APPENDIX 7—LETTER FROM E. BLYTHE STASON, ADMINISTRATOR, AMERICAN BAR FOUNDATION, TO DR. ERVEN J. LONG, SPECIALIST IN LAND PROBLEMS AND POLICIES, OFFICE OF FOOD AND AGRICULTURE, AGENCY FOR INTERNATIONAL DEVELOPMENT, MAY 28, 1962.

AMERICAN BAR FOUNDATION,
Chicago, Ill., May 28, 1962.

DR. ERVEN J. LONG,
Specialist in Land Problems and Policies,
Office of Food and Agriculture,
Agency for International Development,
Department of State, Washington, DC.

DEAR DR. LONG: I am writing this letter pursuant to our telephone conversation of last Friday morning, and to confirm the understanding that I will call at your office in the State Department early Friday morning, June 1, 1962, to meet Dr. Fei and you for further discussion of our American Bar Foundation agrarian planning program. I shall be registered at the Hotel Mayflower, and if you wish to leave a message for me there, I will receive it in due course. Also, I shall telephone your office immediately after 9 o'clock on Friday morning to check the time and place of the meeting.

Over the telephone, we discussed briefly the question of the scope of our project and particularly whether or not we might consider extending its scope to include a small program with some of the emerging new nations in Africa. We had, in fact, had in mind the thought that if the Latin American program proved to be successful, we would attempt similar programs in other parts of the world. We had specifically discussed Central Africa as a possibility. We do not wish to undertake more than we can handle with high credit but see no reason why we could not extend our present program to include a small pilot venture into Africa. The pilot venture might include bringing two or three young Africans to the United States for the purpose of studying land-use problems in our universities. Such persons might work in collaboration with the Latin Americans who could conceivably be assigned to the same universities. Furthermore, we could arrange to reciprocate in a modest way by sending one or two of our people to Africa for study. A personal friend of mine who is a member of the faculty of the University of Michigan Law School, William B. Harvey, is to be in Accra for the next 2 years, serving as dean of the law school. I am certain that we could, through him, arrange for useful collaboration and interchange. We can discuss this matter in greater detail next Friday.

I have recently had an opportunity to discuss our agrarian planning program with Prof. Charles Haar, of the Harvard law faculty. He is a property law expert and is fairly familiar with the civil laws of some of the Latin American countries. He, too, is interested in our project and I am conviced that we can obtain his active cooperation in it. This collaboration will be a source of strength to us. Indeed, we have long felt that for our program to succeed we must enlist the capabilities of such people as Professor Haar, Prof. Jacob Beuscher, of the University of Wisconsin Law School, and Prof. John O'Byrne, of the law school at the State University of Iowa. With such persons taking active part in our program, we can be reasonably certain of the success of the intellectual and productive aspects of the project.

I shall look forward to discussing these matters with you next Friday.

Sincerely yours,

E. BLYTHE STASON, *Administrator.*

APPENDIX 8—MEMORANDUM FROM JACK C. OPPENHEIMER, SENIOR RESEARCH OFFICER, RESEARCH, EVALUATION AND PLANNING ASSISTANCE STAFF, AGENCY FOR INTERNATIONAL DEVELOPMENT; SUBJECT: "AMERICAN BAR FOUNDATION AGRARIAN PLANNING LAW, RESEARCH AND ANALYTICAL STUDIES," TO DR. EDWARD C. FEI, JUNE 22, 1962

JUNE 22, 1962.

Dr. Edward C. Fei, Acting Director, REPAS
Jack C. Oppenheimer, senior research officer, REPAS
American Bar Foundation agrarian planning law, research and analytical studies

I. SIGNING OF LETTER CONTRACT

The attached original and six copies of the subject research letter contract have been prepared at your request and in view of the considerations set forth below. Please sign the original and all of the copies so that this letter contract can be timely received and accepted by the contractor and returned to AID for appropriate administrative processing and documentation.

II. JUSTIFICATION FOR THE LETTER CONTRACT

The letter contract is self-explanatory and self-justified in that it includes recitals, by its very character as a letter contract, of the justifications for the use of this particular type of legal instrument. However, there is recorded in this memorandum, for your information prior to signing the attached letter contract and for the information of those required to use the file on this American Bar Foundation research letter contract, additional background detail on matters covered in general terms by certain particular portions of the letters contract; namely, the second paragraph of page 1 and its subparagraphs on pages 1 and 2, the second full paragraph on page 2, and the first full paragraph on page 3.

Page 1, paragraph 2, page 3, paragraph 1

The subparagraphs on pages 1 and 2 and paragraph 1 on page 3 reflect the discussions had on different occasions from June 19 to today among some or all of the following: Dean Stason and Mr. Houston Lay of the American Bar Foundation, and Assistant Administrator Waters, yourself, Dr. Karl Bode, Mr. David Mayer, Dr. Ervin Long, Dr. Davis, Dr. Paul Fisher, and myself of AID. In these conversations it was the consensus that a functional, as distinguished from a geographical, approach to research on the legal aspects of agrarian planning was desirable. This change in viewpoint stemmed from the following factors:

(1) It was agreed that the Wisconsin contract (to which this proposed contract is a companion project) for research and analysis of the economic, social, political, and administrative aspects of land reform as related to Latin America is too restrictive in geographic coverage and, hence, too limited for adequate substantive and comparative comprehension of the problem. It is felt that the geographic tail represented by one continent and the nations within it would most probably result in wagging the dog represented by the entire international and intercontinental frame of reference within which the substantive problems are properly located. Therefore, it is believed that the Wisconsin contract will have to be changed or amended accordingly.

(2) Inasmuch as the Latin America, Far East, Education and Social Development, and General Counsel representatives of AID and the Bureau of Intelligence and Research of the State Department agreed as to the undertaking of the Latin American phase of the research project, firstly, as suggested by the American Bar Foundation's revised April 30, 1962, proposal and May 18, 1962, covering letter, and the other regional bureaus had not responded to the request for comments on the American Bar Foundation proposal (aside from the Near East Bureau's memorandum of June 18, 1962, expressing the view that the research project proposal is of questionable applicability to that area for the reasons

stated therein), it was agreed that this letter contract and the subsequent definitive contract would stipulate the estimated cost of performing the research work related to the problems of the nations in Asia and Africa as well as in Latin America. Since the American Bar Foundation's revised budget of April 30, 1962, and its preliminary draft budget of June 18, 1962, applicable to the Latin American first phase of the project, totaled $347,600 and $400,000, respectively, and the applicable Federal Procurement Regulations limited obligations under letter contracts to 50 percent of the total estimated cost, it was determined that $700,000 would be a reasonable estimate of the total cost of the work to be performed under the contract and that $340,000 could be committed prudently under the letter contract to the first and subsequent phases of the work to be performed. The manner in which this letter contract obligation or commitment is undertaken has been approved by the Assistant Chief of the Accounting Division (C/ACC), as evidenced by Mr. Winfield Axford's handwriting and initials on the attached drafts of June 22, 1962. Mr. Axford stated that a PIO/T is unnecessary for a letter contract.

Page 2, paragraph 2

This paragraph constitutes the required justification for the negotiation of a cost-reimbursement contract with the American Bar Foundation.

III. LEGAL AUTHORIZATION FOR AMERICAN BAR FOUNDATION LETTER CONTRACT

This letter contract has not been reviewed, cleared, or approved by the General Counsel's office because Assistant General Counsel Jonathan Silverstone stated orally to me that his office would not have time for such a review because of the pressure of other matters at the end of this fiscal year. I replied that his position was thoroughly appreciated and understandable. Nevertheless, Mr. Silverstone was helpful in suggesting that if the terms and conditions of 1–3.405–3 of the Federal Procurement Regulations and AID Regulation 6 were adhered to, a letter contract instrument would be legally sufficient. This letter contract follows the applicable requirements of the Federal Procurement Regulations and AID regulations.

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