88th Congress
1st Session

COMMITTEE PRINT

REPORT OF A STUDY

OF

UNITED STATES FOREIGN AID IN TEN MIDDLE EASTERN AND AFRICAN COUNTRIES

SUBMITTED BY SENATOR ERNEST GRUENING

Subcommittee on Reorganization and International Organizations
of the Committee on Government Operations,
United States Senate

Turkey, Iran, Syria, Lebanon, Jordan, Israel, Greece, Tunisia, Libya, Egypt

OCTOBER 1, 1963

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REPORT OF A STUDY BY SENATOR ERNEST GRUENING OF UNITED STATES FOREIGN AID IN TEN MIDDLE EASTERN AND AFRICAN COUNTRIES

LETTER OF TRANSMITTAL

U.S. SENATE,
COMMITTEE ON GOVERNMENT OPERATIONS,
October 1, 1963.

HON. HUBERT H. HUMPHREY,
Chairman, Subcommittee on Reorganization and International Organizations, Senate Committee on Government Operations, Washington, D.C.

DEAR SENATOR HUMPHREY: I submit herewith a report on U.S. foreign assistance in 10 Middle Eastern and African countries. This report is the result of two study trips I made to those countries: From November 22, 1962, to January 8, 1963, in Turkey, Iran, Syria, Lebanon, Jordan, Israel, and Greece; from February 12 to February 28, 1963, in Tunisia, Libya, and Egypt. I was accompanied on both these trips by my legislative assistant, Mr. Herbert W. Beaser. I made these trips in my capacity as a member of your committee.

General authority for studies of this nature is provided under:

(*a*) Rule XXV, rules of the Senate, providing that the Senate Committee on Government Operations "shall have the duty of * * * studying the operations of Government activities at all levels with a view to determining its economy and efficiency," as well as "* * * studying intergovernmental relationships * * * between the United States and international organizations of which the United States is a member;" and

(*b*) S. Res. 276, 87th Congress and S. Res. 27, 88th Congress, directing the committee to study problems of "interagency coordination, economy and efficiency."

Sincerely yours,

ERNEST GRUENING,
U.S. Senator.

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I. INTRODUCTION AND ACKNOWLEDGMENTS

In accordance with the authorization of the chairman of the Senate Committee on Government Operations, Mr. McClellan, and the chairman of the Subcommittee on Reorganization and International Organizations, Mr. Humphrey, I visited, as a member of that subcommittee, 10 countries in the Middle East and Africa to observe the operations of our military and economic foreign aid programs in those countries. The countries visited were Egypt, Greece, Iran, Israel, Jordan, Lebanon, Libya, Syria, Tunisia, and Turkey. These visits necessitated two trips to the area, one during the months of November and December 1962 and January 1963, and one during the months of February and March 1963.

I was accompanied on both trips by my legislative assistant, Mr. Herbert W. Beaser, who also assisted me in the preparation of this report. Mr. Beaser has served on the State Department's Interdepartmental Committee on United States Foreign Policy and was one of Mrs. Franklin D. Roosevelt's advisers on and a member of U.S. Delegations to the United Nations Commission on Human Rights. We were assisted in the basic research for this report by Mrs. Pushpa Schwartz, who was then a member of my staff. Miss Mary Shields and Mr. Milton Fairfax, of my staff, provided very valuable assistance in the preparation of the manuscript of this report.

On my first trip I was accompanied by Lt. Col. Harry Salsbury and on my second trip by Lt. Col. Randell Kelly, both of the Department of the Army. I wish to acknowledge my appreciation for their assistance both before and during these trips.

I wish also to express my thanks and appreciation to the many men and women in our missions abroad in the countries visited who worked tirelessly to facilitate the efforts of our party. They were without exception pleasant and helpful. I shall mention none of them by name because I realize that many, in addition to those I met personally, had an anonymous hand behind the scene in making the necessary arrangements for my visits.

Appreciation should also be expressed to the many persons in the Departments of State and of Defense who assisted in facilitating our trip and in making available to us the briefings and the documentation requested.

Before making the trips we were briefed by officials of the Departments of State and Defense with respect to our assistance programs in the countries to be visited. Since our return I have been reviewing basic documentation—project agreements, loan agreements, contracts, feasibility studies, statistics, etc.—so as to document my conclusions and recommendations to make certain that any program operations commented on did not represent isolated instances of happenings, but were in fact part of normal operations. Such a review has necessitated the pulling from files of countless documents, which was done without hesitation and at considerable inconvenience by the personnel of the Department of State upon request.

II. FINDINGS AND RECOMMENDATIONS

The continuance of our foreign economic assistance program on an adequate basis is of prime importance to the United States and to the Nations of the Free World.

However, this should not mean that those of us who subscribe to this belief should be barred from voicing our criticisms of how the program has been and is being administered or how the program objectives are sought to be attained. For far too long this program has been shielded from public scrutiny and criticism by those of its advocates who voiced the fear that any such scrutiny and criticism would give aid and comfort to those who are unalterably opposed to any foreign aid program at all.

Such an ostrich-like posture, in the long run, serves only to harm any public program, which should at all times be subjected to searching public scrutiny, especially by the Congress. Today the foreign aid program is reaping the consequences of the years of suppressed criticism. With criticism on the part of its most ardent supporters muted, the program administrators through the years have been able to dismiss criticisms of how they were administering the program with the cavalier statement that those voicing the criticisms were against all foreign aid anyway.

The time has come for those of us who are in favor of the foreign economic assistance program to voice our criticisms of the program—as it has been administered, as it is being administered, and unless reformed, as it is likely to continue to be administered—loudly and publicly, but with the utmost objectivity, in an attempt to bring about needed reforms. Perhaps the administrators of the program will then give heed. For the sake of the program itself it is hoped that this result will take place—promptly.

It is in this spirit that this report has been prepared and these findings and recommendations have been made. Thus, while it is recommended that programs in certain countries be eliminated, at the same time it is recommended that the programs in other countries be maintained or increased and intensified.

On the basis of the facts presented in this report as a result of my study of our foreign economic assistance program in the 10 Middle East and African countries visited, the following findings and recommendations are made.

A. CRITERIA FOR DETERMINING WHICH NATIONS SHOULD RECEIVE U.S. FOREIGN ECONOMIC ASSISTANCE

FINDINGS

There is and has been far too great a tendency on the part of AID Administrators to proceed on the assumption that any nation in the Free World not only should, but is entitled to, receive U.S. foreign economic aid. This assumption operates regardless of internal situa-

tion of the country aided, its political stability, the sincerity of its desire and earnestness to raise the living standards of and grant civil and political freedom to its people, or the state of its economic development.

Not all nations of the Free World are equally ready or equally entitled to receive foreign economic assistance. There is no mandate, or obligation, to give to any and all. Indeed to do so—which has been the general inclination of our foreign aid administrators—is the height of folly.

This indiscriminate selection of nations to receive U.S. foreign economic assistance means a waste of U.S. dollars and hurts our image in the world. Recipient nations have therefore come to accept, and even to demand, U.S. foreign economic assistance not only matter-of-factly but, in some instances, even as a matter of right, rather than in a spirit of being and continuing to be worthy of its receipt, and of being willing and able to utilize such aid wisely, efficiently, and honestly and take such steps as may be required to insure attainment of the objectives of the assistance program.

In consequence our programs have been cheapened in the eyes of the rest of the world.

In most of the countries aided, carrying out needed reforms on behalf of the people results in many economic and political dislocations and requires sincere determination on the part of the nation's leaders. The United States plays directly into the hands of those protesting the dislocations and weakens the determination of the nation's leaders when they see a neighboring country continue to receive U.S. economic assistance without instituting needed reforms and without disturbing the status quo.

What is desperately needed in the AID program is a set of criteria for determining which nations in the Free World are worthy of receiving U.S. foreign economic assistance. These criteria should be widely published. And, even more important, they should be rigidly adhered to. (See ch. XII.)

IT IS THEREFORE RECOMMENDED THAT

The following criteria be adopted for determining which nation needing and requesting economic assistance from the United States should receive such assistance.

(*a*) There is a reliable, stable, and reasonably efficient system of government and a basic cadre of trained and experienced public administrators;

(*b*) There is a force of trained managerial personnel to administer intelligently any aided economic developments;

(*c*) There is a genuine desire for economic development, a realization of the obligations entailed in such economic development, and a readiness to sacrifice in the present for future economic growth;

(*d*) The budget of the country is austere and its income is not being spent on frills or on the import of luxury goods;

(*e*) The laborers in factory and in field—the skilled and unskilled workers and farmers—will receive a just share of the benefits accruing from economic development;

(*f*) There is no "flight" of private capital from the country;

(*g*) The country is not engaged in unprovoked military attack on its neighbors or in an unnecessary arms buildup for that purpose;

(*h*) The country is not committed to an economic system dedicated to the ultimate liquidation of private enterprise and investment;

(*i*) There has been formulated a well-conceived, not overambitious, long-range economic development plan;

(*j*) Needed equitable tax and land reforms have been adopted or are in the process of adoption.

B. TOO MANY SPIGOTS DISPENSING FOREIGN ASSISTANCE

FINDINGS

Through the years the United States has established or assisted in establishing many—too many—spigots for dispensing foreign assistance. Some are operated and financed entirely by the United States. Some are international organizations in which the United States pays a large portion of the costs. In addition, the United States contributes a goodly share to the assistance programs operated by the United Nations. Under the umbrella of the Department of State there is the AID spigot, the Development Loan Fund spigot, and the Bureau of Educational and Cultural Affairs spigot. Acting independently, there is the Department of Defense spigot with its civic affairs projects for public works in various countries under the heading of "Military Assistance." Also acting independently is the Export-Import Bank spigot.

Through the United Nations there is the United Nations Technical Assistance program and the United Nations Special Fund.

Then there is the IBRD (the International Bank for Reconstruction and Development), the IFG (the International Finance Corporation), the IDA (the Inter-American Development Association), and the IDB (the International Development Bank).

In addition, in some countries, the Department of State has operated educational grant programs through CARE via USIA. In Latin America, the Department of State has also been providing educational grants through a private organization called the Inter-American Schools Services.

Additional spigots are also created through the various annual acts appropriating funds for our domestic departments and agencies. The funds appropriated are to be used to purchase local currencies generated by Public Law 480 sales.

There is the spigot of the Welfare Administration of the Department of Health, Education, and Welfare. For fiscal year 1964, $1,200,000 requested.

There is the spigot of the Office of Education in the Department of Health, Education, and Welfare. For fiscal year 1964, $800,000 requested.

There is the spigot of the Office of Vocational Rehabilitation of the Department of Health, Education, and Welfare. For fiscal year 1964, $3 million requested.

There is the spigot of the National Institutes of Health of the Department of Health, Education, and Welfare. For fiscal year 1964, $9,673,000 requested.

There is the spigot of the Agricultural and Forestry Research Service in the Department of Agriculture. For fiscal year 1964, $2,500,000 requested.

There is the spigot of the Bureau of Commercial Fisheries of the Fish and Wildlife Service of the Department of the Interior. For fiscal year 1964, $300,000 requested.

In fiscal year 1964, $17,473,000 will flow through these six additional spigots. These are in addition to the funds flowing through the other spigots and are not funneled through AID.

Two additional spigots were created through special acts, one relating to India and the other to Finland. Through these two spigots flow U.S. dollars for the purchase of books and scientific equipment for these two countries. Through the spigot marked "India" have flowed 3,134,277.24 U.S. dollars. Through the other spigot marked "Finland" have flowed 943,249.86 U.S. dollars.

IT IS THEREFORE RECOMMENDED THAT

There be a thorough review of each of the spigots mentioned above to determine whether there is a clear definition of purpose, method and operation of each spigot, whether it can be consolidated with another spigot or eliminated, and to preclude the practice of foreign governments of shopping for funds from spigot to spigot.

C. INTEREST RATES ON DEVELOPMENT LOANS SHOULD BE NO LESS THAN THOSE PAID BY THE UNITED STATES TO BORROW MONEY

FINDINGS

Every time the United States makes a Development Loan at an interest rate of three-fourths of 1 percent repayable in 40 years, often with no repayment of principal and interest for the first 10 years, it is at the same time making an outright grant of from 50 to 75 percent of the face value of the loan. It costs the United States about 4 percent to borrow that money. It is a deception practiced upon the U.S. taxpayers to tell them the program is being changed over to one of loans repayable in dollars when in fact the low interest rates charged mean that the grant program is continued. (See chap. VI.)

IT IS THEREFORE RECOMMENDED THAT

Development Loans become loans in fact as well as in name and that interest rates on such loans be raised to the interest rate paid by the United States to borrow money.

D. FUTURE USES OF U.S.-OWNED LOCAL CURRENCIES PRESENT SERIOUS PROBLEMS

FINDINGS

The United States has outstanding many loans to many countries which call for their repayment in the future in local currencies. As the money is repaid, it, together with the interest it earns, is to be reloaned by the United States for projects designed to aid the economic development of the country repaying the loans. In the 10 countries studied, loans repayable in local currencies of $1.109 billion had been made as of December 31, 1962. Because of interest payments, the local currency fund in those 10 countries is increasing at the rate of $26.2 million each year.

Someone will have to administer these funds.

Our AID program in Israel is at an end and the AID mission withdrawn. However, during the next 10 years, our Embassy in Israel will be called upon to negotiate *new* loans in Israeli pounds in the amount of $250 million. Our total AID program to Israel in the 10 years, 1953–62 was $392 million.

The problem in Greece, where our program is also ending, will likewise be great. It is a disturbing thought that in the year 2003 (when the last loan already made will be repaid in local currency) our Embassy in Athens will be passing on loan applications from the Greek Government. Will not the interference of the United States in the local economic development of a nation be resented so long after the original loan has been made and when we are loaning not dollars but local currencies? This problem faces the United States in the future to an ever greater extent as its formal AID programs come to "an end." Unless Congress lays down guidelines as to how such local currencies should be spent in the future, the United States will never be able to get off the treadmill, will never be able to end its aid program in any country, and will be forced to maintain, at the expense of the U.S. taxpayers, staffs to administer these funds of local currencies which will be constantly increasing. (See ch. VII.)

IT IS THEREFORE RECOMMENDED THAT

(a) loan agreements calling for repayment in local currencies be renegotiated, wherever possible, with great inducements for their repayment in dollars;

(b) consideration be given to the establishment of educational trust funds, jointly administered by our Ambassador and the Education Minister, into which fund local currencies can be repaid as the loans are repaid. (See ch. VII.)

E. INABILITY TO ACCOUNT FOR FOREIGN AID EXPENDITURES

FINDINGS

In calling for a breakdown of grants for education in foreign nations, it was shocking to find that AID and USIA were not in a position to reply readily due to their manner of keeping accounts. In fact, the reply from USIA stated that it destroyed its records after only 3 years. (See ch. VIII.)

IT IS THEREFORE RECOMMENDED THAT

AID revise its accounting system and that USIA discontinue destroying its basic records so that they can be in a position to advise the Congress and the public on what U.S. aid dollars have been spent.

F. CLEARER DEFINITIONS NEEDED OF PURPOSES OF VARIOUS AID CATEGORIES

FINDINGS

An example of the interchangeability of the various categories of AID was found in the situation in Iran where a loan from "Supporting Assistance" was made to the Government organization responsible for economic development while a loan to Israel for the same purpose was made from Development Loan Funds. (See ch. VI.)

IT IS THEREFORE RECOMMENDED THAT

Clear limitations be placed on the uses of "Supporting Assistance" so that it can no longer be used at the whim of the AID Administrator for unlimited, undefined purposes.

G. END USE CONTROLS NEEDED TO PREVENT WASTE OF AID DOLLARS

FINDINGS

AID dollars are loaned or granted to aid in a particular country's economic development. To prevent those dollars from being diverted into meeting that country's budget deficit or for the importation of luxury goods, it is essential that firm controls be exercised by AID to "follow the dollar" and see to it that it is in fact being used for the economic development of the country to which it is loaned or granted. This study indicated that such firm controls are not being exercised. (See ch. IV.)

IT IS THEREFORE RECOMMENDED THAT

AID, with the assistance of the Comptroller General, immediately adopt proper controls over commodities purchased with U.S. AID dollars.

H. CLOSER INTEGRATION OF DEVELOPMENT LOAN PROGRAM WITH REMAINDER OF AID PROGRAM URGENTLY NEEDED

FINDINGS

The Development Loan Fund program was originally administered by an independent agency. In 1961 it was placed in the Department of State and subjected to the supervision of the AID Administrator. The integration of the DLF program with the remainder of the AID program is still only on paper and is not a fact. DLF administrators in Washington make all the decisions as to which country will get what loans and on what terms, even though similar decisions for similar projects in the remainder of the AID program are made, at least in the first instance, by the AID mission in the country. (See ch. VI.)

IT IS THEREFORE RECOMMENDED THAT

The Development Loan Fund program be decentralized—at least to a regional level—and that ways be found to bring AID personnel into closer affinity with the DLF program personnel.

I. THE CLOAK OF SECURITY HAS BEEN NEEDLESSLY THROWN OVER TOO MUCH OF THE AID PROGRAM

FINDINGS

In scrutinizing many of the AID presentations to the Congress in support of its authorizations and appropriations, it is obvious that the program has been hiding behind the cloak of secrecy far too long. Many documents classified for security reasons contained information already in the public domain. Through the years this cloak of secrecy has hurt the program because it has prevented U.S. citizens from obtaining an accurate picture of how their dollars were being expended in the total program. Secrecy begets suspicion so that the bringing to light of faultily conceived and executed projects casts a shadow on the entire program. (See ch. XI.)

IT IS THEREFORE RECOMMENDED THAT

A serious effort be made to avoid classifying documents presented to the Congress for security reasons; that any document so classified bear on its face an automatic declassification date unless the AID Administrator personally certifies that declassification automatically at any date in the future would be dangerous to the security of the United States; that authority to classify documents be confined to a small number of individuals; and that the authority to classify documents for security reasons with a declassification date more than 5 years later should be vested only in the Administrator of AID, or the Ambassador to the country aided.

J. AID CONTRACT PRACTICES NEED REEXAMINATION

FINDINGS

Instances were found in which contracts made by AID either on their face or through the process of renegotiating the contract provided for a fee fixed as a certain percentage of the cost of the project. The more the project ultimately costs, the higher the fee. Under such a practice there is a natural tendency to incur mounting costs.

In addition, the amounts allowed in contracts for the contractor's overhead appeared very large. (See ch. X.)

IT IS THEREFORE RECOMMENDED THAT

AID contract practices be reexamined to avoid contractors' fees being fixed, directly or indirectly, as a percentage of the total cost of the project, and that the amount allowed for overhead costs be brought in line with the amounts allowed for domestic projects.

K. THE COUNTRY AIDED SHOULD NOT BE PERMITTED TO LEVY CUSTOMS DUTIES ON GOODS PURCHASED IN THE UNITED STATES WITH AID DOLLARS

FINDINGS

Examples were discovered, in examining some of the basic AID documents, that some of the project agreements did not provide that the goods purchased with the proceeds of the loan or grant in the United States would be admitted into the recipient country without the payment of customs duties. Other project agreements examined did contain such provisions. Where no such provision was contained in a project agreement, it meant that part of the U.S. dollars granted or loaned went to pay for the general upkeep of the country aided, and for purposes not provided for in the AID program or approved by the Congress. (See ch. X.)

IT IS THEREFORE RECOMMENDED THAT

A standard provision be written into every AID contract and agreement for a grant or a loan that merchandise purchased with the proceeds of the grant or loan must be admitted duty free into the country receiving the money.

L. TECHNICAL ASSISTANCE SPREAD TOO THIN

FINDINGS

In the 10 countries studied, in the fiscal year 1962, there were 218 separate technical assistance projects on an almost unlimited number of subjects. There were in addition projects for which development loans were made, as well as local currency loans. Since they involve so many diverse subjects, it is a physical impossibility to make certain that their execution is efficiently carried out. We are thus scattering our aid as though from a shotgun rather then concentrating more effort on the fewer projects that need more aid now. (See ch. V.)

IT IS THEREFORE RECOMMENDED THAT

All projects for which technical assistance is provided be immediately reexamined to cut back drastically on the number underway in any one country, with a view to bringing about more cohesiveness and direction in our technical assistance program and to weed out those projects which have been continued too long and which the host country should long before this have taken over.

M. PRIVILEGES AND ALLOWANCES OF U.S. PERSONNEL STATIONED ABROAD SHOULD BE UNIFORM IN EACH LOCATION IN EACH COUNTRY

FINDINGS

The lack of uniformity of privileges and allowances accorded to U.S. personnel stationed abroad in the same country is disruptive of morale and efficiency. For example, State Department personnel stationed in a particular country may be given an allowance to enable them to send their children out of the country to school while military personnel, working at the next desk, are not given such allowances. At the same time, the military personnel may be given APO privileges while the State Department personnel stationed in the same place are denied such privileges. These discriminations without meaning were the single major criticism most often voiced by U.S. personnel abroad during the entire study. (See ch. X.)

IT IS THEREFORE RECOMMENDED THAT

An Interdepartmental Committee be established to study the allowances and privileges of U.S. personnel stationed abroad and to make recommendations for changes to insure that U.S. personnel stationed in the same location in the same country abroad be accorded the same privileges and allowances.

N. THE UNITED STATES SHOULD EXERCISE IMMEDIATE LEADERSHIP IN AND OUT OF THE UNITED NATIONS TO TURN THE ARAB REFUGEES INTO USEFUL, PRODUCTIVE CITIZENS

FINDINGS

Forty percent of the Arab refugees were not born in what is now Israel. Fifty percent of the total 1.1 million refugees are under the age of 18. Of the total of $38.5 million received by the United Nations Relief and Works Agency from governments in calendar year 1962, the United States contributed $24.7 million or over 70 percent. These are the basic three positive factors working in favor of a practical

solution of the Arab refugee problem and of making them productive useful citizens.

There are two negative factors working against such a solution. The first is the fact that many Arab leaders want to continue to use the Arab refugees as pawns in their continuing fight against the existence of Israel. The second factor mitigating against a practical solution of the problem is that of the total of 11,651 personnel employed by UNRWA, 11,469—over 99 percent—are locally recruited persons who are themselves Arab refugees. Therefore, even if during all these years of its operation UNRWA had been in its top leadership dedicated to the concept of training the Arab refugees and settling them in Arab countries or other countries as useful, productive citizens, the vast majority of its employees were not and could not, because of their backgrounds, be dedicated to carrying out such a policy. These refugees have been placed in charge of teaching the young and therefore have been inculcating in them the belief that any resettlement in to the community will lessen the chances of their "return" to what they have been taught is their homeland, even though they have never been there. Such teachings cannot but continue to engender hate, unrest, and idleness.

A new approach must be found so that these Arab refugees will no longer be a thorn in the flesh of the world but will lead useful, productive lives. (See ch. X.)

IT IS THEREFORE RECOMMENDED THAT

The United States should exercise immediate leadership in and out of the United Nations, offering, if necessary, to pay the total cost, but making every effort to have the cost shared, in proposing the following program:

(*a*) The establishment of a United Nations Middle East Peace Corps, along the line of our own Peace Corps, composed of volunteers from countries other than the countries involved, to work with the refugees in a well-financed program to educate and train the refugees, to help them obtain employment in the Arab countries or elsewhere, to assist financially in their resettlement in their places of employment, including resettlement grants and the granting of Cooley loans and loans and grants from Public Law 480 proceeds;

(*b*) Present local-hired employees of UNRWA should be replaced by Peace Corps employees, who should be international public servants. as soon as these local-hired employees of UNRWA can be retrained and placed in jobs elsewhere, being given training and resettlement grants, financial assistance in resettling their families, purchasing homes, etc. (See ch. IX.)

O. U.S. FINANCIAL AID TO TURKEY SHOULD CONTINUE WITH CERTAIN CONDITIONS

FINDINGS

The U.S. financial aid program to Turkey has not been as successful as it might have been if the United States had not been as profligate with its money, if it had insisted on tighter control of the money granted and loaned, and if it had insisted that the Turkish Government place its political house in order. Turkey is a valuable ally of the United States and is deserving of financial aid from the United States but only to the extent that its own economy can absorb such aid in a

program of orderly and realistic economic development. (See ch. III–A.)

IT IS THEREFORE RECOMMENDED THAT

The U.S. economic assistance program to Turkey be continued but that it be immediately reviewed with a view toward reducing its level, dropping many of the all too many technical assistance projects and insisting that the officials in Turkey bring about the political stability so necessary for economic development as a condition to the continued receipt of even a reduced level of assistance, and that Turkey's NATO commitments be carefully reviewed in the light of the present military situation to see whether her defense commitments are excessive and whether some of the military expenditures can now be diverted to the economic development of Turkey.

P. U.S. FINANCIAL AID TO IRAN SHOULD CONTINUE BUT ON A MORE CONCENTRATED BASIS

FINDINGS

Under the dedicated leadership of the Shah, needed reforms are being instituted in the face of tremendous opposition. These reforms have been too long delayed while our financial aid program continued on a very scattered basis. Now that the Shah has begun to move in the correct direction to assist in the economic development of Iran, he needs U.S. economic assistance more than ever. (See ch. III–B.)

IT IS THEREFORE RECOMMENDED THAT

The U.S. economic assistance program for Iran be continued and that it should be concentrated on a lesser number of projects which will be of more immediate import in supporting the Shah's reforms without attempting to do everything at once. While there has been substantial improvement under the guidance of able Ambassador Julius Holmes, who vetoed the previously granted budget support, the program could be further tightened.

Q. U.S. FINANCIAL AID TO SYRIA SHOULD STOP

FINDINGS

The political situation in Syria has been and is too unstable to expect it to provide a climate in which economic development can take place. (See ch. III–C.)

IT IS THEREFORE RECOMMENDED THAT

Except for keeping commitments previously made, the U.S. economic assistance program for Syria should be stopped.

R. U.S. FINANCIAL AID TO JORDAN SHOULD BE CONTINUED AT THE SAME OR HIGHER LEVEL

FINDINGS

Under the enthusiastic leadership of King Hussein, Jordan is making progress on the road to becoming a viable nation. Its leaders have the will to do so and should be given every encouragement by the United States in achieving their goal. The excellent leadership

of our able Ambassador, William Macomber, who believes this desirable objective might be achieved in a decade, is really making the country team approach work in Jordan. (See ch. III–E.)

IT IS THEREFORE RECOMMENDED THAT

The U.S. economic assistance program for Jordan be continued at the same or higher level, with a review of our technical assistance projects to concentrate more upon projects of a more immediately beneficial nature to Jordan's economic development.

S. U.S. FINANCIAL AID TO LIBYA SHOULD STOP

FINDINGS

Libya's oil revenues are continually increasing and that country is well able to afford to bring about its own economic development if it uses its revenues wisely. (See ch. III–I.)

IT IS THEREFORE RECOMMENDED THAT

The U.S. economic assistance program in Libya stop, and, if technical guidance by U.S. experts is desired by the Libyan authorities, it be supplied by contract on a reimbursable basis.

T. U.S. FINANCIAL AID TO TUNISIA SHOULD BE CONTINUED AT THE SAME OR HIGHER RATE

FINDINGS

Tunisia, under the vigorous leadership of President Bourguiba, and with the wise guidance of Ambassador Francis H. Russell, offers a favorable and stable political climate, progressive in outlook and purpose in which to bring about economic development. With its leadership dedicated to that end there is a real opportunity to make economic progress. (See ch. III–H.)

IT IS THEREFORE RECOMMENDED THAT

The U.S. economic assistance program for Tunisia be continued at the same level, or, if it is determined that it would not encourage Tunisia to overextend itself, at a higher level.

U. UNITED STATES FINANCIAL AID TO EGYPT SHOULD STOP UNLESS CERTAIN CONDITIONS ARE MET

FINDINGS

While professing to be genuinely devoted to the economic development of his country, President Nasser of Egypt has involved his country in a costly war in Yemen at a time when his own country faced no threat at all from events taking place in Yemen. Egypt committed approximately 28,000 troops to that war in Yemen in September 1962 at an estimated annual cost of $150 million. Our AID program for fiscal year 1962 was $224.1 million. The United States is pouring its dollars into Egypt to help its economy while Egypt is pouring it out in foreign war.

In addition, Egypt is spending untold millions in preaching, through all possible propaganda media, the violent overthrow of the Governments of Jordan and Saudi Arabia.

Egypt is also spending additional untold millions on arms, including the development of missiles, for the publicly avowed purpose of waging an aggressive war against Israel, which has made no such threats but which, because of the Egyptian arms buildup, has been forced to divert much needed resources from its own economic development.

While Nasser has been a past master at playing off the East against the West, his close relationship with the Soviet Union while continuing to receive U.S. economic assistance runs counter to U.S. policy elsewhere. He is wholly dependent on the Soviets for arms and welcomes Soviet technicians as well.

It can rightly be said that U.S. dollars are enabling Egypt to wage war in Yemen, to foment trouble in Jordan and Saudi Arabia, and to arm to attack Israel just as surely as though they were spent directly for that purpose.

U.S. AID dollars are being used to build a police state with the Government owning and operating everything through nationalization of industries and businesses. U.S. AID dollars are therefore being used to prove that such totally socialist type of police state can work economically. (See ch. III–J.)

IT IS THEREFORE RECOMMENDED THAT

The continuance of the U.S. financial aid program to Egypt be conditioned upon:

(1) Egypt's prompt compliance with the terms of the United Nations settlement of the Yemen dispute;

(2) Egypt's reversal of her present armament policy so as to cease production of missiles, warplanes, submarines, and other implements of war clearly designed for aggressive purposes.

III–A–TURKEY

I. Economic Data

Basic data on Turkey

Population (1959)	million	26.7
Annual growth rate (1959)	percent	2.9
Area	square miles	296,000
Literacy rate:		
1958	percent	40
1959	do	40

Turkey

Year	Gross national product			Agricultural production index	Cost of living index (1958=100)	Government expenditures (millions of dollars)
	Millions of dollars	Percent of 1961 in national currency	Per capita			
1953	2,900	31	(1)	(1)	51	(1)
1954	2,900	32	(1)	(1)	56	(1)
1955	3,000	39	(1)	87	66	(1)
1956	3,500	45	(1)	101	70	(1)
1957	3,800	57	133	107	79	445
1958	4,300	71	163	105	100	528
1959	5,300	88	183	121	117	691
1960	5,700	94	200	123	114	809
1961	6,000	100	210	124	121	964
1962	(1)	(1)	(1)	(1)	127	(1)

[1] Figures not available.

II. Current Political Background

Political stability was badly shaken in Turkey with the event of the army-led revolution of May 27, 1960. The coalition Government of Premier Inonu, which was formed thereafter under the new Constitution, has been beset by threats of coups and riots. The major political controversy centers around the issue of amnesty for members of the previous regime who were sentenced to jail terms by the Revolutionary Court in the fall of 1960.

Last October Premier Inonu had to agree to a partial amnesty for 258 prisoners, most of them deputies in the National Assembly under Premier Menderes. The amnesty measure caused student demonstrations in Ankara. Pressures have since built up for a further amnesty, most of the demands coming from the opposition Justice Party, made up largely of supporters and members of the dissolved Democratic Party. On February 23, 1963, a general amnesty was voted by the Turkish Senate. This measure freed, among others, 41 nonpolitical prisoners sentenced by the Revolutionary Court. Several important political prisoners, including the former President Celal Bayar, still remain in prison, however. Their imprisonment will continue to be a hotly debated political issue.

Pressure has also built up for long overdue economic and social reforms, and for a return to normality after the period of economic chaos under Menderes. The forward-looking Five Year Plan was approved by the Parliament and it was launched on March 1, 1963. The Government, however, might have trouble both from left-wing and right-wing elements with respect to the reforms contemplated under the plan. The former, though not strong numerically in Parliament, are very vocal. They have acquired increasing support among young army officers, students, and intellectuals. The leftists criticize the reforms for not being sufficiently comprehensive or effective. The rich and feudal elements of the right, on the other hand, have "survived the military coup of 1960 almost untouched, and retain a firm grasp on all of the five political parties represented in Parliament. Trouble will come when such radical measures as tax and land reform [so urgently needed if the Five Year Plan is to be successful] are brought up." [1] The rightists have managed to water down many of the detailed financial proposals of the Five Year Plan and have postponed the question of a tax reform bill to some unspecified future date.

Meanwhile, army intervention remains a constant threat in the background of Turkish domestic politics. "It is also the most powerful card in Mr. Inonu's hand forcing some measure of cooperation on the unwilling coalition.[2] Turkey is thus at present undergoing an extremely difficult period in its experiment with democracy. Its new Constitution, adopted by popular vote, is essentially democratic. Its success will, however, depend on astute and wise political leadership and the achievement of rapid economic development. Many people see in Premier Ismet Inonu a shrewd and experienced leader determined to see democracy succeed in Turkey. Others, however, doubt whether his coalition Government will be able to put through the reforms which the people have been promised.

Turkey continues to be a stanch ally of the United States and a strong supporter of NATO and CENTO. One authority noted that postrevolutionary Turkey—

> * * * has maintained the stable and steady policy of alinement with the non-Communist world that, with a minimum of deviation, has characterized the era of the Turkish Republic.

And also that—

> It would * * * be difficult to discover in the annals of any Western country a series of more consistently enlightened and resolute statements and courses of action with regard to the U.S.S.R., its aims and its policies, than are to be found in the pronouncements and positions of Turkey's Foreign Office. * * *[3]

Russia has traditionally been a constant threat to Turkey's sovereignty and security.

The recent U.S. decision to remove Jupiter missiles stationed on Turkish soil may, however, lead to some changes in Turkey's role and status in the Western alliance and perhaps to changes in its established foreign policy. Turkey may find it harder to get large-scale foreign military and economic assistance in the future. The nine Western nations of the aid-Turkey consortium now scrutinizing the first Turk-

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[1] "Turkey's Radical Plan," the Economist, Nov. 10, 1962.
[2] "Disillusioned Turkey Faces Choice of Evils," Washington Star, May 22, 1962, p. A1.
[3] "Post-Revolutionary Politics in Turkey," Current History, April 1962, p. 220, by Ellen D. Ellis.

ish Five Year Plan are not being as generous as Turkey had hoped. It is also unhappy that its request for an association with the Common Market was rejected, while Greece became associated with the EEC as of November 1, 1962.

The Soviet Union has continued in vain to make long-term aid offers to Turkey. If, however, Western aid is not forthcoming in the quantity considered necessary for the current Five Year Plan, the Turkish Government may be expected to take a fresh look at Soviet aid offers.

Relations with Bulgaria have remained unfriendly over the issue of the Turkish minority in that country. Syria continues to be viewed with suspicion because of its irredentist ambitions with respect to the Hatay Province in southeastern Turkey. Diplomatic recognition was, however, extended to the new revolutionary government which overthrew Premier Azem's Government on March 8, 1963. Turkey's relations with the United Arab Republic have been cool, partly because of President Nasser's attitude toward Turkey's membership in the Western alliance and also because of its recognition of Israel (in March 1949) and its continued friendly relations with that country.

III. Economy

A. AGRICULTURE

Agriculture is the most important sector of the economy. It contributes 47 percent to the national income and provides employment for at least 75 percent of the population. Agricultural commodities account for 85 percent of the country's annual exports.

The principal crops are cereals, cotton, tobacco, sugarbeets, fruits, and nuts. Tobacco and cotton are the most important export commodities in terms of foreign exchange earnings. In 1961 they accounted for export earnings of $87 million and $56 million respectively.

Population pressure makes it imperative for Turkey to increase its agricultural production. In 1961 it had to import over 1 million tons of wheat from the United States for domestic consumption. Agricultural yield per acre is low on account of primitive farming methods, the small size of individual farms, soil erosion, and an uncertain supply of water. The Ministry of Agriculture and the Technical Agricultural Organization are now conducting various experiments, courses and demonstrations in rural areas to improve farming methods, to introduce better seeds, fertilizers, and mechanized farming. The Government has also initiated an irrigation program, established model farms for the sale of agricultural equipment, and organized a system of agricultural credits to aid farmers in the purchase of seeds, fertilizers, and farm machinery. A Government-sponsored Export Promotion Center was established under the Revolutionary Council regime to reduce obstacles for export commodities, to introduce additional Turkish products on world markets and to increase and diversify the production of promising export products. Government price supports have been in effect for most of the important crops and the Government keeps some reserve stocks of grain in storage facilities. Under the first Five Year Plan, an investment of $1.2 billion is planned in the agricultural sector. It is hoped that at the end of the plan period a

real improvement in agricultural production may be achieved—33 percent increase in production over 5 years. An expanding industrial sector will, it is also hoped, absorb some of the excess of underemployed labor in agriculture.

B. MINING

Turkey is potentially rich in mineral resources, but these have not been sufficiently developed as yet. It is the world's second largest chrome ore producer, next to the U.S.S.R. Other important minerals are copper, iron, boron, coal, and lignite.

Petroleum production has become increasingly important. In 1961 crue oil production from the oil fields in the south and east of the country amounted to 32,000 metric tons per month and supplied one-fourth of domestic requirements. The outlook for the discovery of newer oil fields is good. Approximately 20 companies, including 3 American firms, are conducting exploration drillings in the south near the Syrian border. It is hoped that by the mid-1960's Turkey will be self-sufficient in oil production and that it will thus be able to conserve on foreign exchange. Refineries at Batman and Ismit are largely dependent on imported crude oil. A new oil refinery was due to be completed at Mersin in 1962.

Mining and manufacturing together contribute only 11 percent to the national income. Approximately 70,000 persons are engaged in mining and quarrying. Minerals account for over 12 percent of annual exports, chrome and copper being the most important mineral exports. The future development of mining will depend on such factors as the availability of low-cost capital, trained personnel, tax incentives for mineral production and exploration, and improved transport facilities.

C. INDUSTRY

The major industries are iron and steel, cement, chemicals, rubber products, food processing, and consumer goods. There are some small shipyards and assembly plants. Increasing emphasis has been placed on the development of capital goods industries in recent years. State enterprises account for approximately half of the manufactured output. The Government operates several cotton and woolen textile mills, cement, paper, farm machinery, beverage, and tobacco factories. Most of the output of industrial concerns is for domestic consumption.

The Government has recently taken steps to encourage private business by means of expanding credit facilities, establishing the Industrial Development Bank, and offering guaranteed returns in favored industries. Foreign capital has also been encouraged by means of tax incentives. The launching of the Five Year Plan is expected to provide a boost to the industrial sector of the economy which has been relatively slack since the mid-1960 revolution. Under the plan the Government will invest $1.1 billion in manufacturing. A 57-percent increase in industrial output is the goal for the 5-year period. The construction of new ports, highways, storage facilities and power-plants is expected to generate forces favoring a general industrial expansion.

Foreign capital and private investment have been instrumental in the construction of several important plants—the steel complex at Ergeli, the Wyeth Laboratuvarlari A.S., a tire plant (a Turkish subsidiary of

United States Rubber Co.), an incandescent lamp factory (owned by General Electric), a truck, car assembly and automotive engine production plant (owned by Chrysler Corp.), a nitrate fertilizer plant at Kutahya, and the expanded coal mines at Zonguldak. Industrial expansion will require large supplies of foreign capital, technical personnel, and managerial experience. Turkey has no shortage of labor or raw materials and it will have an adequate supply of cheap power in the near future.

D. ECONOMIC DEVELOPMENT PLAN

Under the Five Year Plan launched earlier this year, the Turkish Government is aiming at an annual growth rate of 7 percent in the Gross National Product; that is, a 4-percent per capita increase, after discounting a 3-percent increase in the population. (Per capita income is approximately $200 a year.) The plan is the first of three such plans which will be part of a 15-year economic development program. An investment of 18 percent of National Income is considered necessary to achieve the 7 percent growth rate. Investment funds will have to come largely from Government revenues—Turkey expects to raise 14 percent of National Income for investment out of domestic sources and is hoping that the other 4 percent will come from increased foreign participation. A total of $6.6 billion will be invested over the 5-year period, $4 billion in the public sector and $2.6 billion in the private sector.

In order to raise the requisite funds for investment the Government has sought to make state enterprises more efficient and self-sufficient in terms of their development financing, and it has thus removed one source of drain on its resources; it has sought increased income and corporate taxes and an extension of taxation to agriculture, a sector that was previously exempt from taxation altogether; it has also instituted a system of forced savings by requiring wage earners to apply 3 percent of their income in 10-year Government savings bonds.

During the plan period the problem of balancing the budget will continue to be difficult unless these measures are fully implemented in spite of political obstacles. Turkey's budget is at present burdened with more than $100 million a year in foreign debt servicing and heavy defense spending to maintain an army of 500,000 men. It has also had an unfavorable trade balance for some years, resulting from depressed world market prices for agricultural products (and these make up the largest part of its export trade), crop variations resulting from weather uncertainties, and heavy demands for imported capital goods and raw materials for its industries.

E. U.S. ECONOMIC ASSISTANCE PROGRAM

More than 17 years—and more than $3 billion—after U.S. economic and military assistance to Turkey began, this hard-pressed ally of the United States still faces an uncertain and troubled economic and political future.

There can be no doubt that the United States acted correctly in coming to the aid of Turkey when that nation faced the threat of Communist aggression at the conclusion of World War II. U.S.

action at that time was essential to protect the peace of the Free World.

Neither can there be doubt that the continuance of U.S. economic and military assistance to Turkey since 1946 has been essential not only from the standpoint of Turkey's own economic development but from the standpoint of strengthening her alliance with the remaining nations of the Free World. Turkey's strategic location, athwart the Dardanelles, and facing Soviet Russia across the Black Sea and on the Caucasian boundary, made it imperative that her freedom from Communist domination and conquest be maintained.

But that is not to say that the economic aid granted or loaned to Turkey through the years has been wisely granted or loaned.

Unfortunately the contrary conclusion is unmistakable.

Turkey is an example of a nation where, in the words of the Clay Committee report, we have tried "to do too much for too many too soon." Our aid, too generously given, was beyond the capacity of Turkey to absorb without ruinous inflation. Our aid was granted without the concomitant insistence upon those economic self-help measures vital for its most productive utilization for the economic development of Turkey. We sought through hundreds of U.S. sponsored and financed projects to go too far too fast in seeking to bring about in a few years that measure of economic and social development which normally would be expected to take decades.

In short, with a great deal more foresight and planning and a great deal less money we could have accomplished as much as or more than has been accomplished in Turkey in the past 17 years. And Turkey would have been the better off by our spending less more wisely and insisting that Turkey place its own economic house in order.

U.S. financial aid had been going to Turkey even before President Truman, on March 12, 1947, enunciated the "Truman doctrine" in the face of Soviet demands upon that nation. Through the early years of our economic aid and until the election of Celal Bayar as President on May 14, 1950, and the appointment of Adnan Menderes as Prime Minister our aid was designed to enable Turkey to strengthen itself militarily. Through fiscal year 1950, our aid to Turkey totaled, in obligations, $309.8 million. Of this total, $31.9 million was for economic grants, $118.3 million was for economic loans, and $159.6 million was for military assistance. However, through fiscal year 1950, of the $150.2 million obligated for economic aid to Turkey, only $53.9 million had been expended.

Thus, when Menderes took hold of the Government in May of 1950, the flow of U.S. dollars into Turkey was a mere trickle but approximately $100 million were in the pipeline. Until the overthrow of the Menderes Government late in May 1960, and since then, that pipeline flow has been generous.

During the fiscal years 1951 through 1960, economic and military aid to Turkey totaled $2,413.1 million. Of this amount, $1,025.8 million was for economic aid, of which $233.7 million was in the form of economic loans and $221.5 million under Public Law 480.

It should be noted that these sums were in addition to the amounts borrowed by Turkey from private and governmental sources during this same period.

During this period our aid administrators could have saved millions of dollars by insisting that the Menderes Government take sound economic measures to stop the runaway inflation that was eating up our aid to dollars, by the early imposition of import controls, by governmental reforms that would put an end to those "in the know" lining their pockets, etc.

Financial events in Turkey during the early years of the Menderes regime have been described as follows: [4]

> The first few years of Democratic rule (to about 1953) were marked by unusually favorable circumstances. The financial situation of the country was sound: American aid just started to make itself strongly felt, climactic conditions were extraordinarily good, and the Korean boom in raw materials and agricultural produce opened up new export opportunities. Together with large-scale Government expenditures all these factors made for a large increase in the production of goods. * * * But even before some of these propitious conditions had vanished the first drawbacks of Democratic policy began to appear. They included budget difficulties—a clear sign of the expensive price policy and extremely large Government investments in roads, ports, etc. Yet the Government did not tighten the collection of revenues, but *limited its efforts to making foreign sources flow more freely in the form of aid or loans of all kinds.* [Emphasis added.]

However, as far back as 1952 trouble signs had appeared on the Turkish economic horizon. While exports rose from $230 million in 1950 to $396 million in 1953, the trade deficits tripled from $48 to $193 million in the same period because of the tremendous amount of spending in Turkey and the lack of import restrictions.

The cost of living started a slow but steady climb:

[1953=100]

	Index		*Index*		*Index*
1950	93	1955	119	1960	228
1951	91	1956	136	1961	236
1952	97	1957	152	1962	245
1953	100	1958	171		
1954	109	1959	216		

Meanwhile, currency in circulation was climbing from 1 billion Turkish lira in 1950 to 3.25 billion in 1952 to 4.5 billion in 1954 to 7 billion in 1956 to 10 billion in 1958.

Meanwhile, the foreign debt of Turkey rose, as did its internal debt. The combined foreign and internal debt rose from 2.7 billion Turkish lira in 1950 to almost 4 billion in 1956 to 8 billion in 1959.

Withal, our foreign economic aid mounted steadily:

	Millions		*Millions*		*Millions*
1951	$49.8	1954	$78.7	1957	$87.4
1952	69.6	1955	109.3	1958	113.6
1953	58.6	1956	129.3	1959	204.2

Finally, the Menderes government did undertake to put into effect a series of anti-inflation measures, but on a too-little, too-late timetable.

There can be no doubt that the easy availability of our foreign economic aid funds—and funds from the other international "spigots"—contributed to this inflationary spiral and the delay in the sorely needed belt tightening.[5]

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[4] "Turkey's Struggle for Stability and Prosperity," Swiss Review of World Affairs, April 1962, by Erwin Märki.

[5] Through the years, Turkey has received a total of $69 million from:

	Millions
International Bank for Reconstruction and Development	$60.7
United Nations Technical Assistance	5.7
United Nations Special Fund	2.6

The anti-inflation measures adopted included import restrictions and licenses and greater governmental control over industry. Production declined amidst the mass of regulations. In addition, since reliance was placed on Government controls and regulations rather than on the give and take of a free market, "the doors were open wide to corruption, enabling shrewd speculators to reap fantastic profits on the basis of 'pull' rather than performance."[6]

Finally, in August of 1958, Premier Menderes was forced by his foreign creditors to admit the insolvency of his country and to adopt various counterinflationary measures, including the devaluation of the Turkish pound. In exchange, Turkey obtained substantial credits to pay for necessary imports.

In fiscal year 1959, our economic aid to Turkey increased to its highest point up to then—$204.2 million.

And then, in late May 1960, came the military coup which overthrew the Menderes Government installing a nominally civilian Government resting heavily on the military for its continuance.

Our economic aid to Turkey continued at a high level. While it dropped to $125.5 in fiscal year 1960, it climbed again to $233 million in fiscal year 1961, an alltime high.

Since its advent to power, the Inonu Government has instituted some of the needed economic reforms. Income taxes have been raised, agriculture has been taxed, and forced savings have been instituted. Industry, which in great measure is Government-owned, has been required to meet not only its own costs but also its own financial needs for development.

As has been pointed out, the Menderes Government "borrowed from Peter to pay Paul." Turkey entered the year 1963 with a total foreign debt of $1,177,017,000. In the years to come, Turkey will find this debt increasingly difficult, if not impossible to service.

According to figures furnished by AID, total direct U.S. economic aid to Turkey from 1948 through 1962 totaled $1.1 billion plus $421.3 million under Public Law 480.

The $1.1 billion was spent as follows:

	Millions
Commodity Imports	$807.4
Project Assistance	145.0
Development Loans	170.8
Payments to European Payments Union	70.4
Ocean Freight on Surplus Agricultural Commodities shipped under title II, Public Law 480	1.3
Oversea Administration	4.9

AND AGAIN POLITICAL UNREST

As this is written, political unrest has again enveloped Turkey. It is all very well to speak of the "rising expectations" of the underdeveloped nations. Yet, for success must not those "expectations" also encompass "rising obligations" on the part of those having such obligations to bury their political ambitions in unity for the economic development of their country? Is not this the least that the people of the United States can expect?

[6] See footnote 4 on p. 20.

IV. Findings and Recommendations

O. U.S. Financial Aid to Turkey Should Continue With Certain Conditions

FINDINGS

The U.S. financial aid program to Turkey has not been as successful as it might have been if the United States had not been as profligate with its money, if it had insisted on tighter control of the money granted and loaned, and if it had insisted that the Turkish Government place its political house in order. Turkey is a valuable ally of the United States, and is deserving of financial aid from the United States, but only to the extent that its own economy can absorb such aid in a program of orderly and realistic economic development.

IT IS THEREFORE RECOMMENDED THAT

The U.S. economic assistance program to Turkey be continued, but that it be immediately reviewed with a view toward reducing its level, dropping many of the all too many technical assistance projects and insisting that the officials in Turkey bring about the political stability so necessary for economic development as a condition to the continued receipt of even a reduced level of assistance, and that Turkey's NATO commitments be carefully reviewed in the light of the present military situation to see whether her defense commitments are excessive, and whether some of the military expenditures can now be diverted to the economic development of Turkey.

III–B–IRAN

I. Economic Data

Basic data on Iran

Population (1961)	million	21.1
Annual growth rate (1961)	percent	2.5
Area	square miles	629,000
Literacy rate:		
1957	percent	10–15
1958	do	10–15
1959	do	10–15
1961	do	10–15

Iran

Year	Gross national product			Agricultural production index	Cost of living index (1958=100)	Government expenditures (millions of dollars)
	Millions of dollars	Percent of 1961 in national currency	Per capita			
1953	(1)	(1)	(1)	(1)	77	(1)
1954	(1)	(1)	(1)	(1)	87	(1)
1955	(1)	(1)	(1)	98	85	(1)
1956	(1)	(1)	(1)	104	94	(1)
1957	(1)	(1)	(1)	109	99	(1)
1958	(1)	(1)	(1)	115	100	639
1959	3,406	(1)	$169	115	114	701
1960	(1)	(1)	(1)	117	120	730
1961	4,460	(1)	211	115	140	729
1962	(1)	(1)	(1)	(1)	141	725

[1] Figures not available.

II. Current Political Background

Political forces in Iran are in a highly dynamic state at the present time. The Shah and Premier Alam's Cabinet continue to advocate and implement the domestic reforms started almost 2 years ago by the former Premier, Ali Amini. Nevertheless, the middle classes and intellectuals in the National Front [1] now joined by landowners and merchants as well, who have been increasingly dispossessed by the reform measures, continue to agitate against the Government, voicing their protest in the form of demands for elections and a new Majlis or Parliament. (The Majlis was dissolved in May 1961.) The progressive elements of the National Front feel that what is needed at this stage is not reform but revolution; they are tired of half-hearted measures to rid the country of corruption and inefficiency. They also favor the establishment of a real constitutional monarchy—a monarch who reigns rather than rules.

[1] The National Front is the only genuine opposition grouping. It is made up of disaffected Iranians of the left, center, and right. It is too loose to be called a Party. It has no cohesive program except its disaffection with the regime. Most of the intelligentsia and students belong to it. Former Premier Mossadegh is the Front's symbolic leader.

In the past the Shah relied heavily on his 200,000-man army for support. He was assured of its loyalty at the cost of a $200 million military budget each year. The army thus naturally supported the status quo. However, a reduction in the army budget, coinciding with a general trimming down of Government expenditures to avert a disastrous budgetary deficit, is likely now to cause discontent in the ranks of the Shah's loyal supporters. Some of the younger army officers are also known to be dissatisfied and sympathetic to the National Front.

In January 1963 the Shah and his Government won a temporary victory over the National Front by receiving overwhelming popular approval for their reform measures in a referendum. The Shah signed these into law on February 3.

The National Front, while it supported the reforms in principle, boycotted the referendum on legal grounds, insisting the parliamentary elections should be held first. The Government carefully prevented any open agitation against the referendum by banning the National Front's public meetings and by rounding up some of its leaders before the polling began. A student demonstration was quickly put down.

The highly popular reform laws are bound to impose a heavy economic and administrative burden on the Government. The Shah has committed himself to these reform laws and is going to be closely identified with their outcome. His position will become highly vulnerable if the Government does not live up to the new program.

Premier Alam announced on February 5 that parliamentary elections would be held within 5 months. (Elections were held on September 17 and the Shah's supporters won handsomely.)

Iran remains a member of CENTO and strongly pro-Western. Its relations with the United States have been friendly and profitable in terms of aid, both military and economic. The United States has provided a large number of military advisers and a great deal of military hardware to Iran. The Shah, however, as recently as a year ago asked the United States to provide newer military equipment to match the arms exported by the Soviet Union to its neighbors—Afghanistan and Iraq. The United States, on the other hand, has put pressure on the Shah to reduce his inflated military budget and has indicated its unwillingness to support Iran's continuing budgetary deficits. It has repeatedly urged the Iranian Government to undertake long overdue economic and social reforms. United States support of the Shah has in the past won it the disapproval of the middle classes and especially of the National Front. The recent referendum on the reform program brought forth congratulations for the Shah from President Kennedy.

Iran remains distrustful of the Soviet Union. The latter continues to operate four radio stations broadcasting anti-Shah propaganda. Iran's membership in CENTO is motivated by the danger of the Communist threat. Inside Iran the Communist Tudeh Party is suppressed and remains unlawful.

Iran's relations with its Middle Eastern neighbors are lukewarm. Many outstanding disputes over minorities, borders, and river waters stand in the way of friendly relations between Iran and Afghanistan or Iraq. Cordial relations are maintained, however, with Turkey, a CENTO ally. Trade agreements have been concluded between these

two countries and a rail connection is to be completed in the near future. The United Arab Republic is viewed suspiciously, especially by the Government. Egyptian attacks on the Baghdad Pact, its ambitions in the Persian Gulf and Kuwait, and its revolutionary challenge have caused apprehension among Iranian rulers. Iran has alienated the United Arab Republic by recognizing Israel, permitting oil shipments to the Israeli port of Eliath, and allowing the movement of air traffic between Tel-Aviv and Teheran.

III. Economy

A. AGRICULTURE

Only 11 percent of Iran's total area is cultivated and of this only one-third is planted in any year; the remainder lies fallow. About half of the cultivated land has to be irrigated.

About 80 percent of the population lives on farms. Until the recent land reform measures most of the peasants did not own any land and were sharecroppers. Under the present land redistribution law, no person may own more than one village. The rest of an individual's landholdings are distributed by the Government among peasants who are to pay for it over a 15-year period. Landowners are compensated with long-term, low-interest Government bonds. It is hoped that land redistribution will provide incentives, increase the effectiveness of farm cooperatives, and raise farm productivity.

Wheat is the most important farm crop. Others are barley, rice, dried fruits, vegetables, beans, cotton, and tobacco. Cotton, dates, raisins, and other dried fruits are the chief agricultural export commodities.

Agricultural production has been low in Iran because of backward methods of cultivation, lack of fertilizers, and equipment. The Government undertook several projects to improve agriculture—in irrigation, land reclamation, new farming techniques, pest control, agricultural extension work, and rural cooperatives. Farm production is increasing at the rate of 6 percent annually. Twenty-six percent of the $1.1 billion funds for the second Seven Year Development Plan were spent on agriculture during 1955–62. An agricultural college was established, a chemical fertilizer plant opened, and a sizable program for maintenance of agricultural machinery was also started. Under the Third (Five Year) Plan, 1962–67, at least 20 percent of the $1.9 billion funds are to be devoted to agricultural improvements.

An extensive TVA type of development scheme was also undertaken in the Khuzistan Region in southwest Iran during the Second Plan period. It was planned and started by the Development and Resources Corporation of New York under a contract with the Iranian Plan Organization. A multipurpose Dez Dam is being constructed along with storage dams on five rivers. These are expected to bring 4,000 square miles of land under irrigation.

B. MINING

Petroleum is the most important natural resource of Iran. It has 13 percent of the free world's known oil reserves. In 1960, 385.7 million barrels of oil were produced. The oil is refined mostly at the

Abadan Refinery. Iran's annual oil revenues are now estimated at more than $300 million a year.

Substantial reserves of natural gas also exist in Iran. In 1960, approximately 266,500 million cubic feet of natural gas were produced. It is used mostly by industrial plants. Other mineral resources of importance are iron, copper, lead, manganese, and uranium, but these are not extensively mined at present.

C. INDUSTRY

Major industries, other than mining, are cotton and woolen textiles, building materials, especially cement, fruit processing, sugar, light engineering and metal fabrication, and tobacco. In 1960, the total number of industrial units was estimated at 4,430; a majority of them employed 10 or fewer workers. Most of the industrial establishments are located in industrial centers of Tehran, Isfahan, Tabriz, and the Caspian Sea areas.

In 1956 an Industrial Credit Bank was established by the Plan Organization to make capital loans up to 40 percent of the required capital for development of private industry. Private investment has been increasing steadily at the rate of 50 percent each year and industrial production has also risen at the rate of 20 percent a year.[2]

The factors which previously retarded industrial growth in Iran—lack of capital, electric power, transportation facilities, raw materials, skilled labor, and low level of domestic consumption—are slowly being alleviated. Oil revenues, foreign aid in the form of grants and loans, and technical assistance are being used for a rapid industrial expansion. Twenty-nine percent of the 1962–67 Five Year Plan's approximately $2 billion funds are to be spent on industrial projects and improvements.

Cottage industries are found all over Iran. They produce world-famous carpets, silver objects, and other handmade wares.

D. ECONOMIC DEVELOPMENT PLAN

Iran started on its Third (Five Year) Development Plan in September 1962. The plan originally called for a $2.5 billion investment in the public sector over a 5½-year period. Due to the budgetary deficit resulting from inflation, inefficient tax collection, depletion of foreign exchange, planned investments under the plan were trimmed down to $1.9 billion. Approximately 55 percent of the oil revenues in 1962 were assigned to the Development Plan funds and the Government hoped to add another 5 percent of these revenues each year, so that by 1967, 80 percent of oil earnings would go to the Plan Organization. It is doubtful that these percentages will be attained in view of the persistent heavy budgetary deficits which cause oil revenues to be siphoned off to the Finance Ministry. Foreign loans which were expected to yield $800 million to $1 billion of the funds for the plan have been slow in coming. The international aid or lending consortium which the Government hoped to have approved and set up quickly by the World Bank last year has still not materialized.

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[2] "Iran: Reform or Revolt," Editorial Research Reports, Apr. 4, 1962, p. 255.

Under the plan, 20 percent of the funds are to be spent on agriculture, 29 percent on industry, 26 percent on communications, and 25 percent on health, education, and local or community projects. The goal is to raise per capita income by 6 percent per annum. Some attempt has been made to reduce Government spending and to conserve foreign exchange. Former Premier Amini prohibited some luxury imports, raised import duties on many items, curbed unnecessary foreign trips, checked tax evasions, and retired several civil service and army officers. These measures have been followed by Premier Alam as well; it is still too early to say how effective these are in balancing the budget or stabilizing the economy.

Early in 1962, Premier Amini visited Bonn, Paris, Brussels, and London to seek aid for the Third Development Plan. He was optimistic at the time of his visits about the outcome of his negotiations. However, the international consortium which Iran has sought has still to be formed. Britain's annual payments to Iran have amounted in recent years to $1.4 million for the army and $700,000 for technical assistance. West Germany has been providing sizable sums for technical assistance as well.

E. U.S. ECONOMIC ASSISTANCE PROGRAM

On January 20, 1949, President Truman, as part of his inaugural address stated:

> We must embark on a bold new program for making the benefits of our scientific advancements and industrial progress available for improvement and growth to underdeveloped areas. * * * I believe we should make available to peace-loving peoples the benefits of our store of technical knowledge in order to help them realize their aspirations for a better life. * * *

Thus was born the point 4 program.

Nine months later, almost to the day, on October 19, 1950, the first program agreement under the point 4 program was signed at Tehran, Iran. Since that time, we have given Iran in loans and grants a total of $1,294.5 million for its economic development and military defense.

Politically Iran was in a turmoil then with worse to come. A few short months later, the Prime Minister of Iran, Gen. Ali Razmara, was assassinated, to be replaced by the fanatic nationalist Dr. Mohammed Mossadegh, who, shortly thereafter and only a month after the beginning of the Korean War, nationalized the Anglo-Iranian Oil Co.'s Abadan refinery and precipitated for his country an economic and political crisis of the first magnitude.

During this troubled period and up until the present our aid program continued. The size of our economic assistance program in Iran has varied with the years:

[In millions of dollars]

	Grants	Loans	Total		Grants	Loans	Total
1949–52	16.5		16.5	1959	9.2	37.7	46.9
1953	31.9		31.9	1960	36.2		38.2
1954	84.5		84.5	1961	35.0	74.7	109.7
1955	43.8	85.0	128.8	1962	44.8	26.5	71.3
1956	61.9	12.5	74.4				
1957	28.5	23.0	51.5	Total	404.2	299.4	703.6
1958	11.9	40.0	51.9				

In addition the amount of military aid given to Iran during these years, according to the figures published by AID, amounted to $563 million, all in the form of grants for military assistance.

Therefore, our total military and economic assistance bill for Iran through the years has been $1,294.5 million.[7]

Because so much of our military assistance program in Iran is security classified, this report will not comment on that phase of our assistance program to Iran. The remainder of this section on Iran will be confined to our economic assistance program.

It should be noted that even before the first program agreement was signed in October 1950, personnel had been sent by the Department of State to Iran to plan for the program and its expansion. Former President of Utah State Agricultural College, Dr. Franklin Harris, had gone to Iran in the spring of 1950 to head up the Rural Improvement Project, described in greater detail in the section of this report entitled "Technical Assistance" setting forth the details of the contract negotiated with the Utah State Agricultural College.

It was not until November 8, 1951, however, that the first mission chief, William E. Warne, formerly Assistant Secretary of the Department of the Interior, was appointed and sworn in. It is from his interesting book entitled "Mission for Peace" that much useful information can be learned about the workings and philosophy of the economic assistance program in Iran. He details there his difficulties in securing country approval for projects, the types of projects supported, and the problems he had to overcome because of the political uncertainties in Iran.

He makes one statement as to philosophy, however, which goes far toward explaining why in country after country we find such a multiplicity of projects in so many different fields.

On page 196 of his book Mr. Warne stated:

> At the outset we in point 4 saw that a wider participation in all the country's affairs was essential to our long-range economic development program. This participation would give us a broader base from which to draw additional leadership and would provide the widespread energies we required. With this goal in mind we began basic projects in education, in land distribution, in community development, in agricultural extension, in training village workers, in organizing cooperatives and in generally encouraging private enterprise.

In keeping with this philosophy, he describes the activities of the mission in fiscal year 1954 as follows:

> Some projects added that year were radio production training, opening a laboratory on soils and industrial chemistry, providing technical assistance in the construction of the Karadj dam and making studies in the Ziandehrud basin. We also established an audiovisual training center and a Tehran municipal demonstration children's home. Another project sought to improve selection and placement of personnel. Improvement of the wood treatment plant at Shirgah, assistance in Caspian lumbering operations and establishment of a bonded warehouse were among new projects. We continued training cooperative specialists and our demonstrations in tea processing. We introduced bottlemaking and began the rehabilitation of wells in Yazd area. In the 1953–54 fiscal year we also provided professional services and established an institute of public administration at Tehran University. And of course we extended projects we'd started in earlier years (p. 270).

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[7] In addition, Iran has received a total of $212.1 million from:

	Millions
International Bank for Reconstruction and Development	$194.2
International Finance Corporation	0.3
United Nations Technical Assistance Program	11.5
United Nations Special Fund	6.1

It must be remembered that all during this period when our economic assistance program to Iran was being pushed on so many fronts there was intense political infighting between the Shah of Iran and Premier Mossadegh. All during the spring of 1953, demonstrations were going on in the streets of Tehran. In addition, negotiations were in progress with respect to the seized oil plant.

Mr. Warne's contention, in his book, is that "in the completely stable political situation that would furnish the ideal setting for point 4, it is unlikely that any technical assistance would be needed. Stability is usually based on relatively advanced social and economic development." He admits, however, that "everywhere in Iran's slow march of progress there have been many temporary reverses, much trial and error."

I do not agree with his evaluation that we must expect our AID program to operate amidst conditions of political instability. If the majority of the people of a country are sincerely desirous of moving ahead, they should, as a condition of receiving U.S. economic assistance, forgo the luxury of political power struggles.

Unfortunately, the converse is also true. If the majority of the people of a country are more concerned with political aggrandizement and bickering than in helping their own country advance economically, the United States should stay out until the political climate has been stabilized. We talk much of the need of many of the underdeveloped nations to take the great leap forward into the 20th century. There is such a need. But those nations which desire to leap must do so of their own free will; they cannot be hand carried by the United States into the 20th century.

No one will ever know how much U.S. AID money has been wasted in Iran—and in other countries—because of internal political haggling and reaching for power. Instances are cited in Mr. Warne's book of many U.S. technicians idled because of indecision on the part of Iranian officials, because of unrest and riots, and even because of the seizure of field posts of the AID program. The United States did not have then and does not have now the surplus of skilled technicians in many of these fields as to permit us to be profligate of their time, not to mention the money wasted.

Mr. Warne's book illustrates another important lesson for our AID program administrators. It is evident from a reading of his book that the U.S. mission tailored the program to its own image of what Iran should be like and how Iran should develop. The project cited under "Technical Assistance" with respect to the worker's community center built at Isfahan as an AID project but never used by the workers is illustrative. In my opinion, however, the AID program can rarely succeed in a country unless the people of that country take the lead in moving forward. The United States seldom can successfully impose its own ideas and projects upon them.

As John Kenneth Galbraith has said in his article entitled "A Positive Approach to Economic Aid" published in Foreign Affairs for April 1961:

> In our prescription for the improvement of other countries, we have a little-recognized but highly persistent tendency to advocate what exists in the United States, with no very critical view of its appropriateness to the situation or stage of development of the other country. In the early years of the Marshall plan, an agriculturist was moved by divine fire to seek to establish a land-grant col-

lege in Bavaria; his motivation was not need (and certainly not the availability of land) but the fact that land-grant colleges had served the United States well. A few years ago another American was bent on organizing a market news service for the floating vegetable market in Bangkok. And in Bolivia our agricultural experiment stations are so elaborate that they are (it is said) too expensive for the Bolivians to operate; in the enthusiasm of the land reform of the early 1950's one of them was enthusiastically seized and divided up by peasants unaware of its function.

The Shah of Iran, with whom I had a very interesting and informative conversation, having won his battle with Mossadegh, has begun to move forward determinedly and deserves commendation for his enlightened program of much-needed social reform. In January of this year the people overwhelmingly approved the following reforms put up to them by the Shah:

(1) A land reform program under which more than 200,000 acres of farmland have been distributed among the 52,000 peasant families;

(2) Sale of Government-owned factories to finance the land reform program;

(3) An election law aimed at preventing rigged elections;

(4) Formation of a teacher's corps of 50,000 to bring education to the nation's rural areas, still 80 percent illiterate;

(5) Nationalization of forests; and

(6) A plan to give workers 20 percent of the net profits of factories.

These reforms were signed into law by the Shah on February 3, 1963. This, however, was 12 years after the Shah had turned over his own lands to the people. It was also 13 years and $703.6 million after the first program agreement under point 4 had been signed with Iran.

One wonders whether progress could not have been made faster in Iran if the pace of U.S. aid had been slower, more carefully planned and, especially, with more desire on the part of Iranians for particular development programs.

The confusion and darting in all directions that must have gone on in Iran during this time is, in retrospect, amazing. Mr. Warne writes in his book that in July 1952 he had a staff that numbered "119, mostly technicians." In addition, he writes at page 294:

Many of the U.N. specialized agencies had either continuous or part-time programs in Iran. These included the WHO, the FAO, the ICAO, the UNESCO, the UNICEF, and the ILO. Some of them, such as the World Health Organization and the Food and Agricultural Organization, had several different missions operating there at the same time. At peak times the combined U.N. agencies had more than 80 technicians in Iran.

This same tendency to proliferate projects continues in our AID program in Iran. As of December 31, 1962, the United States had 49 projects going on in Iran and 3 being terminated. (See exhibit III-B-A.) Budget estimates submitted to the Congress for the fiscal year 1962 indicated there would be at least 184 U.S. technicians in Iran for varying lengths of time during that fiscal year. (See exhibit III-B-B.)

It is unfortunate that the AID program in Iran was launched in such haste and on so many fronts. Poor planning on some of the projects was bound to result, with consequent poor execution.

Thus, on project No. 65-23-008, a project agreement was signed on June 28, 1952, "to provide machinery and equipment for spinning,

weaving, and finishing for approximately 10,000-spindle capacity. The long-range planning for the project was for a 30,000-spindle mill." It was financed by a loan of $2,066,502, plus an additional $2,280,841 from part of a Development Loan Fund loan made in 1959. Of the first amount, $1,411,537 has been repaid. No economic feasibility study of this project was made before either loan was made. The first phase of the project was completed in late 1958 and the Iranian Government immediately proceeded to purchase the necessary additional machinery to bring the mill's capacity up to 30,000 spindles.

In the words of the AID report to me:

> In 1960, the mill produced 15 million square meters of cloth. The rated capacity is 35 million square meters, and the mill is now being operated at 90-percent capacity on a break-even basis. Production could easily be increased, even on an increased sales price basis if Government sales policies and practices were altered. However, the Government sales organization which handles the mill's output is not under the control of the mill's management; it is subject to considerable outside pressures, and is making little effort to increase sales.

No explanation was given as to the origin of the pressures to keep production below capacity.

It may be understandable—although barely—to conceive of the 1952 loan being made without a feasibility study because of the newness of the program and the rush to get the program underway. It is much less understandable as to why such a study was not made in 1959 when the additional amount of DLF funds was made available. One part of such an economic feasibility study would have been a report on the proposed sales organization. By 1959, the program administrators should have had sufficient know-how to require such an economic feasibility study.

Another example of poor initial planning was project 265-W-23-AY for the Tehran slaughterhouse. The project agreement was signed April 1952. The U.S. contribution was a direct grant of $150,000 for engineering services, $15,000 for early improvement of existing facilities, and $410,000 to finance offshore procurement of equipment. It is still not operational 11 years later. From fiscal year 1952 to fiscal year 1957 the "objective of the project was to alter and expand the existing slaughterhouse's facilities and operations. * * * In fiscal year 1957, as a result of a U.S. Army Nutrition Team's findings, it was deemed necessary to construct a new slaughterhouse to meet the needs of Tehran's expanding population." Part of the later delay was due to contract disagreements. The latest word is that the plant will be operational in late 1964, more than 12 years after the project agreement was signed—again without an economic feasibility study.

These examples should not give the impression—which would be erroneous—that all projects in the Iranian program were hastily conceived and poorly executed.

For example, in the case of the project for the completion of the Fars Cement Plant, a loan of $1,254,000 was granted under a project agreement signed June 28, 1952. The loan has been repaid. "It [the plant] has been operating at or near its rated capacity of 240 tons a day for 5 years. It is an efficiently run plant, operating at a profit. Its production has contributed to placing Iran in its present position of near self-sufficiency in cement." This plant is 60 percent privately owned.

All three projects cited above were financed by the Iran-American Joint Fund for Industrial Development founded in 1952 primarily for the purpose of making loans to Government of Iran agencies, particularly the Government-run Plan Organization, to finance industrial projects throughout Iran. Its funds were grants from AID. Therefore, when this report stated above that the loans have been repaid it should be understood that they have been repaid in local currencies.

In January 1961 the Joint Fund was transferred to a new, private, nonprofit institution—the Industrial Guarantee Fund—not controlled by the Government of Iran and established to make loans only to private enterprises and always through banks in Iran. This is a welcome change, especially in view of the examples of Government-run operations cited above.

Iran has through the years spent considerable sums on opening up the country through the building of roads. More than one-third ($69.2 million) of all its loans from DLF were for highway construction. It has received technical assistance grants in an amount over $2 million for highway construction and maintenance. It has borrowed $13.5 million from the Export-Import Bank for this same purpose. In addition, it has a $72 million loan for highways from the World Bank.

It is unfortunate that Iran's lack of adoption and enforcement of reasonable road load limits jeopardizes this investment.

James N. Sites in his "Quest for Crisis" describes the situation as follows:

> The trouble stems from a kind of loading illiteracy among Iranian truckers, who are mostly small enterprisers operating their own vehicles. Whether the product is cotton or steel beams, it is loaded sky high on the truck bed, and both truck and road take the consequences. Showing an awareness of the overloaded truck's toll, the Division of Economic Affairs of the Government's dominating Plan Organization states in its report on the current Seven-Year Plan:
>
> "Unless a road or bridge is developed up to a specification which will withstand the pressure of the truck using it, it will in time collapse and all the investment will be lost."
>
> The remedy proposed and emphasized in a personal discussion with this reporter by Roads Minister Jamal Ganji, therefore, has taken the form of a limit on the amount of weight a trucker could load on a single axle. But did the Iranians adopt the 8-ton limit recommended by European countries? No; they did not stop there.
>
> Did they adopt the 9-ton limit common to American primary roads? No, again. They went on up to a load limit on single axles of 13 tons!
>
> The Plan Organization states that this ultra-generous allowance would jack up the cost of building main roads by 40 percent more than if an 8-ton limit were adopted, then offers this amazing explanation for the decision:
>
> "Designing for this higher specification and cost was believed to be prudent since recently axle loads of over 18 or 20 tons were not uncommon, *and it was feared that no axle load limitation of less than 13 tons could be enforced in the near future.*" [Emphasis added.]
>
> In other words, the Government openly confesses its tranport policies cannot be based on commonsense or national needs but on what truckers might put up with (pp. 170–171).

It is to be hoped that the Iranian Government can be persuaded to take prompt preventive measures to protect this large investment in its road system. It is the same problem that a special subcommittee of the Senate Committee on Public Works called to the attention of the Senate with respect to the Inter-American Highway. (See "Report on Progress on the Inter-American Highway," Committee on Public Works, U.S. Senate, Feb. 28, 1962.)

PROSPECTS

In view of the Shah's determination and dedication to carry out his announced reforms approved by the people earlier this year, prospects for progress in Iran are not entirely gloomy. Neither are they entirely bright. Much remains to be done and it will take a determined effort on the part of the Iranian people to maintain political stability so that their nation can move forward economically.

Iran's political fortunes are still troubled.

In May 1961, the Shah dissolved the Parliament and has ruled since then by decree. At that time, Dr. Ali Amini became Prime Minister of a reform Government. At the time of his resignation in July 1962, the New York Times wrote:

> * * * he has achieved much. Two of Iran's gravest financial troubles—inflation and a shortage of foreign exchange—have been alleviated, though the third—an unbalanced budget—remains.
>
> * * * Although a good deal of pruning was done it fell short of what was necessary, largely owing to the entrenched position which the army and swollen civil service enjoy in the life of Iran.
>
> * * * Dr. Amini's greatest difficulties may have been made at home. He outraged many of the rich and influential by his land reform schemes and by the arrest of prominent men and women for corruption. His enemies have been using their considerable influence to get rid of him.
>
> * * * Dr. Amini (the new Prime Minister) insists that his appointment signifies no change in policy, domestic or foreign, but it is hard to believe that the reforms everywhere agreed to be essential will be carried out with the energy and effectiveness that they were by Dr. Amini. The Shah is likely to be held more than ever personally responsible for developments. (The Times, July 20, 1962).

At about the same time the Washington Post was editorializing as follows:

> The resignation of Ali Amini as Prime Minister of Iran is a misfortune that can be laid to the treacherous ambiguities of domestic politics and over-reliance on U.S. aid. In his 14 months as a reform-minded Prime Minister, Dr. Amini was surrounded by enemies who opposed his vigorous opposition to corruption and his programs for agrarian reform and industrial development. Lacking organized political support, Dr. Amini had to rely on the Shah for backing, and the grumblings in the bazaar had echoes among the Shah's cronies in the palace.
>
> What ended his experiment in reform was Dr. Amini's *inability to quell his critics within and without the government and at the same time make budgetary ends meet.* He was unable for political reasons to cut expenditures or raise taxes and *he found that the United States was not prepared to meet a relatively large deficit* (Washington Post, July 21, 1962, p. A6, editorial "Dr. Amini Departs"). [Emphasis added.]

Shortly after the Shah's reforms triumphed at the polls last January, the Economist summed up the situation as follows:

> * * * the Shah has adroitly turned the tables on his political opponents. Despite the opposition of the National Front, the Persians have presented the Shah with a solid "yes" on the six-point reform program he submitted to public vote. The front approved the reforms in principle, but boycotted the referendum on legal grounds, insisting that parliamentary elections be held first. This was a colossal political blunder. The reforms are highly popular, and the front's quibbles threw it into the same camp as the clergy, landlords, and the rest of the reactionary opposition. It is the Government, long the target of public dissatisfaction because of official ineptness and corruption that is now the champion of the masses.
>
> Having, at least temporarily, routed his enemies, the Shah has not been magnanimous in victory. Despite official assurances that all would be free to express their views, there was precious little chance of saying no. A careful publicity

campaign made disagreement tantamount to treason. Three days before polling, security officials began a systematic round-up of National Front leaders. A front meeting scheduled for January 25 was banned. Students attempting to demonstrate met with stick-wielding "workers." Oppostion groups were reduced to circulating leaflets, the traditional weapon of the suppressed in Persia. Since the vote was public, it required a brave man to say no.

* * * The presence of women at the polls was another symbol of the Government's triumph over the clerics. Women do not have the right to vote in parliamentary elections, but the Minister of Agriculture, Dr. Arsanjani, devised a formula for clambering over this legal barrier. The votes remained unofficial, but the women were, for all practical purposes, on the record. Pleased with himself, Dr. Arsanjani called the participation of women in the referendum a step as important as land reform itself.

* * * An immense administrative and economic burden has been imposed on the Government. Six bills were put to test in the referendum. Of the six bills, land reform is almost half completed. The other five have barely got started.

Except for the electoral bill and the sale of state shares, all these measures will cost money. While the land reform law has now been revised so that payment for the land by peasants and compensation to landlords roughly cancel each other out, substantial sums will be required to finance credit and agricultural programs if the new rural cooperatives are to survive.

* * * The Government hopes to meet some of the businessmen's fears at an economic congress it will call at the end of February (resulting from profit-sharing plan). All sectors of industry and commerce will send representatives to the congress, which will be opened, as an obvious goodwill gesture, by the Shah himself. The Government promises to hear the businessmen out with patience, and then to formulate an economic policy that will be good for at least 5 years. The aim is to allow businessmen to plan ahead with confidence. Erratic policies in recent years have left them exasperated and insecure (The Economist, Feb. 2, 1963).

Findings and Recommendations

P. U.S. Financial Aid to Iran Should Continue but on a More Concentrated Basis

FINDINGS

Under the dedicated leadership of the Shah needed reforms are being instituted in the face of tremendous opposition. These reforms have been too long delayed while our financial aid program continued on a very scattered basis. Now that the Shah has begun to move in the correct direction to assist in the economic development of Iran, he needs U.S. economic assistance more than ever.

IT IS THEREFORE RECOMMENDED THAT

The U.S. economic assistance program for Iran be continued and that it should be concentrated on a lesser number of projects which will be of more immediate import in supporting the Shah's reforms without attempting to do everything at once. While there has been substantial improvement under the guidance of able Ambassador Julius Holmes, who vetoed the previously granted budget support, the program could be further tightened.

EXHIBIT III-B-A

IRAN

ACTIVE PROJECTS AS OF DECEMBER 31, 1962

Agriculture

265-AB-11-AB-5	Agriculture Research and Extension.
265-AB-12-AC-5	Water Resources Management.
265-AB-13-AD-5	Crops and Livestock Production.
265-AB-14-AE-5	Agriculture Economics, Credit and Marketing.
265-AC-11-AA-5	Karaj Agricultural College.
265-ZW-17-AA-5	Range and Forest Management.
265-ZW-13-AL-5	Livestock Improvement.
265-ZW-13-AQ-5	Improvement of Crop Production.

Industry and Mining

265-AA-21-AA-5	Economic Mineral Survey.
265-AA-91-AD-5	Industrial Management Institute.
265-AD-22-AB-5	Trans-Iran Telecommunications.
265-ZW-23-AB-5	Lumbering Operations in Caspian Region.
265-ZW-24-AC-5	Bureau of Standards.
265-ZW-28-AS-5	Engineering, Industry, and Mining (?)
265-ZW-23-AW-5	Tehran Slaughterhouse.
265-ZW-91-AJ-5	Industrial Development Center.

Transportation

265-ZW-39-AE-5	Transportation Facilities.
265-ZW-37-AD-5	Civil Aviation.
265-ZW-34-AY-5	Development of Lake Rezaieh Navigation.
265-ZW-37-AZ-5	Equipment for Airport.

Labor

265-AC-42-AB-5	Labor Services and Training.

Health and Sanitation

265-AB-51-AF-5	Malaria Eradication.
265-AB-52-AG-5	Environmental Sanitation.
265-AB-54-AE-5	General Nursing Services.
265-AC-53-AC-5	Pahlavi University Medical Center.
265-AC-54-AD-5	Nursing Education.
265-AC-54-AE-5	Hospital Administration.
265-AC-54-AA-5	Health Programing.
265-ZW-54-AT-5	Health Administration.

Education

265-AC-61-AF-5	Armed Forces Vocational Training.
265-AC-61-AG-5	Vocational Education.
265-AC-65-AH-5	General Education.
265-ZW-65-AF-5	Educational Development.
265-ZW-68-AP-5	Education Planning.
265-ZW-86-AV-5	Improvement of Technical Education.

Public Safety

265-ZA-71-AB-5	Improvement of Law Enforcement Services.
265-ZA-71-AB-3	Riot Control (SA).
265-ZW-71-BF-5	Equipment for National Police.
265-ZW-71-BG-5	Gendarmerie Training.

Public Administration

265-AA-77-AB-5	Administrative Reforms and Training.
265-AA-78-AC-5	Financial Statistics.
265-ZW-71-AG-5	Municipal Management.
265-ZW-78-AH-5	Public Statistics.
265-ZW-79-AI-5	Government of Iran Public Administration.
265-ZW-74-BE-5	Technical Assistance to Plan Organization.
265-ZW-77-BC-5	Institute for Administrative Affairs.

Community Development

265–ZW–81–AH–5 Community Development.

Technical Support

265–ZZ–99–AA–5 Technical Support.

Miscellaneous

265–ZW–98–AN–5 Nuclear Reactor Training.

TERMINATING PROJECTS AS OF DECEMBER 31, 1962

(*Funding Ceases as of End Fiscal Year 1963*)

Karaj.
Civil Aviation.
Community Development.

EXHIBIT III–B–B

Iran, fiscal year 1962

Project Number	Title	Personnel [1]
265–61–223	Armed Forces Vocational Training	1 technician.
265–65–045	Educational Development	25 education technicians.
265–11–009	Karaj Agricultural College	
265–11–039	Agricultural Extension Service	14 agricultural extension advisers.
265–12–105	Water Resources Management and Development.	2 technicians.
265–13–032	Livestock Improvement and Disease Control.	3 technicians.
265–13–075	Improvement of Crop Production and Pest Control.	1 technician.
265–14–030	Crown Lands Distribution	1 specialist in agricultural economics and statistics, 1 specialist in cooperatives and rural credit institutions, 1 specialist in land tenure, and 1 specialist in farm irrigation planning.
265–14–133	Agricultural Bank	2 technicians.
265–17–043	Range and Forest Management	1 technician.
265–51–213	Malaria Eradication Program	
265–52–209	Environmental Sanitation	8 technicians (sanitarians, sanitary engineers and a public health engineer).
265–53–091	Shiraz Medical Center	
265–54–207	General Nursing Services	6 nursing technicians.
265–54–208	Health Administration	2 technicians.
265–54–211	Medical Education	1 tehcnician.
265–54–212	Jorjani School of Nursing	4 nursing educators.
265–54–214	Hospital Administration	1 hospital administration adviser, 1 nursing adviser, and 1 nurse education adviser.
265–81–064	Community Development	12 American advisers.
265–21–222	Economic Mineral Survey	1 mining engineer.
265–22–129	Trans-Iran Telecommunications Link	1 technician.
265–23–082	Lumbering Operations in the Caspian Region.	1 forestry expert.
265–24–038	Bureau of Standards	1 technician.
265–29–118	Engineering and Industrial Advisory Services.	3 consultants.
265–42–041	Labor Training and Services	7 specialists in labor standards, management relations, employment services, labor training and manpower studies.
265–71–033	Improvement of Law Enforcement Services	7 technicians in fields of communications, traffic control, training, identification and records, police patrol and penology.
265–71–113	Municipal Management	4 technicians.
265–78–044	Public Statistics	1 statistician.
265–78–131	Financial Statistics	2 statistical advisers.
265–79–110	Government of Iran Public Administration	
265–34–128	Development of Lake Rezaieh Navigation	
265–37–005	Civil Aviation	7 advisers.
265–39–119	Transportation Facilities	1 transportation adviser and 1 diesel locomotive adviser.
265–91–109	Industrial Development Center	1 technician.
265–96–076	Audiovisual Training	
265–99–000	General Technical Support	58 technicians.

[1] Total personnel, 184.

III–C–SYRIA

I. Economic Data

Basic data on Syria

Population (1961)	million	4.7
Annual growth rate (1961)	percent	3.5
Area	square miles	71,000
Literacy rate (1961)	percent	30 to 35

Syria

Year	Gross national product			Agricultural production index	Cost of living index (1958=100)	Government expenditures (millions of dollars)
	Millions of dollars	Percent of 1961 in national currency	Per capita			
1953	528	80	(1)	(1)	83	(1)
1954	608	92	(1)	(1)	80	(1)
1955	536	81	(1)	(1)	91	(1)
1956	643	98	(1)	(1)	110	(1)
1957	685	104	$168	120	102	(1)
1958	587	89	137	136	100	(1)
1959	596	91	131	96	103	129
1960	593	90	130	100	102	138
1961	660	100	134	101	107	143
1962	(1)	(1)	(1)	(1)	(1)	154

[1] Figures not available.

II. Current Political Background

On March 8, 1963, a successful military coup, the third in less than 2 years, was staged in Damascus by a group of army officers. A Revolutionary Council with full legislative and executive powers was created with Lt. Gen. Louai el-Attasi as Comander in Chief of the Army and President. Both supporters of the Baath Socialist Party and moderate pro-Nasserites were leaders of the original coup.

The new regime replaced the conservative and middle-of-the-road Government of Premier Khaled Azem, which had been anti-Nasser and also cool toward Iraq, then dominated by General Kassem. Last December, the regime of Premier Khaled Azem had begun to show signs of moving closer to the goal of parliamentary democracy. It abolished the state of emergency and announced that elections for a new Parliament would be held in July 1963.

Then came the coup of March 8, 1963, following on the heels of the coup in Iraq.

Following the coup in Syria, there began a pulling and hauling between the followers of the Baath Socialist Party and those of Nasser.

Cairo radio naturally encouraged the Nasserites in Syria.

In the early days following the coup, with great fanfare, leaders from Syria and Iraq journeyed to Cairo amid great talk of unity and a reaffirmation of the United Arab Republic.

The Syrian revolution is considered to have been similar to the earlier one in Iraq. Both revolutionary regimes have now come to be dominated by the Baath Party. Having learned a sobering lesson from its prior union with Egypt, Syria, under Baath leadership, sought a federal union or league within a wider framework which would provide greater autonomy for each member state and varying political systems and parties. Iraq's Baath leaders also appear to favor a loose political arrangement. President Nasser, however, has shown little patience for political parties and Western-type parliamentary government. Instead, he favors the direct organization of the masses by a revolutionary Government as in his own country, i.e., the Arab Socialist Union under his leadership.

The present Government of Syria is anti-Communist and it has warned the Communists at home that they will be crushed if they engage in subversive activities. The Government has, however, been less repressive toward the Communists than its revolutionary counterpart in Iraq. It has announced that it will follow a policy of "positive neutralism" in foreign affairs. The Soviet Government, in the meantime, has informed the Syrian Government that its aid program will be continued. Relations between Syria and the West may be expected to improve slightly. Militant hostility toward Israel can be considered a constant factor in Syria's foreign policy and it will remain unchanged under the new regime. Meanwhile, border incidents continue as indicated by the following article from the Washington Post of August 23, 1963:

U.N. SECURITY COUNCIL MEETS TODAY ON SYRIA-ISRAEL BORDER VIOLENCE

UNITED NATIONS, NEW YORK, August 22.—The U.N. Security Council today was summoned to meet at 3 p.m. Friday to make up Israeli and Syrian charges of border violence.

Sivert A. Nielsen of Norway, Council president for August, set the date after conferring with Israeli U.N. delegate Michael S. Comay.

Comay told reporters that this was the first time in 10 years that Israel had asked for Security Council action and said it would test whether the Council would act on an Israeli complaint or be prevented by a Soviet veto.

Comay said he had reports there had been more Syrian firing at the Israeli settlements of Dardara and Ashmora during the night.

The Israeli delegation last night handed the Council a list of 98 alleged incidents of Syrian shooting into Israeli territory since December. Israel said it had complained to the Mixed Armistice Commission about each case.

Arab delegates at the U.N. met privately and affirmed their support of Syria.

In a countercomplaint, filed yesterday, Syria told the Security Council that about 15 Israeli armored cars shelled Syrian positions Tuesday from Dardara in the demilitarized zone. An Israeli spokesman denied the charge.

ISRAEL SEEKS SOLUTION OF SYRIA BORDER CRISIS

(By Eleanor Templeton, The Washington Post Foreign Service)

TEL AVIV, August 22—The Israeli government will continue to seek a solution of the Syrian border crisis by political and diplomatic means despite the apparent failure of the latest United Nations effort to relax tension.

This effort was the proposal of Gen. Odd Bull that Israel and Syria agree to simultaneous U.N. inspection of defensive zones on both sides of their northern border. Israel accepted the proposal Tuesday on condition that Syria also accept. However, the Syrian refusal was made known today.

Israel now awaits the meeting of the U.N. Security Council with "profound hope" that this will have prompt positive results. But Israel's parliamentary foreign affairs and security committee has stressed that if the Security Council fails to put an end to Syrian aggression, Israel would feel obligated "to take all necessary measures for self-defense."

A majority of the press and public favors restraint, up to a point. But the present public mood is clouded by doubts that the United Nations will act effectively, a skepticism arising out of U.N. actions on previous Israel-Syria border disputes when, it is felt here, U.N. decisions only encouraged Syrian intransigence.

UNITED STATES EXPECTS UNITED NATIONS TO VERIFY CHARGES

The United States expects the United Nations factfinders on the scene to verify the Israeli claim of Syrian aggression, it was reported here yesterday. If this happens, the United States would cast its Security Council vote against Syria.

It also believes that the Soviet Union may reverse its longstanding policy and not veto a pro-Israel motion in the Security Council, lest the Soviets lose favor in underdeveloped nations. Israel, it was noted, has made a concerted effort to win friends in sub-Sahara Africa.

Officials do not take seriously the military alerts of Syria, Iraq, the United Arab Republic, and other Arab countries, which have threatened to protect Syria against "premeditated Israeli aggression."

These alerts are considered primarily as efforts not to be outdone in public hostility toward Israel and as moves in the Arab contest between the Baath regimes in Syria and Iraq on one side and Egyptian President Gamal Abdel Nasser and non-Egyptian Nasserites on the other.

Besides, officials pointed out, only the United Arab Republic army, which is considerably involved in Yemen, is of any military importance among the Arab armies. Officials do not think that Nasser would tempt almost certain defeat by taking part in an attack on Israel now.

Thus the outcome and political future in Syria are difficult to predict. Instability and turmoil seem probable.

III. ECONOMY

A. AGRICULTURE

Agriculture contributes approximately 35 percent to the national income and provides employment to over 70 percent of the population. Only 33 percent of the total land area was considered cultivable in 1960 and less than two-thirds was actually cultivated.

Approximately 15 percent of this is irrigated while the rest is dependent on rainfall which is often erratic. Three successive droughts were experienced between 1958 and 1960. These resulted in a drastic decline in agricultural production. The wheat crop in 1960 was less than half of what it had been in 1956 and 1957. Syria had to cover the deficit in its food crops by importing agricultural commodities—wheat, flour, corn, barley, etc.—from the United States, under the Public Law 480 program, in the amount of approximately $41 million. Excellent climatic conditions during 1962 produced abundant crop harvests, though Syria still had to import some wheat, wheat flour, and rice during this year.

Agricultural production is being improved by means of various irrigation and land reclamation schemes. Under the present Five-Year Plan approximately 60 percent of investment funds are being spent on agricultural improvements. Many small-scale irrigation projects have been carried out. A number of larger schemes have been initiated or are planned: The Ghab Valley Project in midwestern Syria, due to be completed this year, which will add 250,000 acres of land to irrigation, the development of the lower basin of the Euphrates River and the Euphrates River Dam, and the Khabour River in northeastern Syria. An agricultural training center was opened in Aleppo in 1960.

The most important cereal crops grown are wheat, barley, millet, and corn. Wheat and barley are the chief export crops in normal years. Cotton has become an important industrial crop in recent years. Its production has more than doubled since 1954 and it is the largest single source of foreign exchange earnings (approximately $50 million in 1960). The Syrian textile industry consumes less than 15 percent of the annual cotton crop. Other crops of importance are sugar from sugarbeets and tobacco which is exported mostly to East European countries. Tobacco manufacturing and marketing is a state monopoly, and an important source of Government revenue.

Animal husbandry is carried on mainly by Bedouin tribesmen. Syria is self-sufficient in meat and milk and exports surpluses of wool and hides.

An agrarian reform law was extended to Syria in 1958, during its temporary incorporation in the United Arab Republic. Individual land holdings were limited to 200 acres of irrigated or 750 acres of rain-fed land. The rest of the land was to be distributed by the state to persons with little or no land and former landowners were compensated with state bonds. The law applied to almost 60 percent of cultivated land in Syria. It proved to be not as satisfactory here as in Egypt. The law had to be amended in December 1959 and again in July 1961. The limit on individual landholdings was decreased. Over 1,000 agricultural cooperatives were created to assist peasants who had received land under the agrarian reform law. In February 1962, after Syria's break with the United Arab Republic, a new land reform law, more favorable to landowners, was enacted by the Constituent Assembly. This law was in turn revoked after the coup of March 28, 1962, and the original law of September 1958 was revalidated with some important modifications.

B. MINING

Syria is considered to be relatively poor in mineral resources. At present the following minerals are exploited—asphalt, gypsum, salt, charcoal and sulfur. Gypsum and lime are used in building and cement factories. Iron ore deposits, estimated at over 50 million tons, have been discovered at Rajo in the Aleppo region. An ironworks has been planned at Homs. Syria has no known coal deposits, though it has some lignite.

Oil is obtained from oilfields in the extreme northeast region at Karatchuk and nearby at Suwaidiya. Oil explorations have led to the discovery of the Qurahshik oilfields. These will be ready for production in 1964. The Syrian Petroleum Authority is conducting further exploration with the help of the German firm, Concordia, and also with Soviet experts and equipment.

The Homs refinery, built with Czechoslovakian assistance, produced 800,000 metric tons of oil in 1961. It has a capacity of slightly over a million tons. The refinery reduced Syria's dependence on imported petroleum products—fuel, diesel oil, and gasoline. Pipeline construction is underway between the Homs refinery and Damascus, Aleppo, and the port of Latakia. A $10 million contract for this was awarded to the Italian company, Technit.

Syria earns sizable pipeline transit royalties from the Iraqi Petroleum Co. and the Trans-Arabian Pipeline Co. These are an important source of foreign exchange. In 1960 they amounted to more than $25 million.

C. INDUSTRY

Industry contributes approximately 15 percent to the national income though its share is rising steadily. Textiles and food processing are the most important industries. Other industries which have grown up in the post World War II period are glass, cement, fertilizers, soap, vegetable oil, tobacco, cigarettes, sugar refining, woolen textiles, and beverages. Many of these were developed with the aid of state protectionist policy. Electric power generation had almost doubled between 1952 and 1959.

The Syrian Industrial Bank, established in 1959, has aided new or expanding industries with loans. Under the current development plan approximately one-fifth of total investment is devoted to the industrial sector, 75 percent of this to electricity, mining, petroleum, and fertilizers.

The private industrial sector suffered a heavy setback from the laws of partial or total nationalization enacted under the United Arab Republic regime. These laws were subsequently repealed after Syria's secession. Shareholders partially recovered their right to own shares and dispose of them as they wished. In May 1962, however, Dr. Azmeh's Government renationalized the Company of Five which controlled a large part of the country's industry. The status of these industries has not been clear under successive Governments and it has still to be worked out. The Syrian entrepreneurs and investors remain in a state of watchful wait and see. On July 11, 1962, exchange controls were liberalized and the Syrian pound has become convertible again.

The post-Union Government of Dr. Azmeh issued decrees early in 1962 requiring all corporations to pay their employees a share of profits equal to one-half of a month's wages. At least 25 percent of annual profits were to be distributed among workers. The latter were also to be represented on the Board of Directors of corporations and they were to have first preference to purchase denationalization shares.[1] Syrian Governments have been eager to win the support of labor, an element of the population which is known to be strongly pro-Nasser in sentiment.

In line with increased industrialization a railway link between the port of Latakia and Aleppo and with Qamishli in the northeastern part of the country is being constructed with Soviet assistance. In addition to the port of Latakia and Banias, which handles petroleum from the Iraqi Petroleum Co. pipeline, a new port, Tartous, is being built by Yugoslavia to serve the central Syrian region. A new international airport is also being built at Damascus.

D. ECONOMIC DEVELOPMENT PLAN

A Five Year Plan for economic development was undertaken in 1960. It replaced an earlier Seven Year Plan for 1955–62. A total investment of approximately $600 million was envisaged for the various sectors of the economy. As noted earlier, roughly 60 percent of the funds were to be devoted to agricultural projects. Syrian planners have sought to increase agricultural production by means of irri-

[1] Denationalization shares are shares of stock in the businesses being denationalized.

gation, land reclamation, better incentives for farmers through land reform measures, and improved farming methods introduced by the agricultural cooperatives.

Investment in the industrial sector was to approximate 20 percent of total development funds. The Government has played an active role in the industrialization program by developing infrastructure projects—highways, railroads, bridges, electric generation plants—and by encouraging the growth or expansion of industries which help to reduce the country's dependence on imported products, manufactured goods, and raw materials.

It was hoped that at the end of the Five Year Plan period national income would increase from roughly $672 million in 1960 to approximately $940 million in 1965, an increase of 40 percent; also, that per capita income, after taking account of population growth, would increase by 25 percent, from $147 to $182 per annum.

A deficit of $216 million in investment funds was anticipated between domestic capital savings and the total investment planned for the 5-year period. The Soviet Union and other Communist bloc countries were expected to supply sizable aid to cover this deficit. Assistance has also been forthcoming from the United States, West Germany, and various international organizations.

In October 1957 Syria concluded an economic and technical assistance agreement with the Soviet Union whereby the latter undertook to provide credits, amounting to roughly $140 million, and technical assistance for a variety of development projects—studies of mineral resources and petroleum exploration, topographic maps, bridges, dams, irrigation projects, fertilizer plant, railroad construction, etc. Three of the most important projects undertaken with Soviet assistance are: a railway link between the port of Latakia and Qamishli, a nitrogenous fertilizer plant in Homs, and petroleum exploration in the Jezirah area in northeastern Syria.

In June 1961 an agreement was reached between the then United Arab Republic Government and West Germany for a loan of $125 million to cover the foreign exchange costs of the proposed Euphrates Dam.

In 1962 Syria also received a total of $40 million from the International Monetary Fund ($6.6 million), West Germany ($16 million), United States ($9 million), and Italy ($5 million) in the form of a stablization fund to strengthen its foreign exchange position and to eliminate domestic inflationary pressures. Syria's balance of payments depends largely on the successful export of its surplus crops—cereals and cotton. Bad harvests due to the droughts between 1958 and 1960 caused unusually large deficits in Syria's trade balance (approximately $130 million in 1960). Syria normally has a trade deficit which is covered by oil transit dues, earnings from the transit trade from Iraq, Jordan, and Lebanon, emigrant remittances and by United National Relief and Works Agency expenditures for the Arab Palestinian refugees.

E. U.S. ECONOMIC ASSISTANCE PROGRAM

Our economic assistance program for Syria is relatively small and only recently of any appreciable size.

[In millions of dollars]

	Grants	Loans	Total		Grants	Loans	Total
1949–52	0.4		0.4	1959	0.2	1.0	1.2
1953				1960		14.4	14.4
1954	.3		.3	1961	20.1	14.9	35.0
1955				1962	8.0	35.9	43.9
1956	.1		.1				
1957	.2		.2	Total	29.5	66.2	95.7
1958	.2		.2				

Slightly more than half of this aid—$58.6 million—has been for "Food for Peace"—sales or grants of food and fibre under Public Law 480.[2]

Development loans from the United States to Syria through December 31, 1962, were as follows:

(1) Textile mill: $700,000—5¾ percent interest; 10 years; 25-month grace period; repayable in dollars.

(2) Development Bank: $5 million; 5 percent interest; 10 years; 36-month grace period; repayable in local currency.

(3) Telecommunications: $2.5 million; 3½ percent interest; 13 years; 24-month grace period; repayable in local currency.

(4) Grain storage project: $14.7 million; three-fourths of 1 percent interest; 40 years; no grace period; repayable in dollars.

These development loans total $22.9 million.

In addition, AID has loaned Syria for economic stabilization the sum of $9 million at 5¾ percent interest, repayable in dollars in 5 years without a grace period.

The Technical Assistance Program in Syria has been small, $200,000.

Active projects in Syria as of December 31, 1962, were listed by AID as the following:

(1) Civil Aviation Development Project;

(2) Special Participant Program (indicated for termination in fiscal year 1963); and

(3) Police Training Program.

The AID mission described the history of the AID program in Syria as follows:

U.S. ECONOMIC ASSISTANCE TO THE SYRIAN ARAB REPUBLIC

Fiscal year 1960

The AID program in Syria began in fiscal year 1960, when Syria was still a part of the United Arab Republic. In that year the United States provided $9.6 million of surplus agricultural commodities under Public Law 480, title I, Development Loans totaling $5.7 million, and agreed to assist in developing Syria's civil aviation facilities through a modest Development Grant program.

[2] In addition, through the years Syria has received a total of $8.2 million from:

	Millions
United Nations Technical Assistance Program	$5.1
United Nations Special Fund	3.1

The first loan was for $5 million for the Industrial Development Bank to allow it to make medium- and long-term loans to support development projects sponsored by the private sector. This loan is to be repaid in local currency over 10 years at 5 percent interest. It has not been used partly because of the organizational limitations of the Industrial Bank and partly because of the political and economic instability in Syria since this loan was offered. Recently the Industrial Bank proposed that the final date for commitments under the loan be extended for another 9 months in order to allow the Bank to seek out possible uses for the funds. AID has approved this proposal subject to the submission by the Bank of applications for loans in sufficient volume to warrant such an extension.

The second loan was for $700,000 at 5¾ percent interest to be repaid over a 9-year period in dollars. This loan was provided to assist in the development of a textile mill for the production of woolen goods. The factory is equipped with 5,000 spinning spindles, 50 looms, and dyeing and finishing apparatus and will produce about 2 million pounds of yarn and 1 million yards of cloth annually. Half of this production will be used to meet Syrian consumption requirements, while the other half will be exported to earn vitally needed foreign exchange.

In 1960, the United States also initiated a program to develop Syria's civil aviation facilities and particularly ground-to-air communications. This program was an extension to Syria of a program developed at that time for the then Southern Region of the United Arab Republic (Egypt) and it was anticipated that these two projects would establish a communications system for the United Arab Republic as a whole. The fact that Syria has since seceded from the United Arab Republic makes this program no less important since it is designed generally for air-traffic control and since the facilities to be installed are necessary to assure safe transit for all airlines, including U.S.-flag carriers, in the Near East area. About $600,000 was obligated in fiscal year 1960 to start this program; the funds were used for the procurement of long leadtime technical equipment and communications systems on which deliveries are just now starting.

Although the civil aviation project was originally scheduled for completion by the end of fiscal year 1964, unforeseen delays have occurred and it is now planned that the project will end in fiscal year 1965. From early 1961 to August 1962, unsettled political conditions, the separation of Syria from the United Arab Republic, and the unresolved question of the U.S. economic assistance relationship with Syria delayed the procurement and shipment of commodities, and severely hampered the technical advisory work of the civil aviation team. However, in August 1962, the bilateral agreement previously signed with the United Arab Republic was accepted by Syria as covering all AID activity in Syria, and a new project agreement will be signed in the near future.

Fiscal year 1961

Syria had a series of very bad crop years culminating in 1961, when it was unable to meet its peoples' consumption requirements and had no exportable crops that could be used to gain foreign exchange to buy food on the world market. The United States agreed to supply substantial quantities of wheat and wheat flour for sales for local currency under title I of Public Law 480 and also agreed to institute a title II Emergency Relief program to supply wheat flour for free distribution to the needy. The world market value of the commodities totaled $40.7 million.

In fiscal year 1961 the United States approved a third development loan to Syria, to be used for the development of a microwave system linking Damascus with Aleppo and other centers throughout the western and northeastern portions of Syria. The engineering survey has now been completed and a contract has been signed with Collins Radio, a well-known U.S. firm, for the construction of these facilities. The loan is to be repaid in Syrian pounds over a 12-year period at 3½ percent interest. Finally, the United States supplied financing under the Development Grant program to cover the costs of training selected Syrians in the United States, provide funds for the continuing civil aviation project, and finance the costs of the small regional office in Damascus.

Fiscal year 1962

Although the crop situation improved slightly in fiscal year 1962, Syria was still in need of U.S. surplus agricultural commodities for both free distribution and sales for Syrian pounds. The United States sold $9 million of wheat, wheat flour and rice under title I and wheat valued at $7.6 million under title II.

In fiscal year 1962 the United States also approved a Development Loan of $14.7 million for the development of a network of grain storage facilities. The Syrian economy is dependent on the production and export of agricultural commodities for a large part of its foreign exchange earnings. The project will affect a great number of the Syrian people, both growers and consumers, and will undoubtedly enhance U.S. prestige in the country. It is estimated that when this project is completed savings to the Syrian Government may amount to as much as $10–$11 million per year, since Syria now loses a considerable portion of its agricultural crops to insects and rodents due to the lack of adequate storage facilities. The loan is for 40 years, with a 10-year grace period, with an interest rate of 3.4 percent, and repayable in dollars.

Despite industrial expansion in recent years, Syria remains primarily an agricultural country. It is an exporter of cotton, which is its largest single source of foreign exchange, and cereals. However, due to the drought from 1959 to 1961, agricultural production declined by 14 percent and national income dropped by one-third. By early 1962, the loss in export earnings, combined with increased demand for imports and capital flight, reduced foreign exchange reserves to the lowest level since 1946.

Early in 1962 Syria agreed with the International Monetary Fund to a stabilization program designed to eliminate inflationary pressures and liberalize its foreign exchange controls. To support this program the IMF agreed to drawing rights of $6.6 million, Italy provided $5 million, and West Germany provided $16 million. AID approved a stabilization loan of $9 million to support the program. The loan is to be repaid in dollars in 5 years, with a 2-year grace period, and with an interest rate of 5¾ percent. The Export-Import Bank also approved a loan of $5 million to finance imports from the United States.

As a result of Syria's adherence to appropriate monetary and fiscal policies, as well as good harvests, business confidence has been restored and economic conditions are improving. After the pound was devalued at the beginning of the program, the Syrian exchange rate has remained stable, Syria has not had to use the Export-Import Bank loan and has asked for a commitment of only $3.6 million from the AID Supporting Assistance Loan but has not had to make any drawdowns against this commitment.

Fiscal year 1963–64

In fiscal year 1963, the United States plans to obligate a total of $320,000 for the Development Grant program. These funds will pay the costs of the civil aviation program and technical support costs for the small mission, finish the special participant program, and pay for the training costs of bringing Syrian officials to the United States for training in various fields in public safety, including traffic control, riot control, and travel control and immigration. The Embassy is also negotiating a title IV sales agreement under which the United States will supply 10,000 MT of rice to Syria in fiscal year 1963. The United States will be paid for these commodities in dollars over the next 10 years at an interest rate of three-fourths percent. In addition, the United States will continue a small title III program which has averaged about $200,000 annually since 1958.

AID is now in the process of evolving plans for fiscal year 1964. Funds will be required for the continuing civil aviation project and for an enlarged police training program. However, other requests for assistance are expected and if the proposed projects are of a high priority in the development plan and meet other AID criteria the United States is prepared to consider offering assistance for projects outside our present program. No development loan funds are programed for Syria in fiscal year 1964 nor are any loan requests presently under consideration. However, AID will be prepared to consider specific projects which are an integral part of Syria's development program. The United States will also be prepared to consider further requests for surplus agricultural commodities under title IV if the agricultural situation warrants such aid and if there are further chances to expand Syria's market for U.S. agricultural commodities.

Recently, Syria has indicated its interest in negotiating an Investment Guarantee Agreement, which would tend to encourage U.S. private capital to invest in Syria. AID will attempt to encourage a greater exchange of goods and services on a commercial basis since cooperation in business will be of considerable benefit to both Syrian and American business and is at no cost to the U.S. taxpayer. An Investment Guarantee Agreement would certainly act as a stimulus to greater interest in Syria on the part of American businessmen, and benefit all concerned.

While in Damascus, complaints were received about the slowness in moving forward on the aviation project described above. A separate report on this project was requested. It was submitted by the Mission and is as follows:

SYRIA

CIVIL AVIATION DEVELOPMENT PROJECT

Project 276–ZA–37–AA–1

ACCOMPLISHMENTS

The purpose of this project is to advise and assist the Syrian Directorate of Civil Aviation in the expansion, improvement, and modernization of the Airways System Plan and associated aeronautical facilities. The objectives and accomplishments are detailed below.

Objective.—To assist in the development of an Airways System Plan. This plan is essential to the determination of (1) the location of the air navigation aids for present and future aviation facilities and (2) the priority of their installation, and to the establishment of safe, orderly and efficient air traffic control procedures for present and future airport operations.

Accomplishment: The plan is essentially complete.

Objective.—Provide three Very High Frequency Omnidirectional Ranges (Lorenz VOR's) and assist in their installation at Damascus, Aleppo, and Kariatein. This equipment is an ICAO-approved air navigation aid for en route and terminal air traffic control.

Accomplishment: The site surveys and flight checks have been completed. Two sites have been approved but the third (at Kariatein) may have to be moved. The electronic equipment for the VOR's has arrived at Latakia in excellent condition and is being transported to the Damascus Airport for storage. The VOR building plans and specifications for the Damascus and Aleppo sites have recently been advertised and bids requested for construction.

Objective.—Provide a Very High Frequency Troposcat air-ground radio voice communications system to furnish the Damascus Air Traffic Control Service with a reliable noise-free communications facility.

Accomplishment: The site has been selected and the preliminary design for the facility and lists of plant and structure items have been prepared for review and procurement by FAA/W.

Objective.—Provide an Instrument Landing System (ILS) for the Damascus International Airport. This equipment permits safe landing operations during periods of bad visibility and is an ICAO requirement for international airports.

Accomplishment: The electronic equipment for this facility is on order.

Objective.—Provide three High Frequency air-ground radio telephone transmitters and receivers to provide point-to-point voice communications for air traffic control and aeronautical broadcasts.

Accomplishment: The site surveys for the stations are finished and building arrangements have been completed.

Objective.—Provide two High Frequency radio teletype point-to-point communications facilities for air traffic control and meteorological services.

Accomplishment: A study of the engineering features has been completed and sites for the remote receiver and transmitter buildings have been selected.

Objective.—Provide two 250–KVA diesel engine generators to supply standby power for the communications system.

Accomplishment: Detailed lists of equipment for the generator facilities have been submitted to FAA/W for review and procurement.

Objective.—Provide the electronic equipment and instruments required to establish an instrument testing, repair and calibration shop.

Accomplishment: Some equipment has been received and the remainder is on order.

Objective.—Provide five radio-equipped utility vehicles to furnish the transportation necessary to the installation and construction of the above facilities and to be used in the future by DCA crews for transportation incidental to the operation, maintenance, and repair of the facilities.

Accomplishment: The vehicles have been purchased and are awaiting shipment to Syria.

Objective.—Train DCA personnel in the installation of the equipment, its future use in air traffic control and its operation, maintenance, and repair.

Accomplishment: In fiscal year 1960 five participants were sent to the United States for training in various fields in civil aviation and have returned to their former departments. Two have been promoted to higher positions in their specialties with supervisory responsibilities and the others have been assigned additional duties and responsibilities as a prelude to further advancement. In fiscal year 1961 seven participants were similarly trained and have recently returned to their positions. In fiscal year 1962 12 participants were selected for training and have recently arrived in the United States.

Some of these participants have received advanced training in the installation, operation, maintenance, and repair of air navigation aids and communications equipment. Others have been trained in the use of such equipment in air traffic control.

In addition, the CAAG/SAR functions as an advisory group to the DCA. For example, at the request of the DCA a study and design recommendation for an overlay and correction of a profile deficiency for the existing pavement at the Aleppo International Airport was recently prepared by the CAAG for DCA approval and implementation.

The CAAG is also conducting on-the-job training and informal seminars for DCA personnel in the installation, maintenance, operation and repair of the various types of equipment being supplied by AID.

PERSONNEL

This project was initiated in fiscal year 1960 as an extension of a civil aviation project in the Southern Region (Egypt) of the United Arab Republic. Technical personnel to supervise operations first reported for duty in Syria in January 1961. During the remainder of fiscal year 1961 and in fiscal year 1962 work on the project was delayed due to (1) the turmoil surrounding and following the separation of Syria from the United Arab Republic and (2) the loss of two of the three FAA technicians in Syria due to illness and personal problems. However, all four FAA positions are now filled and the implementation of the project should proceed satisfactorily barring new political complications.

COSTS

[In thousands of dollars]

	Technicians	Participants	Commodities	Other costs
Cumulative through June 30, 1962	101.1	107.4	688.6	4.5
Estimated for fiscal year 1963	84.3	40.3	25.0	37.8
Project components, total	185.4	147.7	713.6	42.3

Cumulative through June 30, 1963, grand total 1,089

It is obvious that economic and social progress in Syria in the light of its sorely troubled political situation is well nigh impossible and the frequent alarums and excursions will permit no serious development effort.

The Syrian currency equivalent of $21.5 million had been committed for Public Law 480, section 104(g) (Development), loans for project assistance as of December 31, 1962. An additional amount of $15.1 million was available for the same purpose on the same date. However, of the $21.5 million committed, only $2 million had been disbursed, showing the slowness with which development projects move in Syria because of the troubled political times through which it is passing.

This is also shown by the following table concerning the DLF loans:

Date of loan agreement	Purpose	Amount	Disbursed, Dec. 31, 1962
Nov. 5, 1959	Textile Mill	$700,000	$699,997
Aug. 1, 1960	Development Bank	5,000,000	100,000
Oct. 3, 1960	Telecommunications	2,500,000	14,425

Findings and Recommendations

U.S. Financial Aid to Syria Should Stop

FINDINGS

The political situation in Syria has been and is too unstable to expect it to provide a climate in which economic development can take place.

IT IS THEREFORE RECOMMENDED THAT

Except for keeping commitments previously made, the U.S. economic assistance program for Syria should be stopped.

III–D. LEBANON

I. Economic Data

Basic data on Lebanon

Population (1959)	million	1.5
Annual growth rate (1959)	percent	2
Area	square mile	4,000
Literacy:		
1956	percent	80
1957	do	65–80
1958	do	65–80
1959	do	65–80

Lebanon

Year	Gross national product			Agricultural production index	Cost of living index (1958=100)	Government expenditures (millions of dollars)
	Millions of dollars	Percent of 1961 in national currency	Per capita			
1953	365	88	$270	(1)	84	(1)
1954	393	95	274	(1)	82	(1)
1955	429	104	293	(1)	87	(1)
1956	443	107	295	(1)	91	(1)
1957	470	113	306	(1)	96	(1)
1958	414	100	264	(1)	100	57
1959	599	(1)	391	(1)	104	62
1960	(1)	(1)	(1)	(1)	108	76
1961	690	(1)	411	(1)	106	102
1962	(1)	(1)	(1)	(1)	97	117

[1] Figures not available.

II. Current Political Background

Lebanon is a Republic with a unitary form of Government. The legislature consists of a single chamber of deputies—99 deputies elected directly by the people for a 4-year term. Representation in the Chamber of Deputies is accorded by region as well as religion. The population is divided into four major religious groups: the Maronite Catholics and three Muslim sects. There are also other minor Christian and Muslim groups.

A numerical balance of 6 to 5 is maintained in the Chamber of Deputies between the Christians and the Moslems. Under the Constitution, the President of the Republic has to be a Maronite Catholic, the Prime Minister a Sunni Moslem, and the President of the Chamber of Deputies a Shia Moslem. The balance between religions is also observed in the composition of the Cabinet and more informally in the civil service.

Lebanon has been known for its internal stability. The first serious threat to this stability arose, however, in 1958. Discontent with the policies of the existing Government and resentment on the part of

Moslems against the President, abetted by subversive activities directed from Cairo, led to street riots and disorder. Civil war became imminent with the country split on religious lines, most of the Christians supporting the President and most of the Moslems opposing him. The revolt ended, after U.S. intervention, in a compromise solution which has enabled the country to carry on with relative stability ever since. A new President, acceptable to both sides, was elected and the crisis quickly faded away. The political role of the army was enhanced by the crisis of 1958; it is now more integrated in the state and continues to remain nonsectarian in spirit. President Chehab was the commanding general of the army before his election as President.

Another threat to domestic stability was demonstrated toward the end of 1961. An attempted coup by the Syrian Popular Party with the assistance of some Syrians, Palestinians, and Jordanians was uncovered in Beirut. The rebels had hoped to bring about a union of Lebanon with Syria, Iraq, Jordan, and Cyprus in accordance with the "Fertile Crescent Scheme." The Syrian Popular Party was dissolved and the rebel leaders were tried and punished in late 1962.

Those presently advocating reform urge foremost altering the present method of representation in the Chamber, by adding another Chamber, or by increasing the presidential powers.

The need to modernize democracy is also recognized by the reformers. Political parties are still relatively unimportant compared to the feudal politicians who dominate the Chamber. The latter are most interested in promoting the interests of landlords, merchants, and businessmen. They favor the status quo and lack the knowledge or the desire to keep pace with the sociopolitical feelings of the majority of the electorate. Nevertheless, ever since the crisis of 1958 the role of political parties has gradually been becoming more important. Party membership has grown in recent years and they have gained more seats in the Chamber while the number of independent deputies has declined.

Lebanon has often been compared with Switzerland. It does not like to take sides, and thus follows a neutral foreign policy. In August 1962, Foreign Minister Philip Takla, while appealing to Arab countries to leave Lebanon out of their differences, stated in Parliament that Lebanese foreign policy is based upon respect for the United Nations Charter; that it does not favor foreign military bases or alliances, nor special privileges for any power or alinement. He affirmed Lebanon's adherence to the Arab League Charter.

Lebanon, prompted by its commercial interests, is determined to keep its independence and, therefore, adheres to an independent neutralist foreign policy. Nevertheless, in the past it has leaned toward the West, and openly so until 1958. It pays lipservice to the idea of Arab unity, but is hardly very serious about it. It plays an important role as a mediator in many inter-Arab disputes. Its attitude toward the "Boycott Israel" office of the Arab League is guided more by the profit motive than by feelings of Arab unity. It has pursued a careful policy of balance between opposing and supporting President Nasser and his ambitions. It is in Lebanon's interest to have stability in the Middle East and among her neighboring countries.

Lebanon maintains friendly trading relations with the Communist bloc countries. It is cosmopolitan in outlook because of its commer-

cial interests and also because of the far-flung Lebanese emigrants who often visit Lebanon and are an important source of its foreign income and trade.

III. Economy

A. AGRICULTURE

Agriculture contributed 18.2 percent to the National Income and accounted for 50 percent (approximately) of employment in 1961. Good and cultivable land is limited because of the large rocky and mountainous area. Water scarcity added to insufficient and unpredictable rainfall make agriculture difficult. A wide variety of crops can be and are cultivated here, however, because of the varying altitudes, precipitation and temperatures. Subtropical fruits (oranges, bananas, lemons) are grown along the coast and temperate fruits (apples, grapes, figs, cherries) along mountain terraced lands. Cereals and vegetables are also grown, mostly in the Bekaa Valley to the east. Approximately 45 percent of the value of agricultural crops is attributable to fruit and 37 percent to industrial crops such as olives, sugarbeets, and tobacco.

Agricultural production is being increased by means of terrace farming, extension of irrigation, and by the introduction of new varieties of crops. Technical assistance to farmers is provided by various experimental stations and by means of training at the College of Agriculture in Beirut. Farm cooperatives are encouraged. An autonomous Fruit Board was established by the Government in 1959. It is responsible for organizing and controlling the export of Lebanese fruits and improving the production of fruit—mostly citrus fruit, apples, olives, and grapes.

In January 1962, the first stage of the Litani River Basin Project was completed. The project will eventually provide water supply for the irrigation of 40,000 hectares. Through the recently completed Kasmie Canal Project, which utilizes the waters of the Litani River, 8,000 hectares of fruit-growing land is now irrigated. Dairy farming has increased manifold in production and scientific methods have been increasingly applied during the last decade.

William S. Ellis, in his article entitled "A Phoenician Is Still a Phoenician" in The Reporter for October 11, 1962, sets forth a fairly accurate picture of Lebanon's present position:

> The Lebanese, like more than 84 million other Arabs from Morocco to the Persian Gulf, are constantly buffeted in a Pan-Arab movement that threatens to blow away borders and toss nationalities to the winds. But the Lebanese are not allowing themselves to be carried away. There is, of course, a sound reason for this resistance. The Lebanese enjoy a high standard of living and education. To be absorbed into a sprawling nation made up mostly of miserable, illiterate peasants such as the Egyptian *fellahin* or the Iraq *shrugi* would call for many sacrifices—sacrifices the Lebanese are not willing to make. * * * Poor in agricultural and mineral resources, still lagging in major industrial development, Lebanon has been compensated for these handicaps by a splendid geographic position as the entrepot for goods going both east and west. * * * Lebanon thrives on its status as the front porch of the Middle East. In Lebanon there can be no thought of complete self-sufficiency and rigid controls of imports, as there is in what remains of Nasser's United Arab Republic. The nationalization of local and foreign enterprises is not likely. * * * Moreover, there are very few threats of domestic disorder to scare away business. * * *

B. INDUSTRY

Industry contributed 15 percent to the national income and accounted for 11 percent of the employment in 1961. The industrial sector is rather small because of the paucity of raw materials, small size of the local market, the open-door import policy followed by the Government, and the shortage of trained personnel. Most of the industries in Lebanon are small, privately owned, and they produce light consumer goods. The textile industry is one of the most important, but it requires tariff protection in order to increase its production. The same condition applies to a number of other industries which will have to remain on a small scale because of the size of the domestic market. The import merchants lobby, however, is strong, and protection to domestic infant industries is not easy to augment.

The Iran Petroleum Co. has a sizable plant at Tripoli where crude oil is refined for consumption in Syria and Lebanon—111,370 metric tons in 1960. Two large cement plants at Chekka produced over 853,700 metric tons of cement in 1960. The building industry has experienced a boom in recent years largely in Beirut. The construction of luxury flats, hotels, and other tourist facilities had soared until 1962. Earnings from tourists are important to the Lebanese economy. In 1961 this was estimated at $30 million. Food processing and canning are fairly well developed. Due to a lack of mineral resources, the mining industry is unimportant in Lebanon. It is important, however, as a transit and export point for both Saudi Arabian and Iraqi crude oil. Most of this is exported from the ports of Sidon and Tripoli.

The Lebanese Government encourages private capital investment. Under a law passed in 1953 and extended February 1965, new corporations and companies are exempted from income taxes for a 6-year period. Certain conditions, beneficial to the Lebanese economy, must be met by these companies in terms of size of investment and minimum wages paid out to Lebanese personnel. It is also hoped that the availability of low-cost power from the Litani River project will provide incentives to increased industrialization in the future.

The Industry Institute in Beirut, an independent, nonprofit organization established with aid under the point 4 program, is extremely helpful in providing advice and other services (research and testing) to new or expanding industries and to the governments of the other countries in the area as well.

C. COMMERCE AND FINANCE

This sector makes the major contribution to the National Income—46 percent per annum. It provides employment to approximately 14 percent of the labor force. Lebanon has traditionally been the entrepot for goods going to the Middle East. Its importance has declined somewhat as its neighbors have developed their own ports (Syria-Latakia, Jordan-Aqaba).

Lebanon imports food, textiles, clothing, household appliances, and industrial machinery. Its exports are largely fruits, vegetables, textiles, cement, and industrial products. The value of exports is generally one-fifth that of imports. About half of its imports originate in Western Europe and a little more than one-half of its exports are sold in Middle Eastern markets. Imports from the United States

consist of machinery, vehicles, chemicals, household appliances, fruit-canning equipment, tinplate, timber, drugs, and foodstuffs.

The growing trade deficit in recent years has been a cause for concern to Lebanon. Instead of instituting import controls, the Government has been considering an increase in agricultural exports to Western Europe, increase in the use of Beirut's transit facilities for West European trade with Middle Eastern countries, increased technical assistance and tourist trade, and finally, the encouragement of domestic industries.

Lebanon has also been the financial center of the Middle East since 1948 when exchange control was first abolished. Banking secrecy was instituted in 1956 and it brought about a sharp development of banking in Beirut. The number of banks multipled and every important bank in foreign countries sent representatives to Beirut. The development of banking encouraged the inflow of capital and investment funds from Lebanese emigrants and from oil-rich Persian Gulf and Arab countries. A large number of foreign firms also opened regional offices in Beirut.

The importance of commerce to the Lebanese economy points up its desire to have political stability in the area. The relative size of this sector in the economy is indicative of the power and wealth held by traders, bankers, merchants, and their agents in Lebanon. These groups control the legislature and the Government and prevent the passing of legislation detrimental to their interests. A marked result of this is the continuation of an outmoded tax structure. Income taxes range from 9.5 to 10.5 percent, and 90 percent of Government revenues are derived from indirect taxes which the entire population shares almost equally.[1] As a result of inefficient tax collection even the burden of income taxes falls largely on salaried employees and wage earners. Traders and entrepreneurs are easily able to disguise their profits. Thus the existing maldistribution of wealth resulting from so large a percentage of National Income being earned by so small a percentage of the employed population is intensified by the present tax structure.

D. ECONOMIC DEVELOPMENT PLAN

A Five-Year Development Plan, the first in the history of Lebanon, was launched almost a year ago. The plan contained proposals to establish a Government central bank by April 1964, a development bank, and a planning ministry. It also called for an investment of $300 million in water resources, highway transportation, and rural electrification. The village water supply project which was started under the point 4 program is not far from completion. It will supply drinking water to all the villages in Lebanon. U.S. surplus food acquired under Public Law 480 was used in part to pay labor costs to start different public works projects—road construction, airport runway construction, sewer systems, afforestation, and rural power. These projects are being continued under the Five-Year Plan. An agreement to establish a new refinery at Tripoli was concluded with the Iraq Petroleum Co. in May 1962.

In accordance with a speech made by the Prime Minister at the opening session of Parliament in October 1962 the Government is reconsidering the existing tax structure. In December 1962 a Government spokesman announced that fiscal reform would be introduced

[1] Christian Science Monitor, "Lebanese Growth—But," Jan. 24, 1963.

by March 1963 to increase Treasury receipts and to attract foreign capital. Some increase in tariffs on goods manufactured in Lebanon has been put into effect to provide protection to new industries. At the same time some reduction of duties on primary materials and equipment needed by domestic manufacturers was implemented.

West Germany has provided technical assistance on road development and continues to support the Amaliya Trade School and another vocational school for orphans in Chtaura.

The United Kingdom at present maintains a team of technical experts, "The Middle East Development Division," with headquarters in Beirut, which assists Lebanon in agricultural problems. They are also advising the Lebanese Government on tourism.

The Swiss watch industry has made available two instructors and teaching equipment for a new watchmakers training center outside Beirut.

Medical equipment was given as a gift to a Beirut hospital by the Russian Orthodox Church.

The United Nations and SUNFED approved two projects for forestry and groundwater survey in December 1962.

Barring any grave domestic or external disturbance in the area it is to be hoped that the Lebanese economy will continue to grow at a steady pace maintained in the past few years of 6 percent per annum, and that its per capita income of $330–$350 will also increase steadily. A highly literate and enterprising population remains an important asset to the Lebanese economy.

III–D–19

E. U.S. ECONOMIC ASSISTANCE PROGRAM

AID reports that the U.S. economic assistance program for Lebanon is at an end. The total cost in U.S. dollars is given as $79,957,700 for the 10 years program.[2] That cost is broken down as follows:

FINANCIAL STATISTICS ON U.S. ASSISTANCE PROGRAM TO LEBANON

TABLE 1.—*Amount of U.S. obligations by years and type of activity*

Fiscal year	Development grants	Development loans	American doctrine	Special assistance		Agricultural commodities	Lebanese scholarships to American University of Beirut	Grand total
				Budgetary support	Local currency account			
1952	$4,130,300						$125,600	$4,255,900
1953	651,700						137,000	788,700
1954	6,897,100						236,000	7,133,100
1955	1,903,900				$900,000		369,100	3,173,000
1956	4,406,100						605,000	5,011,100
1957	2,710,000		$8,016,600				620,200	11,346,800
1958	2,395,100		1,832,100			$11,035,000	422,300	15,684,500
1959	5,236,700			$12,500,000			266,300	18,003,000
1960	926,900	$5,000,000				2,993,700	304,400	9,225,000
1961	760,700	400,000				2,766,800	468,000	4,395,500
1962	534,000						407,100	941,100
Total	30,552,500	5,400,000	9,848,700	12,500,000	900,000	16,795,500	3,961,000	79,957,700

[2] In addition, Lebanon has received a total of $35 million from—

	Millions
International Bank for Reconstruction and Development	$27.0
United Nations Technical Assistance Program	2.7
United Nations Special Fund	5.3

The following projects were undertaken during the life of the program:

TABLE 2.—*Major economic and social development projects under point 4 program in Lebanon*

(Obligations by point 4 "USAID" from beginning of project through June 30, 1962. The Government of Lebanon also made substantial contributions on most of these projects.)

Project No.	Name of project	Point 4 obligations
	AGRICULTURE	
268-13-001	Agriculture Development of Lebanon	$966,900
268-11-007	Agricultural Extension	298,600
268-13-008	Horticulture	38,600
268-13-009	Agronomy	88,700
268-13-010	Animal Husbandry	210,600
268-13-011	Poultry	94,700
268-13-012	Veterinary	69,000
268-12-013	Irrigation	91,400
268-15-014	Agricultural Marketing	136,500
268-11-015	Agricultural Administration	44,700
268-14-016	Credit and Cooperatives	40,200
268-19-017	Farm Machinery	308,300
268-17-018	Forestry	65,800
268-13-069	Animal Resources	148,600
268-19-073	Agriculture Training—AUB	15,200
268-19-087	Agriculture Engineering	96,200
268-13-088	Plant Resources	141,000
268-11-105	Agricultural Research Service	164,500
	NATURAL RESOURCES	
268-12-022	Kasmie Construction	542,500
268-12-024	Litani River Basin Investigations	738,600
268-12-035	Water Reconnaissance Surveys	376,300
	INDUSTRY AND MINING	
268-27-025	Industry Institute	1,346,300
268-29-046	Administration of Industry	18,900
268-26-053	Handicraft Cooperative Distribution Center	12,000
268-29-059	Census of Industrial Establishments	30,000
268-25-076	Engineering Training—AUB	20,600
268-22-089	Rural Power Transmission	1,247,000
268-25-036) 068)	Village Water Supply	4,520,200
	TRANSPORTATION	
268-31-003	Public Roads Development—Coastal	2,469,100
268-37-032	Air Navigation	94,000
268-31-081	TAMS Extension	100,000
268-31-084	Beirut-Syrian Border Highway	150,000
268-37-085	Expansion of Beirut International Airport	520,700
268-31-090	Highway Advisory and Training Program	16,900
268-31-094	Highway Development of Lebanon	656,000
268-37-102	Aeronautical Facilities	1,551,500
	LABOR	
268-41-039	Labor Union Development Health Centers	40,000
268-49-071	Labor Statistics and Research	10,000
268-41-080	Labor Union Leaders	45,000
268-41-092	Workers' Education	51,500
	HEALTH AND SANITATION	
268-52-002	Extension of Health and Medical Services to Villages	139,300
268-53-004	Central Public Health Laboratory	216,300
268-53-005	Demonstration Urban Health Center	53,700
268-59-020	Health and Vital Statistics	125,800
268-59-021	Vital Registration	74,300
268-54-034	Demonstration Nursing School	144,500
268-54-057	Municipal Sanitation	118,600
268-54-062	General Sanitation—Beirut	19,800
	EDUCATION	
268-61-001	YWCA	51,500
268-69-026	School Health	61,900
268-67-027	Adult Education—English Language	478,800
268-69-028	Education Statistics and Research	66,700
268-61-029	Young Lebanese Artisans School (Cortbawi)	79,300
268-64-031	Demonstration Elementary School	82,800
268-69-038	General Education	24,900
268-61-041	Technical Education	485,600
268-61-042	Teachers Education	259,400
268-64-070	Rural Teachers College	17,300
268-69-074	Education Training—AUB	10,700
268-67-118	Army English Teaching	35,500

TABLE 2.—*Major economic and social development projects under point 4 program in Lebanon*—Continued

Project No.	Name of project	Point 4 obligations
	PUBLIC ADMINISTRATION	
268-78-006	Rural Statistical Surveys	$72,500
268-71-072	Police Administration	42,800
268-71-093	Gendarmerie Program Administration	867,800
268-71-107	Public Safety	219,800
	COMMUNITY DEVELOPMENT	
268-81-023	Kasmie Rural Improvement	134,600
268-81-030	Saneen Rural Improvement	81,000
268-61-043.1	Rehabilitation Training—Young Lebanese Artisans School (Cortbawi)	23,500
2	Rehabilitation Training, YWCA, Beirut	28,300
3	do YWMA	29,600
4	Rehabilitation Training, Druze Orphanage, Beirut	10,000
5	Rehabilitation Training, Moslem Orphanage, Beirut	10,000
6	Rehabilitation Training, Moslem Orphanage, Tripoli	14,800
7	Rehabilitation Training, St. Antoine Orphanage, Tripoli	10,000
8	Rehabilitation Training, Amelite Society, Beirut	10,000
268-83-091	National Housing Program (Doxiades Contract)	200,000
268-83-091	National Housing Program	94,600
	GENERAL	
268-99-019	Joint Planning and Economic Development	36,600
268-91-095	Travel Trade Development	54,000

Some of the accomplishments of the AID program in Lebanon are set forth in a very interesting booklet issued by AID entitled "Tomorrow Becomes Today":

In that year (1952) the nation's small farm flocks produced a poultry income of only $1 million. Today Lebanon's poultry income exceeds $7 million per year; and the same startling figures apply to the nation's dairy industry.

In 1952, although one-fourth of Lebanon's 1 million hectares of land was under cultivation, most of this was dry farming; only 42,000 hectares were under irrigation. Today 60,000 hectares of land are under irrigation, with an additional 80,000 to 90,000 hectares to be added upon completion of water development projects now under construction, or programed.

In 1952, industry's contribution to the nation's economy was slight. Today the Industry Institute of Beirut provides expert assistance toward establishing and expanding industries in Lebanon, and in neighboring countries as well.

In 1952 a shortage of trained teachers had followed a postwar increase in public schools, and technical educational facilities were inadequate. Today hundreds of teachers are equipped with new skills obtained in various teacher-education programs; and the nation's vital, updated vocational courses have helped accelerate technological progress in Lebanon.

In 1952 the Government of Lebanon requested aid in improving the Public Health program. Today hundreds of thousands of people continue to receive regular protective immunizations; over 5,000 villages have been sprayed with DDT to control flies; midwives have been trained; and the Central Public Health Laboratory—the first of its kind in Lebanon—is serving the nation.

In 1952 a large portion of the Lebanese population, situated in more than 1,500 villages, received only marginal water supplies. Today 300,000 persons in 450 of these same villages are supplied with potable water as a direct result of the point 4 program.

In 1952 little rural electrification existed. Today a start has been made on a nationwide system which will distribute electricity to all villages of more than 5 homes.

In 1952 Lebanon faced a mounting demand for more and better highways, and an extensive repair program was needed. Today a divided 4-lane highway between Beirut and Sarba carries between 10,000 and 12,000 vehicles per day; and the Government of Lebanon is presently extending this modern highway to Jounieh, and ultimately to Tripoli. In addition, many kilometers of improved roads now stretch through the rugged mountain areas.

In 1952 some 33,000 passengers arrived at the Beirut International Airport, and 2,300 tons of air cargo were handled. Last year, these figures had risen

to 295,000 passengers and 14,500 tons of cargo. The airport, due to the foresight of the Lebanese Government, can accommodate any aircraft flying today. In order to increase the safety and efficiency of operations, modern landing aids and communications systems are now being installed. In addition, Rayak Airport is now being improved and expanded in order to house the nation's jet fighter squadrons.

The program in Lebanon has been a success. The AID program can well be proud of its work in Lebanon. But more importantly the people of Lebanon can be proud of that success for the program's success is in reality due to the people of Lebanon and the situation which AID found in Lebanon when it went in there in 1952 and the conditions which prevailed in Lebanon all during those years. The Government has been relatively stable during this period. And also the AID program was dealing with a highly literate (80 percent) industrious people with a long tradition of commercial trading. Lebanon during this period was trying to mind its own business and not seeking to conquer her neighbors. Also, Lebanon did not fall prey—as did some of its neighbors—to the lure of socialism.

Thus, for example, William Ellis in his article previously cited, states:

Lebanon has made itself the commercial capital of the Middle East, mainly by its refusal to place restrictions on the free movement of goods and money.

Prosperous Egyptian businessmen, who fled with their funds when King Farouk was ousted, found both a welcome and superb banking facilities in Lebanon. Wealthy oil princes of Kuwait and Qatar invested heavily in Beirut real estate. Excess capital from throughout the Arab East was channeled into the country. As in Swiss banking operations, no questions were asked. There are now more than 60 different banking firms doing business in the small country and the Government is still beseiged with applications for permission to open additional facilities. The funds brought into Lebanon are put to work in the form of loans to merchants, financing new apartment buildings and hotels along the attractive sea front, and in the development of transportation facilities.

Since loans made to Lebanon are repayable in dollars, there will be no problem of continuing mission responsibilities for disbursing local currencies. (See ch. VII: "Future Uses of Local Currencies.")

Lebanon reveals another example of our AID administrator's attempting to make over a country in the image of the United States—economically. Development Loan 130 was made on June 29, 1960, in the principal sum of $400,000 to finance the foreign exchange costs of "the expansion and diversification of this (private) company's aluminum fabricating plant in Beirut."

In reporting on this loan to the Congress in the fiscal year 1963 presentation, the following statement appears:

Although Lebanon is prosperous by Middle Eastern standards, the country is overly dependent on income from trading and other international financial transactions managed by Lebanese but unrelated to the basic economy of Lebanon. This project enlarges Lebanese domestic production by allowing a successful private industry to expand and diversify its production. This enlarged production, in turn, provides a more stable base for the economy.

This drive for diversification—as is also to be seen in other countries—is all-pervasive in the AID program. This is part of the drive to make every AIDed country self-sufficient to the extent possible. The Lebanese have for many, many years been traders. They have been shrewd and successful traders. Why must the country be industrialized?

Seventy-eight separate projects were carried on by AID in Lebanon during the course of the program there. They seem too many and too diverse.

III–E–JORDAN

I. Economic Data

Basic data on Jordan

Population (1959)	million	1.6
Annual growth rate (1959)	percent	3
Area	square miles	37,300
Literacy rate:		
1956	percent	15–30
1957	do	15–30
1958	do	15–30
1959	do	15–30

Jordan

Year	Gross national product			Agricultural production index	Cost of living index (1958=100)	Government expenditures (millions of dollars)
	Millions of dollars	Percent of 1961 in national currency	Per capita			
1953	(1)	(1)	(1)	(1)	(1)	(1)
1954	(1)	(1)	(1)	(1)	(1)	(1)
1955	(1)	(1)	(1)	(1)	(1)	(1)
1956	(1)	(1)	(1)	(1)	(1)	(1)
1957	(1)	(1)	(1)	(1)	(1)	(1)
1958	(1)	(1)	(1)	(1)	(1)	91
1959	246	75	$118	(1)	(1)	110
1960	268	81	158	(1)	(1)	99
1961	331	100	184	(1)	(1)	94
1962	(1)	(1)	(1)	(1)	(1)	110

[1] Figures not available.

II. Current Political Background

Jordan's political situation cannot be described or comprehended without taking into account its peculiar geographical location, the political situations in the other countries in the Middle East, and the Inter-Arab rivalries.

The political problems besetting Jordan are both internal and external in origin.

Jordan is an "artificially created" state and, while thus far Jordan has served as an effective buffer state, the artificiality of its creation makes the engendering of a nationalistic spirit extremely difficult. Whatever spirit of this kind does exist centers around King Hussein, the able and courageous young ruler of Jordan.

The more than 600,000 Palestinian refugees on the west bank of the Jordan pose a continuous threat to the continued peaceful reign of King Hussein, even though he has granted them Jordanian citizenship. They are kept in a constant state of dissatisfaction and excitement through bitter propaganda aimed at them via radio from Cairo.

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Thus the radio on April 30, 1963, blared forth the following incitement to the refugees:

> Husayn, the 900,000 Palestinian refugees on the western bank will tear you to pieces and each of them will take a piece of your rotten body and throw it in the face of Israel to repay the Jews for the price of treason which your grandfather Abdullah received for Palestine. * * * Indeed, Husayn, you will go first and the Saudi throne will follow. You will go crowned with shame and disgrace. You will not reap anything in this world, therefore you will carry nothing with you to the other world. Go to hell and suffer the worst destiny. * * * Brethren in the desert and tribesmen: You are part of this people. We call upon you today to rebel against the palace. We call upon you in the name of your Arabdom, your courage, and your generosity, to stand with our people, now that you have discovered Husayn's treason and after hundreds of your people have fallen. Our people, who believe in your Arabdom, are calling upon you to join their ranks against Husayn and the enemies of the people. * * * We join our voice to the voice of the Jordanian people and call upon you to struggle and to rebel against the traitor agent in order to achieve the aims of our people—freedom and unity—and to catch up with the liberated Arab caravan.

In the face of this constant propaganda against him, it is almost miraculous that King Hussein still holds the throne of Jordan and just as miraculous that many have now come to the conclusion that if he continues to reign he may in time even make of Jordan a nation with a viable economy.

But the Palestinian refugees and economic worries are not the King's only concerns.

Deep-seated rivalries persist between tribal leaders and city merchants and bankers, between Bedouin royalist conservatives and pro-Communist leftists, and between Hashimite leaders and pan-Arab Nasserites.

With such conflicts raging around him, King Hussein must rely heavily on his loyal Bedouin army and on Western aid.

In the last 2 years, King Hussein has devoted increasing attention to internal problems—fiscal reforms and economic development. The King is a constitutional monarch with important executive powers. He has not hesitated to use those powers to impose martial law, to disband political parties, to dissolve Parliament, and to dismiss cabinets when internal stability was threatened and numerous attempts made to assassinate him or his supporters. Between April 1957 and November 1958, political parties were outlawed. In April 1959, political parties were again outlawed. In December 1962, at the opening of Parliament, the King announced that political parties were to be allowed again. He added, however, that he wanted the parties to serve the country and "not to be agents or mobs instructed by outside influence." Political parties have no deep roots in Jordan and genuine political democracy can only be a most distant goal.

For little more than a year Jordan's Government was led by a young and vigorous former army officer, Wasfi Tal, who was appointed Premier in January 1962 and reappointed in December. Premier Tal proved himself in favor of sweeping reforms; he attempted to overhaul the civil service, institute fiscal reform, and increase the rate of Jordan's economic growth. The King has shown himself in favor of domestic reforms. In December he instructed Premier Tal's Cabinet to put into effect a reform program giving women and soldiers the right to vote for the first time.

Geographically at the center of the Arab world, Jordan can hardly escape the crosscurrents of inter-Arab political rivalries and revolu-

tions. The one constant factor in Jordan's recent political history has been Egypt's hostility. President Nasser's avowed neutralist orientation and his desire to promote Arab unity through revolution have come into direct conflict with King Hussein's Western leanings and his determination to keep Jordan's identity inviolable. Egypt has not hesitated to use the Arab Palestinian refugees in Jordan as fifth columnists; numerous assassination attempts have also been traced directly to Cairo or indirectly to Cairo through Syria. The most recent attempt at assassination of King Hussein by pro-Nasser elements was discovered late in February and it was reported that the assassins had fled to Cairo. Diplomatic relations with Cairo were last broken off by Egypt upon Jordan's prompt recognition of the Syrian Army coup in September 1961.

When Nasser sent his troops into Yemen last fall in support of what seemed to be a Nasser-inspired revolution, and later, earlier this year, when similar revolts occurred in Iraq and Syria, the threat to Jordan's Government became particularly acute. It has eased somewhat because of the lack of meaningful unity between Egypt, Iraq, and Syria. It is difficult to judge just how much stability has been given to King Hussein by Israel's announced intention to march into Jordan if the King should fall. It has been reported that the United States has put President Nasser on notice with respect to Jordan. Whatever notice has been given does not seem to have resulted in any diminution of the intensity or the frequency of Nasser's vilification of King Hussein over the radio.

It may be recalled here that King Hussein did not hesitate to request British troops in July 1958 when the assassination of King Faisal, of Iraq, threatened political chaos in Jordan.

While in Jordan, I had a very informative and pleasant interview with King Hussein. I was very much impressed with his sincerity and desire to accomplish needed reforms in Jordan. His actions seem to bear out his words. The land reforms he has proposed are of very far-reaching effect and have been proposed in the face of serious opposition. The King's displeasure with the prompt recognition of Yemen by the United States was obvious. It seemed as though Nasser's neutrality—so called—was being rewarded while King Hussein's open bias toward the West was working to his disadvantage.

III. Economy

A. AGRICULTURE

Agriculture is the predominant sector of the economy. It accounts for 80 percent of the population but contributes no more than 15 percent to the annual Gross National Product. Arable land area is very small as 80 percent of Jordan is a desert. At present, roughly 10 percent of the land area is cultivated, mostly in the Western part of the country and about half of this is irrigated. Rainfall is insufficient and erratic and causes great fluctuations in crop yields from year to year. Farms are usually small (about half are 4 to 20 acres) and produce little, as farming methods are simple and often primitive.

The main crops grown are grain, chiefly wheat and barley, and tobacco. Fruits and vegetables, cultivated on irrigated land, have become important in recent years and their annual production has

been increasing steadily. They account for 40 to 50 percent of total exports, going mostly to neighboring Arab countries. Cereal crops are exported only in good years when rainfall is adequate. During most years between 1952–60 Jordan had to import 28,000 to 51,000 tons of wheat for domestic consumption.

In an effort to increase agricultural output more land is being brought under irrigation and soil erosion is being checked by means of terrace farming and afforestation. The most important project to increase irrigable land is the construction of the East Ghor Canal of the Yarmouk River in the Jordan Valley. The project was started in 1958 and is due for completion in 1963 at a total cost of $18 million ($13 million of this in U.S. aid). It is expected to bring 36,250 acres of soil-rich land under irrigation which will increase the production of vegetables and fruits by $11 million a year. Under the Five Year Plan (1962–67) the Development Board has allocated over $100 million, approximately 30 percent of total development funds, for various agricultural projects.

B. MINING

Mining contributed only $4.48 million to a Gross National Product of $208 million in 1959. The most important minerals are phosphates, mined near Amman and north of the port of Aqaba, and potash in the Dead Sea region. Phosphate production is being increased at a rapid rate. Jordan hopes to increase the production and exports of phosphates from approximately 550,000 tons in 1961–62 to 1 million tons a year in the next few years. Surveys are being conducted to determine the potential of other minerals—marble, gypsum, manganese, copper, iron, limestone, etc. Jordan suffers a great economic disadvantage at present from a lack of workable metallic ores and fuel resources.

Petroleum explorations have been conducted without any success to date. An oil refinery was constructed at Zerka, near Amman, with a capacity of 330,000 tons of petroleum refined products. Crude oil from the Trans-Arab Pipeline Co. is refined here and it has resulted in some savings in foreign exchange. Its capacity is sufficient for domestic needs.

C. INDUSTRY

Industry is small but expanding rapidly. Heavy industry consists of a cement factory, marble factory, petroleum refinery, phosphate and potash mining plants, and some small foundries. Other industries of importance are textiles, cement, milling, furniture, cigarettes, ceramics, tanning, food processing, and printing. In 1959, industrial production, excluding mining and quarrying, amounted to $16 million. Industry has expanded rapidly in the last few years. Between 1954 and 1959 income generated by manufacturing and mining enterprises increased by 88 percent. Industrial growth has been spurred by the development of transportation facilities, especially highways, electric power, and the expansion of the seaport of Aqaba. Increased emphasis has been placed on technical training. The Jordanian Participant Program enables young trainees to be sent abroad under point 4 scholarships. They are trained in a

variety of fields, including engineering and business administration. Under the current Five Year Plan $60.5 million is to be invested in industry and mining.

The tourist industry has grown spectacularly in recent years. In 1960, income from tourist spending totaled approximately $10 million. It represents an important source of foreign exchange. Jordan has been improving its facilities to attract more tourists. It hopes to increase its earnings from this source to $30 million a year. (See ch. V. "Technical Assistance.")

Jordan imports consumer goods and raw materials and capital goods which are essential for its industries. Imports amounted to $140 million in 1962 while exports were valued at $22.5 million only. Jordan thus suffers from a sizable annual trade deficit.

D. ECONOMIC DEVELOPMENT PLAN

Under the current Five-Year Program for Economic Development, Jordan's Development Board is planning to make a total investment of $356.5 million, 30 percent in agriculture, 16 percent in industry and mining, and 8 percent in tourism. It is hoped that at the end of this period the Gross National Product will increase by 60 percent, more than 10 percent per annum, and that the foreign trade deficit will be reduced by $33.6 million. Employment is expected to increase by 21 percent.

Jordan is relying heavily on foreign aid for financing many of its current development projects.

E. U.S. ECONOMIC ASSISTANCE PROGRAM

Jordan has received a total of $325.3 million in U.S. economic assistance.[1] Most of this—$321.2 million—has been in the form of grants; the remainder—$4.3 million—in loans.

In outline, the Jordan program has been as follows:

[In millions of dollars]

Year	Grants	Loans	Total	Year	Grants	Loans	Total
1949-52	5.2		5.2	1959	59.8	3.7	63.5
1953	2.9		2.9	1960	52.0	−1.0	51.0
1954	12.9		12.9	1961	66.8	1.0	67.8
1955	8.9		8.9	1962	45.3	.6	45.9
1956	8.0		8.0				
1957	22.0		22.0	Total	321.2	4.3	325.5
1958	37.4		37.4				

The $48.7 Public Law 480 food and fiber was in the form of emergency relief or for voluntary relief agencies.

Jordan receives budget support as part of the economic assistance program.

[1] Through the years Jordan has received a total of $6.2 million from—

	Millions
International Development Association	$2.0
United Nations Technical Assistance Program	3.4
United Nations Special Fund	.8

Our technical assistance program for Jordan has totaled $28.7 million, as follows:

	Millions		Millions		Millions
1949–52	$3.5	1956	$2.4	1960	$1.8
1953	2.9	1957	1.1	1961	1.6
1954	2.3	1958	1.8	1962	6.9
1955	2.2	1959	2.2		
				Total	28.7

The following projects were proposed to be begun or continued in fiscal year 1962:

Project	Begun, fiscal year—	Obligated through fiscal year 1962 (thousands)	U.S. technicians, fiscal year 1962
1. Teacher education	1953	$1,064	4
2. Education facilities	1958	1,471	1
3. Training contract, Arab Development Society	1959	300	----------
4. Rural development	1953	1,538	2
5. Agricultural research	1958	680	3
6. East Ghor irrigation project	1958	8,604	----------
7. Agricultural loan fund	1958	2,093	----------
8. Malaria eradication program	1958	718	1
9. Environmental sanitation	1953	661	2
10. Public health nursing	1955	297	1
11. Village loans and grants	1956	2,465	1
12. Tourism development	1960	149	----------
13. Engineering services to central water authority	1960	1,537	4
14. Industry and business services	1960	358	1
15. College of agriculture	1962	40	3
16. Public administration	1958	260	1
17. Highway construction	1958	2,594	14
18. Highway maintenance	1960	1,154	----------
19. Railway technical assistance	1959	157	2
20. Communications media	1959	195	1
21. Municipal loan fund	1957	3,147	1
22. Technical support	1952	2,962	14
Total	--------	32,444	56

It should be noted that this list does not include projects concluded in prior years. It also does not include a number of part-time technicians.

Who were these 56 U.S. technicians engaged in Jordan making the U.S. "presence" felt in that country in 1962? To name a few, there were 14 employees of the Bureau of Public Roads, a higher education adviser, education administration adviser, a home economics education adviser, an agricultural education adviser, a trade and industrial education adviser, an agricultural extension adviser, a home economics adviser, a community development adviser, 3 advisers in agricultural research, a malaria eradication adviser, 2 environmental sanitation advisers, a public health nurse, a village loans adviser, a general engineering adviser, a ground water geology adviser, a sanitary engineering adviser, a well drilling adviser, an industrial adviser, a public administration adviser, 2 railway advisers, a communications media technician, and a project engineer for the municipal loan fund. This does not include the 14 persons providing technical support or the innumerable contract technicians brought into Jordan on a short-term basis.

Jordan is essentially an agricultural country and efforts to increase its agricultural productivity and potential, as well as the land reforms instituted, are to be commended. Such a project as the East Ghor irrigation project is one calculated to assist Jordan achieve this goal.

However, one must view with concern the expenditure of U.S. AID dollars at industrialization attempts motivated by a desire to save foreign exchange which may be highly uneconomical from the standpoint of the Jordanian people. Thus U.S. AID dollars have been spent on economic feasibility studies for a cardboard industry, a corrugated cardboard plant, nitrogenous fertilizers production, ceramic whiteware industry, concrete pipe plant, triple superphosphate plant, truck and bus assembly plant, factory for electrical fittings and fixtures and a hardware factory.

The economic feasibility report on cardboard will illustrate this point. The "Report on the Feasibility Study of a Cardboard Factory in Jordan" (Jan. 16, 1961, by the Industry Institute of Beirut, Lebanon) states (p. 2):

> An analysis of prices and market research among importers and end-users indicates that it is possible to sell 15 percent below present prices to present end-users, a local cardboard plant can hope to capture 100 percent of the market for its products.

It then proceeds to give the "Price Structure of Cardboard [imported] in Jordan" as follows:

	Percent
Cost c.i.f. (including 1.5 percent agents' commission)	100.0
Customs duties	11.0
Additional duties and taxes	7.5
Import license and currency exchange tax	4.0
Credit charges	1.5
Cost to end-user in Amman	[1] 124.0
Transport Aqaba-Amman	4.5 Jordanian dinars per ton

[1] Percent of c.i.f. price.

To this must be added the transport charge of 4.5 Jordanian dinars per ton.

It should be noted that 22.5 percent of the c.i.f. cost, included in the 124 percent cost to the consumer, was for taxes imposed by the Jordanian Government.

In comparing c.i.f. prices with suggested selling prices for the new cardboard factory one of the examples given was of Manila Board. The average c.i.f. price was given as 90 Jordanian dinars per ton with the present cost price to end-users as 114.80 Jordanian dinars per ton. The suggested selling price was set at 97.6 Jordanian dinars per ton. However, when we add to this suggested selling price the lost tax revenues of 20.25 Jordanian dinars per ton we find that in reality the cardboard will be costing 3.05 Jordanian dinars per ton more than it would have cost to import the cardboard. This is an indirect Government subsidy to the cardboard factory and is not the way in which economic feasibility should be determined. Governmental budgetary deficits incurred through hidden subsidies must ultimately be made up in some manner.

U.S. AID dollars have also been spent on contracts with experts to study how tourism to Jordan could be increased. It seems senseless to spend thousands and thousands of AID dollars on dreaming up ways to entice more tourists to visit Jordan while at the same time barring the thousands of visitors annually to Israel from crossing the Jordanian border. These tourists to Israel, many of them citizens of the United States, would, quite certainly, wish to see the biblically historic places not only in the old city of Jerusalem but in the rest of Jordan

as well. Today they are barred from entering Jordan after they have once set foot in Israel.

Such restrictions are childish. They ill become a nation seeking political maturity in 1963. They are especially ill becoming in a nation trying desperately to become economically viable because they keep out of that nation desperately needed foreign exchange which is there for the taking.

There is intense competition in the world today for the tourist dollar or pound or franc. The average tourist will not go to a country or a place where he is not wanted, where he is not welcomed, or where he can go only by using an artifice. It is time Jordan faced realities and realized that if it continues to literally throw away the foreign exchange which would be brought into Jordan by the tourists through the removal of artificial barriers, the United States cannot long continue to make up for its foreign exchange deficits as it has been doing. This much self-help the U.S. taxpayer has a right to expect.

Where does Jordan stand now after all these years of assistance and after these many millions in U.S. economic help?

Jordan's future economic success is most important to the United States. This is so not only because Jordan is oriented toward the Free World and stands as a buffer state between Israel and the militantly hostile Arab World. It is especially important because Jordan seeks its economic development not through the socialism which so many of its Arab nations espouse, but through the free enterprise system. In many of the other Arab countries being assisted by U.S. economic aid, it can be said that we are literally using our dollars to prove that socialism is as good or better than our own system of free enterprise. That is not the case in Jordan.

As James Picton wrote from Amman, Jordan, in the Christian Science Monitor on June 12, 1962:

While 5-year plans like this are far from unique in the Middle East, the philosophy behind Jordan's is unusual in this part of the world.

In an area where state control of the economy is getting stronger and stronger, Dr. Nazem Nuseibeh, Foreign Minister of Jordan and formerly secretary general of his country's development board, has this to say:

"Jordan is a predominantly free-enterprise system anchored in the belief that this—more than any other system—mobilizes and channels the maximum efforts of its citizens toward the objective of optimum economic growth in freedom."

In Jordan, the state is given a "pivotal and mandatory role" to see that there is a "fair distribution of income."

"This has already been achieved in the welfare capitalism of many highly developed countries," declared Dr. Nuseibeh. "There is no reason why an underdeveloped country should not emulate them."

What lends credibility to the Foreign Minister's words as the new Five-Year Plan begins, is the performance of the economy in recent years.

Between 1954 and 1959, Jordan's national income grew from $133,560,000 to $208,040,000. In 1961, it rose further to $242,200,000. The increase has been continuous, except for 1955 when a 50-percent drop in agricultural income brought a slight decline.

The increase amounted to an average annual rise of 10 percent which, when adjusted for price rises, amounted to 5.5 percent a year. This compares favorably with a 1.5-percent annual rise in Syria, lags behind Lebanon's 6 percent, and parallels the United Arab Republic's 5- to 6-percent increase. When Jordan's population rise is allowed for, the annual rate of per capita growth over the period was 2.5 percent.

IV. Findings and Recommendations

R. U.S. Financial Aid to Jordan Should Be Continued at the Same or Higher Level

FINDINGS

Under the enthusiastic leadership of King Hussein, Jordan is making progress on the road to becoming a viable nation. Its leaders have the will to do so and should be given every encouragement by the United States in achieving their goal. The excellent leadership of our able Ambassador, William Macomber, who believes this desirable objective might be achieved in a decade, is really making the country team approach work in Jordan.

IT IS THEREFORE RECOMMENDED THAT

The U.S. economic assistance program for Jordan be continued at the same or higher level, with a review of our technical assistance projects to concentrate more upon projects of a more immediately beneficial nature to Jordan's economic development.

III–F–ISRAEL

I. Economic Data

Basic data on Israel

Population (1961)	million	2.2
Annual growth rate (1961)	percent	3.5
Area	square miles	8,000
Literacy rate:		
1956	percent	75
1957	do	75
1958	do	75
1959	do	75
1961	do	90

Israel

Year	Gross national product			Agricultural production index	Cost of living index (1958=100)	Government expenditures (millions of dollars)
	Millions of dollars	Percent of 1961 in national currency	Per capita			
1953	406	25	$246	(1)	78	(1)
1954	535	34	317	(1)	83	(1)
1955	654	41	374	100	87	(1)
1956	786	49	430	103	91	(1)
1957	1,018	57	526	124	96	(1)
1958	1,167	66	584	129	100	395
1959	1,339	75	649	150	103	432
1960	1,496	84	707	167	106	481
1961	2,008	100	814	163	116	585
1962	(1)	(1)	(1)	(1)	128	691

[1] Figures not available.

II. Current Political Background

The Israeli Knesset (Parliament) is dominated by the Mapai (Labor) Party which was under the leadership of Mr. David Ben-Gurion until his recent resignation. To date the Mapai Party has held an absolute Cabinet majority in the Government. It has also maintained majority control of the powerful labor federation and system of economic enterprises, the Histadrut. In the last election held on August 15, 1961, the Mapai Party, however, won only 42 out of 120 seats. It lost five seats to the centrist Liberals, the extreme leftwing Achdut Avoda, and the Communists. A coalition Government was formed on November 2, 1961, by the Mapai with the Achdut Avoda, the National Religious Party, and the Poalei Agudat Israel. The coalition controls 68 of the 120 votes in the Knesset. Eleven of fourteen political parties won representation in the Knesset during the last election.

The decline in Mapai strength in the course of this election can be explained by the adverse effect of the "Lavon affair," increasing popularity of the Liberal Party among the urban middle class, and increas-

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ing dissatisfaction among the Arab population and recent immigrants, mostly Oriental Jews.[1] While in the past the Mapai has been known for its practicality and resiliency this image can only be maintained in the future if the Party is able to satisfy growing labor demands for higher wages, immigrants' demands for cheap housing, equal employment opportunities and education, and the Kibbutzniks desire to expand and strengthen the cooperative movement. These demands and requirements amount to a stiff challenge for the Party.

In February 1963, the Government was seriously challenged on the issue of military government over the Arab minority. Several demonstrations were staged protesting military rule of this minority and some resulted in violence. The Communists, and the Progressive and Conservative Nationalists, sought the abolition of military government and introduced a motion to this end in the Knesset. It was narrowly defeated by a vote of 57 to 56.

The Chief of Security recently resigned in a controversy over his activities with respect to former Nazis working in Egypt. The opposition parties sharply criticized the Government's "pro-German" policies. On March 20, 1963, a resolution was adopted by the Knesset urging the German Government to put an immediate end to the activity of German scientists and experts working in Egypt "on the manufacture of weapons of mass destruction to be used against Israel." The resolution was supported by 10 of the 11 parties in the Knesset; the Communists abstained from voting. (See exhibit III–F–A.)

The most important issue in Israel's foreign policy is survival in the face of relentless Arab hostility. To this end Israel has sought support, in the form of recognition, or diplomatic relations, or neutrality with respect to the Israeli-Arab dispute. It fears Pan-Arabism, especially under the leadership of Israel's most vocal opponent, President Nasser, because for Israel this would mean military encirclement. The Central Boycott Office of the Arab League continues its activities against Israel by maintaining a blacklist of all ships and companies dealing with Israel. It has added considerably to Israel's economic difficulties.

In the wake of the recent revolution in Syria, Israel warned its neighbors that it would not remain passive if King Hussein's regime in Jordan was threatened or in danger of being overthrown. It watched the Arab unity talks in Cairo with some concern over the possible increase in Arab hostility that these developments may bring.

Israel has, however, managed to establish friendly relations with at least two non-Arab Muslim states, Turkey and Iran. In part this is explained by the pro-Western orientation of both these countries. Iran exports oil and other commodities to Israel and has in turn been aided by Israeli technicians. Israel also has embassies in Burma and Thailand, legations in Japan and the Philippines, and a chargé d'affaires in Ceylon, and nonresident missions in Nepal, Laos, and Cambodia. In Africa, too, it has sought the establishment of diplomatic and trading relations. A diplomatic mission was sent to Ghana on the eve of its independence. Since then Israel has carried out a sizable and important program of technical assistance and co-

[1] Pinhas Lavon, Minister of Defense, was forced out of the Israeli Cabinet when it was alleged, over his denials, that his agents in Egypt had damaged U.S. property in 1954.

operative ventures there. Also in 1957, it opened an embassy in Liberia and in 1959 one in Guinea. Soon after it established embassies in the Mali Federation (later Senegal and Mali), Nigeria, the Congo, Malagasy Republic, the French Congo, Ivory Coast, Sierra Leone, Togo, and Cameroun. Consular offices are maintained in Ethiopia and Kenya.

Israel has promoted its diplomatic relations in the new African countries by expanding and extending its highly successful technical assistance program.

In 1959 a Section on International Cooperation was established in the Foreign Office; in 1960 it became a full Division. Joint ventures, in the form of joint stock companies, with a 60–40 share ratio in favor of the local government, or management contracts have been undertaken in several countries—Cyprus, Turkey, Iran, Nepal, Burma, Sierra Leone, Ghana, Nigeria, Liberia, Togo, and Ethiopia. They operate in various fields—public construction, shipping, water supply and irrigation, and agricultural planning. Technical assistance agreements with various countries provide for the exchange of trained personnel and trainees. In 1960 the Afro-Asian Institute for Labor Economics and Cooperation was opened in Tel Aviv under the joint auspices of the Histadrut and the AFL–CIO. A large number of scholarships, at least 1,000, were offered for African and Asian students. The purpose of extending aid to new African and Asian states was explained in part by Mr. Ben-Gurion in late 1960. He said it "is the most reliable way to win sympathy, understanding, and friendship in the world—in all the continents—and it is bound to lead to relations of peace and cooperation with our neighbors as well" and "only through the acquisition of the friendship and sympathy of nations near and far * * * shall we in time breach the wall of hatred and boycott that surrounds us. * * *" [2]

Israel follows a neutralist foreign policy with a decidedly pro-Western orientation. The Soviet Union, at first friendly toward Israel, alienated it by supplying arms to the Arab countries and by siding with them on Arab-Israeli issues. Meanwhile, Israel has relied on the West, especially the United States, Britain, and France for economic aid. It has received no military assistance from the United States. Relations with West Germany were being carefully improved by the Israeli Government when the recent controversy over German scientists in the United Arab Republic broke open.

In the meantime, Israel has been promised that it would be permitted to purchase the Hawk missile from the United States, apparently in its effort to maintain a military balance with Egypt. With French assistance a uranium reactor with a known capacity of 24,000 thermal kilowatts was built and is now being operated in the desert near Rishon-le-Zion. In 1961 Israel completed a successful test on solid fuel rockets and is supposedly perfecting more advanced models now.

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[2] Michael Brecher, "Israel and Afro-Asia," International Journal, spring 1961, vol. 16, p. 131.

III. Economy

A. AGRICULTURE

Agriculture contributes approximately 20 percent to the Gross National Product and provides employment to 17 percent of the labor force. The area under cultivation is approximately 1 million acres and a little over a third of it is irrigated. Three-quarters (by value) of the country's food requirements are at present satisfied by domestic production. Israel imports some cereals, grain fodder, sugar, and fats. The principal agricultural commodities are citrus fruits, eggs, poultry, dairy and milk products, vegetables, potatoes, meat, cotton fibers, Durum wheat, and groundnuts. Agricultural exports are usually sufficient to pay for essential food imports. The major export commodities are citrus fruits, bananas, preserved fruits and juices, olive oil, and groundnuts. Agricultural exports accounted for 25 percent of total exports in 1961 amounting to approximately $62 million; citrus fruit exports constituted 67 percent of agricultural exports yielding about $40 million in revenue.

Israel's agricultural production over a 12-year period between 1948–49 and 1960–61 has increased by about 350 percent. In 1948 only 30 percent of food requirements were satisfied from domestic production. By 1962, 75 percent of food consumption was satisfied from domestic output and some commodities were even exported. Many new crops have been introduced since 1948. The spectacular growth in Israeli agriculture is attributable to knowledgeable mechanization, soil conservation, irrigation, and the use of fertilizers. Cultivated area has increased by 150 percent since 1948 and irrigated land by 360 percent. Two large schemes for bringing more land under irrigation are already underway—the Western Galilee-Kishon and Yarkon-Negev Projects. A third more ambitious scheme—the Jordan-Negev Project—to bring water from the Jordan River to the Negev region is under construction and completion of the first stage is expected this year.

Israeli agriculture, except for the production of fruits, is carried on mainly in communal settlements, called "Kibbutz," or by farmers on a cooperative basis, called "moshavim." Most of the "moshavim" are affiliated with the labor federation, the Histadrut, and its marketing organizations.

The Government has encouraged the growth of the agricultural sector by making large investments in the field. A large number of immigrants have been settled in farm communities since the creation of the state. This has also in part accounted for the rapid growth of agriculture in Israel. Recently the Government has set up production and marketing councils, representing farmers, distributors, and the Government, as a means to encourage the production of export commodities or crops which can replace food imports and prevent surpluses of other commodities. In the last 2 or 3 years Government expenditures on agricultural development have amounted to over $60 million a year.

An extensive program of afforestation is being carried out by the Jewish National Fund and the Israeli Government to provide wood for commercial purposes and as a soil conservation measure. Israel has almost no natural forests except for a small area in the north.

B. MINING

Israel's mining industry is concentrated in the Dead Sea area and the Negev. This sector of the economy is not large in size but has been highly developed with Government encouragement and assistance. The Dead Sea Works, Ltd. (potash), Dead Sea Ltd. (bromine), Negev Phosphate Co., Ltd., Fertilizers & Chemicals, Ltd., Israel Mining Industries (Timna Copper Works), and Negev Ceramic Minerals, Ltd., are the major development corporations engaged in surveying, research, and exploitation of minerals. The Government holds 51 to 100 percent of the capital in each of these corporations. The output of the corporations was approximately 755,000 tons in 1960–61 and their export earnings during the same period amounted to roughly $11 million.

Potash is the most important mineral; its output in 1962 is estimated at 150,000 tons. Plans to increase potash production by 400,000 tons a year, and by another 300,000 tons at a later stage, are now being carried out in the Dead Sea area with an investment of $70 million, $25 million of it on loan from the World Bank. The Dead Sea Works will also produce magnesium, bromine, and related products. Israel is potentially the world's largest and cheapest potash producer. Exports of potash are expected to increase from $5 million in 1961 to $35 million a year when one of the major potash works is completed in 1965.

Copper from Timna and Acre, glass sand, clay, phosphates, and granite in the Negev, and gypsum from the Jordan Valley are produced commercially in amounts sufficient for domestic needs and even some exports—copper exports amounted to $3.4 million in 1961–62. Copper output is expected to double from 7,000 tons in 1961–62 to 14,000 within the next 5 or 6 years. Iron ore deposits estimated at 40 million tons have been found in the Galilee region at Mount Ramim.

Oil is currently produced at Heletz, near Ashkelon, west of Jerusalem, approximately 130,000 tons in 1960–61. On March 25, 1963, it was reported that a significant oil discovery had been made at Kohar, 5 miles south of Tel Aviv. The new source found in dolomite rock stratum—the formation in which all the large oil reserves of Iraq, Iran, and Saudia Arabia are found—has so far been yielding 240 barrels daily. Israel has been dependent on oil imports for over 90 percent of domestic needs. Eleven companies, financed by domestic and foreign capital, are currently engaged in oil exploration, drilling, producing, and marketing operations. A pipeline brings oil imports from the port of Eilat to the refineries located in Haifa.

Natural gas is produced at Rosh-Zohar near the Dead Sea. It was discovered in 1958 and is used to supply the fuel needs of the Dead Sea Works industrial complex.

C. INDUSTRY

Approximately 40 to 45 percent of the Gross National Product (the largest in any of the Middle Eastern countries) is attributable to industry and mining. Approximately 23 percent of the labor force is engaged in this sector. The industrial areas of the country are located largely in and around Tel Aviv and Haifa. Small industrial

centers are to be found on the coastal plain at Natanya, Hader, Rishon-le-Zion and Revoth. The Government is encouraging the growth of new industries in Beersheba, Ramleh, Lydda, Askelon, and at other locations in the south.

The most important industries are textiles, food processing and canning, diamond polishing and cutting, chemicals and fertilizers, cement, construction, ceramics, and glass. Heavy industries—fertilizers, chemicals, an oil refinery, an automotive assembly plant, etc.—are located largely in the Haifa area.

The Government has taken an active part in the growth of industry. It has encouraged manufacturing for export in order to reduce the large trade deficit, estimated at $445 million in 1962. It has provided sizable loans to private industry through the Industrial Development Bank and in many cases has given protection from foreign competition to infant industries. The Government has also acquired extensive holdings in industrial concerns, though in recent years it has been reducing its share. It has also gradually been reducing its protective policy toward domestic industries so that it can become more efficient in the face of foreign competition.

The Histadrut (labor federation) owns and operates 20 to 25 percent of the industrial plants and maintains a high investment rate in industry. Its holdings are concentrated largely in heavy industry and in construction. Private investment is predominant in textiles, beer-brewing, paper products, plastics, automobile assembly, tires, and consumer goods.

Foreign investment is encouraged especially in enterprises which can earn foreign currency or which reduce the country's dependence on imports. A number of incentives are provided under the Law for the Encouragement of Capital Investment. An Investment Authority was established to provide information to foreign investors and to submit attractive projects to them. An Investment Center Office is maintained in New York and representatives of the Investment Authority are located in London and Buenos Aires as well. Direct foreign private investment has gone into several industries—e.g., tire factories, breweries, textiles, plastic and paper products. The Palestine Economic Corporation, an American investment company, has made investments in a variety of industries and services.

The major difficulties facing the industrial sector are a lack of skilled labor, high wage and operation cost, making it difficult for Israel to compete in world markets, lack of cheap fuels, and dependence on imported raw materials and capital goods.

The most important industrial exports are potash, polished and cut diamonds, pharmaceuticals, cement, tires, electrical appliances, and locally assembled automobiles. The expansion of the ports of Eilat and Haifa, and the opening up of a new port at Ashdod, 20 miles south of Tel Aviv, in 1965, are expected to promote industrial growth and foreign trade.

The opening of the port of Eilat has done much to relieve the pressure on Israel caused by the continued refusal of Egypt to permit Israel-destined cargoes to traverse the Suez Canal. This continued blockade of the Suez Canal to goods destined for a friendly nation should be vigorously opposed by the United States especially when such blockade is conducted by a nation receiving large amounts of U.S. foreign economic assistance. The tourist industry has grown

very rapidly in the last few years. In 1961 approximately 160,000 tourists came to Israel and brought $27 million in revenues to their host country, an important source of foreign exchange.

Israeli shipping has also grown rapidly. Total deadweight tonnage at the end of 1961 was 640,000 tons with a fleet of 70 vessels. Another 350,000 tons of shipping have been ordered from French, Dutch, Italian, and Japanese shipyards. The total tonnage, with the addition of 35 new vessels, is expected to reach 1 million tons in 1965, with every vessel less than 10 years old.

D. ECONOMIC DEVELOPMENT PLAN

Until 1962, Israel had no coordinated long-range development program for the entire economy. The Government, however, did participate actively in economic development by directing investment funds into the various sectors of the economy, especially in agriculture and housing. These funds came from budgetary revenues, foreign aid, and German reparation payments.

Last year, an Economic Planning Authority was established under the Ministry of Finance; it was charged with the task of preparing a 4-year development plan for 1963–66. The plan, popularly called the "New Economic Plan," was announced in June 1962. It aims at a 10-percent annual growth rate in Gross National Product (a rate attained or surpassed in the past several years) and a 20-percent increase in exports each year. It assumes an annual population increase of 110,000 (including immigrants). The development of the industrial sector and of the Negev and Central Galilee regions (both in agriculture and industry) is emphasized. The Development Budget for 1962–63 was I£950 million or $317 million.

Industrial development, in quality, quantity, and diversification, is the major goal of the new plan. It is also the means whereby Israel hopes to increase its exports or replace imports so that it can reduce its presently large trade deficit to $250 million a year by 1965. Further development of the tourist industry is also planned. A certain amount of urgency is attached to the trade-deficit problem in view of the expected decline in foreign capital over the next few years, that is, German reparations payments due to end in 1964, and the reduction in foreign aid.

In February 1962, the Government devalued the Israeli pound (from I£1.80 to I£3 to US$1), abolished the complicated multiple exchange rate system, and began to reduce or eliminate export subsidies and import levies. The devaluation and other reforms announced in February were a first step in launching the new economic program, making exports more competitive and soaking up the inflationary excess in the domestic money supply. The success of the plan will depend in part on whether inflation, caused by wage increases and heavy defense spending, can be held in check.

Israel has also been making a serious effort to win some form of an association with the European Common Market so that its exports can have access to the European markets without tariff or quota restrictions. Preliminary talks on this subject were held with representatives of the Common Market last November. Israel exports at least 45 percent of her total annual exports to Great Britain and

the six Common Market countries. In 1961, 29.3 percent of its total imports originated in the United States, 13.4 percent in the United Kingdom, and 20.3 percent in the Common Market countries.

Until January 1962, Israel received goods valued at $740 million from West Germany under a reparations agreement entered into in 1952. The agreement, however, intimated that it would extend $500 million in credits to Israel over a 10-year period after the reparation payments have been exhausted. West Germany has also been making restitution payments to individuals living in Israel; these amounted to $105 million in 1961, and are expected to continue for several years, lasting the lifetime of the recipient individuals.

E. U.S. ECONOMIC ASSISTANCE PROGRAM

U.S. economic assistance over the years to Israel has been considerable—$878.9 million in both loans and grants.[3] Our technical cooperation program has been relatively small—$11.1 million. Our Public Law 480 program has amounted to $195.9 million. Development loans accounted for $101 million and Export-Import Bank loans for $208.9 million, most of which ($135 million) were made in the early days of statehood.

AID has stated that our technical assistance program for AID has ended or is drawing to a close. In fiscal year 1962, the following 10 economic assistance projects were underway in Israel with the total obligated amount set forth after each:

(1)	Agricultural Research, Extension, and Education—Begun 1953	$1,346,000
(2)	Management and Development of Range and Forestry	329,000
(3)	Water Resources Development	55,000
(4)	Field and Horticultural Crops	230,000
(5)	Animal Husbandry	367,000
(6)	Agriculture and Water Resources	236,000
(7)	Executive Development	362,000
(8)	Industry, Mining, and Transportation	335,000
(9)	Transportation Development	370,000
(10)	Arid Zone Development	55,000

Total obligations for these technical assistance projects were $3,685,500. (See exhibit III–F–B for projects completed as of September 30, 1962.)

In all the United States has made 85 loans to Israel for its economic development, divided as follows:

Nineteen loans totaling $189.3 million repayable in local currency with maintenance of value.[4]

Four loans totaling $48 million repayable in dollars.

Six loans totaling $43.2 million repayable in local currencies without maintenance of value.

Thirty-seven Cooley[5] loans totaling $14.7 million repayable in local currency without maintenance of value. The large number of this type of loan is highly significant. Of the 10 countries studied, Israel had more, by far, Cooley loans than any other

[3] Through the years Israel has received an additional total of $59.5 million from—

	Million
International Bank for Reconstruction and Development	$52.5
United Nations Technical Assistance	4.4
United Nations Special Fund	2.6

[4] Value of local currency used in repayment of loan protected against devaluation.

[5] Local currency loans to aid private industry. (See VI.)

country. It is clearly indicative of that country's attitude toward and encouragement to private industry. These loans were for a wide variety of industries from hotels to cotton mills, from grain storage facilities to tire and tube plants.

Nineteen loans totaling $208.9 million from the Export-Import Bank repayable in dollars.

What has been said about the success of the AID program in Lebanon can be said to an even greater degree of the success of the AID program in Israel. It must be remembered that the program in Israel was carried out in a country 75 to 90 percent literate, many of its populace from Europe, and having a national will to develop their country.

John Kenneth Galbraith has summed up Israel's readiness for economic development and its ability to use economic assistance wisely as follows in his article in the April 1961 issue of Foreign Affairs:

> One country that has shown great advance since the war, including great capacity to make effective use of AID, has been Israel. It is singularly unendowed with natural resources. It has no oil wells, few minerals, insufficient water and not much space. But all of the four elements mentioned—high literacy and a highly educated elite, the sense and the reality of social justice, and effective government and a strong sense of purpose—are all present. So there is rapid progress. The Israelis, were they forced to it, would better do without their aid than without their education, their sense of shared responsibility and shared gain, their public administration and their clear view of their destiny.

Exhibit III-F-A

On behalf of Mapai, Herut, NRP, MAPAM, Ahdut Avoda, PAGI, etc., I have the honor to move the following resolution before Knesset. Attention sponsors of resolution did not include the Communists.

(*a*) The Knesset determines that the activities of German scientists and experts engaged in Egypt in the production of weapons of destruction against Israel, constitute a grave menace. The German people cannot be relieved of its responsibility with regard to these criminal activities. It is the duty of the German Government to put an end immediately to these activities by its nationals and to take all necessary steps to prevent this collaboration with the Egyptian Government.

(*b*) The Knesset appeals to enlightened public opinion everywhere to exert without delay its influence so as to put an end to these activities of the German experts which are aimed at bringing danger of destruction to the State of Israel—in which are gathered the remnants of our people, the survivors of the Nazi holocaust.

EXHIBIT III–F–B

Israel—List of completed projects under the Development Grant Program as of Sept. 30, 1962

[In thousands of dollars]

Number and name of project	Total expenditures	Participants	U.S. technicians	Miscellaneous	Contract services	Commodities	Other
AGRICULTURE AND NATURAL RESOURCES							
271-11-178 Agricultural Education Supervision	1	1	0	0	0	0	0
271-12-012 Irrigation Development	25	0	0	0	0	0	25
271-19-179 Farm Power and Machinery	1	1	0	0	0	0	0
Obligation 872 SUNY	540	0	0	0	0	0	540
INDUSTRY AND MINING							
271-21-001 Petrochemical Research	26	0	0	0	0	0	26
271-21-042 Minerals Development	64	0	0	0	4	4	56
271-21-110 Department of Metallurgy	94	0	0	0	59	34	1
271-22-207 Communications	3	3	0	0	0	0	0
271-23-002 Chemical Industry	72	0	18	0	0	3	51
271-24-167 Expansion Market Institute	79	7	37	0	8	27	0
271-23-003 Ceramics Industry	19	3	0	0	0	1	15
271-23-020 Food Processing	29	0	10	0	0	1	18
271-23-021 Metals Industry	16	3	13	0	0	0	0
271-23-024 Glass Products	14	0	14	0	0	0	0
271-23-027 Textile Industry Development	25	6	19	0	0	0	0
271-24-120 Tourism Survey	55	0	0	0	5	0	50
271-26-019 Packaging, Marketing, and Distribution	3	0	0	0	0	0	3
271-26-119 Industrial Design	366	4	0	0	362	0	0
271-27-004 Industrial Productivity	12	0	0	0	0	4	8
271-27-025 Industrial Planning and Development	3	0	0	0	0	0	3
271-27-040 Production Project	91	33	25	0	28	5	0
271-29-202 Industrial Development and Planning	74	12	39	0	23	0	0
271-27-043 Industrial Audit	81	0	0	0	0	0	81
Obligation 872 SUNY	26	0	0	0	0	0	26
TRANSPORTATION							
271-31-011 Road Construction	23	0	0	0	0	0	23
271-32-010 Transportation Planning	16	0	16	0	0	0	0
271-33-015 Maintenance of Israel Railroad	32	0	32	0	0	0	0
271-34-016 Ports—Transient Shed	12	0	12	0	0	0	0
271-39-059 Pilot Automotive	12	0	0	0	0	0	12
271-39-197 Transportation (Part)	14	14	0	0	0	0	0
HEALTH AND SANITATION							
271-53-032 Health Unit	50	0	26	0	0	0	24
271-54-031 Sanitation Training	12	0	12	0	0	0	0
271-59-182 Community Health Development	215	12	73	0	0	5	125
Obligation 872 SUNY	107	0	0	0	0	0	107
EDUCATION							
271-61-005 Vocational Training	19	0	19	0	0	0	0
271-61-109 Immigrant Vocational Training, ORT	50	0	0	0	0	0	50
271-69-190 Education (Part)	8	8	0	0	0	0	0
Obligation 872 SUNY	80	0	0	0	80	0	0
PUBLIC ADMINISTRATION							
271-70-041 Public Administration Planning	8	0	0	0	0	0	8
271-71-047 National Insurance	29	0	24	0	0	1	4
271-73-077 Evaluation in Civil Service	35	0	0	0	13	0	22
271-75-072 Income Tax Administration	56	0	0	0	0	0	56
271-76-054 Records Management	13	0	0	0	0	0	13
271-79-188 Public Administration (Sup.)	24	0	24	0	0	0	0
271-79-195 Public Administration (Part)	24	24	0	0	0	0	0
COMMUNITY DEVELOPMENT							
271-54-076 Rehabilitation of the Deaf	1	0	0	0	0	0	1
271-85-117 Assistance in Housing	32	5	23	0	0	1	3
GENERAL AND MISCELLANEOUS							
271-96-009 Technical Books	48	0	0	0	0	1	47
271-99-203 Scientific Research	7	7	0	0	0	0	0
271-96-051 Mass Communications	61	1	19	0	0	5	36

III–G–GREECE

I. Economic Data

Basic data on Greece

Population (1961)	million	8.4
Annual growth rate (1961)	percent	0.9
Area	square miles	51,000
Literacy rate:		
1956	percent	77
1957	do	77
1958	do	77
1959	do	77
1960	do	77
1961	do	77

Greece

Year	Gross national product			Agricultural production index	Cost of living index (1958=100)	Government expenditures (millions of dollars)
	Millions of dollars	Percent of 1961 in national currency	Per capita			
1953	1,680	46	$214	(1)	83	(1)
1954	1,960	54	247	(1)	90	(1)
1955	2,210	61	278	100	95	(1)
1956	2,590	71	322	108	96	(1)
1957	2,790	76	345	111	99	(1)
1958	2,910	80	356	128	100	518
1959	3,013	83	367	121	103	557
1960	3,240	89	389	126	105	615
1961	3,625	100	431	115	103	676
1962	(1)	(1)	(1)	(1)	107	751

[1] Figures not available.

II. Current Political Background

The National Radical Union (ERE) headed by Mr. Constantine Karamanlis won a majority of 176 seats out of 300 in Parliament during the last elections held on October 29, 1961. The election victory provided a renewed mandate to the rightwing party government of Mr. Karamanlis. The Opposition parties, however, especially the Center Union headed by Mr. Papandreou and the extreme left, EDA, contested the elections on the grounds that they were rigged and that the electorate had been intimidated into voting for the ERE. A special electoral court examined many of the election disputes and ordered new elections in a handful of cases. These resulted in only three upsets with the Center Union winning in all three instances. The reversal, however, provided an opportunity for Mr. Papandreou to launch a campaign urging new elections. The Center Union appealed to the King to dissolve Parliament immediately and to proclaim a new election. The King, however, did not feel that fresh elections were warranted when the ERE had obtained such an overwhelming majority of popular votes.

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The Opposition has not stopped complaining. In November the Center Union and EDA deputies had boycotted the opening session of the Greek Parliament. The Center Union leaders announced in September that they had broken off all contacts with King Paul. They have continued their anti-Government campaign and have not hesitated to criticize the King for being partial to the ERE and for lavish spending by the royal family. In April 1962, the Center Union called a public demonstration against the Karamanlis Government and caused a near riot in Athens.

Prime Minister Karamanlis had previously indicated his intention to remain in office for the entire 4-year term and had been making a determined effort to retain his Government's popularity by carrying out various reforms, largely in the field of economic and social development. His most significant achievement in this field had been the realization, on November 1, 1962, of Greek association with the European Common Market.

Suddenly, in a dispute over the projected visit of the King and Queen of Greece to England, Prime Minister Karamanlis resigned. There is now a caretaker government with new elections promised for early November 1963.

Greece has been a stanch ally of the West and a reliable member of NATO. In recent months, and with the termination of U.S. grants to its defense budget, Greece has indicated that unless additional foreign assistance is forthcoming it will have to cut down on its defense spending which amounts to $170 million a year (25 percent of the total budget) to support an army of 120,000 men. In view of rapidly changing conditions our military support policy is due for review.

As a result of the Cyprus dispute, Greek relations with Turkey had in the past been uncertain and often unfriendly. The existence of this dispute weakened the eastern flank of NATO; now that the dispute has been resolved the situation has returned to normal. Greece is considered an important link in the Western alliance system and its relations with Turkey have steadily improved. It has resisted Soviet pressure to disband the NATO bases on its territory and has not accepted any economic assistance from the Soviet bloc. Relations with its Communist neighbors—Yugoslavia, Bulgaria, and Albania—have not been satisfactory. A state of war still exists between Greece and Albania, and Greece has territorial claims over the Albanian province of North Eperius. There is little hope that the problem of war reparations by Bulgaria will be settled soon. The question of the Slav-speaking Macedonian minority, which Yugoslavia revives from time to time, remains a source of friction between the two countries. Greece maintains cordial relations with the Arab states as well as with Israel. Relations with the United Arab Republic deteriorated with President Nasser's nationalization decrees which adversely affected Greek businessmen and residents in Egypt.

III. Economy

A. AGRICULTURE

Agriculture contributes 30 percent to the Gross National Product and accounts for 50 percent of employment. The main crops are cereals, wheat, olives, tobacco, cotton, and fruits. Agricultural products yield 70 percent of exports, tobacco, cotton, and raisins being the most important foreign exchange earners.

Agricultural yield per acre is low because of soil erosion, insufficient rainfall or water resources, lack of fertilizers, and small size of individual land holding (average about 2 acres per person). Greece does not produce enough food to meet domestic requirements and has to import sizable quantities of foodstuffs from abroad, especially the United States. There is also considerable underemployment and unemployment in rural areas.

The Government is encouraging the increase of land under cultivation for cotton and tobacco, both important export crops, at the expense of wheat by means of subsidies and low interest loans. This is especially important now with the opening up of new markets in the EEC countries. The Government is also providing subsidies to encourage the production of livestock. Land redistribution is being carried out as well with the hope that increased size of farm holdings will increase productivity. By March 1963 the Government had hoped to redistribute 107,400 hectares. Extensive plans to increase irrigated areas by means of artificial lakes are being surveyed with the assistance of four Italian engineering firms. Fertilizer factories have already been constructed and two new ones are being built in Piraeus and Macedonia to start production in 1964.

Under the current Five Year Plan (1960–64) the Government expects a 3.5-percent increase in agricultural production each year. It plans to invest $265 million in agriculture, the largest amount in any sector, over the 5-year period. It also hopes to reduce substantially underemployment and unemployment in the rural areas within this period. Due to an unusual combination of circumstances—weather, higher export prices, expanded irrigated acreage, etc.—agricultural output in 1961 increased by 16 percent over the previous year, according to official estimates.

B. MINING

Mining is relatively unimportant in terms of size, employment, and contribution to the GNP. The important minerals are lignite, bauxite, iron ore, chromite, magnesite, lead, zinc, copper, gold, silver, and nickel. Lignite is the most important fuel commodity. Between 1956 and 1961 its production more than tripled to 2,520,000 tons a year. Mineral ore extraction—bauxite, iron ore, and iron pyrites—is carried on largely for export. Comprehensive geological studies are underway to map unknown deposits of minerals. Prospecting for oil has been in progress for some time, but the results have not been very encouraging up to date. Approximately 1.5 million tons of oil are imported each year. A second $24 million oil refinery with an annual capacity of 2.5 million tons of crude oil is to be built within the next 5 years by the Government in cooperation with a Greek entrepreneur and the Esso Oil Co.

C. INDUSTRY

Industry contributes slightly more than 25 percent to the Gross National Product, provides employment to 15 percent of the labor force, and accounts for approximately 10 percent of exports. It is heavily concentrated in the Athens-Piraeus area. The most important industries are textiles, food processing, metal, mining, and chemicals. Cement is a rapidly growing industry. Most industrial units are small and produce goods for local or domestic consumption.

They depend to a considerable extent on imported raw materials and almost entirely on imported machinery and equipment.

In recent years new industries and especially certain heavy industries have grown up in Greece. Electrical appliances, machinery, sugar refineries, fertilizers, iron and steel, and aluminum are growing in importance and productive capacity.

Under the Five Year Plan the Government has set a goal of 8.1 percent annual growth in the industrial sector. It hopes to increase the export of manufactured from the present 10 percent level to 21.7 percent of total exports each year. Industrial and commercial expansion is also expected to provide additional jobs for 330,000 persons by 1964. The Government's planned investment in industry and mining, estimated at over $200 million in transportation, communications, and power, is likely to encourage industrial expansion. All industries are privately owned except for the Government-owned oil refinery and even that is run by private enterprise.

The Government has sought to encourage private industrial investment in several ways, and especially in industries with large export potential. This policy is considered timely in view of the country's association with the Common Market. The Corporation Law has been redrafted; a wide variety of tax incentives—depreciation allowances, liberal tax-free reserves, exemption from municipal dues and import duties—were put into effect under Law 4171 enacted in 1961. Foreign capital investment is also encouraged by means of tax incentives. It is hoped that a favorable investment climate, political and monetary stability, a cheap labor supply and the size of the market, now widened by association with the EEC, will make Greece a natural outlet for foreign firms wanting to supply the Common Market and often in partnership with Greek firms. The fact that Greece will lower its tariffs very gradually over a 22-year period and that it can raise tariffs above the present level to protect new industries for a 9-year period should encourage the growth of new industries which could eventually become competitive with those in West European countries. It is also expected that foreign competition will force structural changes and modernization in the industrial sector.

The Government-controlled Industrial Development Corporation, set up in 1960, with a capital of $40 million, carries on important industrial promotion activity. Besides investing capital either by itself or in conjunction with private capital to modernize or develop new industries it provides technical assistance, furnishes economic information for investors, and conducts studies of basic sectors of manufacturing and industry. It promptly sells its shares to private investors as soon as an industry it helped launch achieves self-sufficiency. The IDC has plans to attract foreign capital to Greece through two industrial promotion offices in New York and Paris. Tax incentives and other benefits are also extended to industries to promote decentralization outside the Athens-Piraeus-Attica region. Several plants—rubber tire, fertilizer, food processing, a tire tread factory—have already established or plan to establish themselves outside Athens.

The National Bank of Greece, besides contributing to the capital of the IDC, acts as an industrial bank by participating in the promotion, establishment, and share capital of new industrial undertakings. The Economic Development Finance Organization, established in 1954,

with American counterpart funds, provides medium- and long-term loans to private enterprises for development purposes—mainly in manufacturing and mining plant construction, fishing, and hotels, etc. Its assets and outstanding loans in February 1962, amounted to $115 million and $103 million respectively. The EDFO can also borrow from banks and any other domestic or foreign capital resources.

The shipping and tourist industries are expanding at an encouraging rate. As of December 1961, 1,165 vessels were under the Greek flag, a total of 6,393,864 gross tons. Another 680 Greek-owned vessels amounting to 6,296,973 gross tons were operating under foreign flags as of that date. Shipowners in the latter category are being encouraged and urged to transfer their vessels to Greek registry. Greek shipowners control over 12 million tons of shipping, holding third place in world shipping, after the United States and the United Kingdom. In 1961, shipping accounted for almost $100 million in foreign exchange revenues. Shipowners have also been an important source of investment capital. They have financed, in whole or in part, several new enterprises—the Hellenic Shipyard, shipbuilding installations at Syros, the Greek airline, and the Athens-Hilton Hotel. In 1961, an estimated 450,000 tourists came to Greece and spent $71 million. This year tourists are expected to increase to 700,000 and yield approximately $100 million or more in foreign exchange. Shipping revenues and tourists' spending are important invisibles which help to balance the current export-import account.

D. ECONOMIC DEVELOPMENT PLAN

The first Five Year Plan covers the period 1960–64. The greater part of the investment contemplated under the plan is to be undertaken by private investors. The Government and public corporations are to invest $1.3 billion while $2.4 billion is to be invested by the private sector. The Government is consciously implementing its policy to create conditions favorable to domestic and foreign private investment. It is investing heavily in economic infrastructure works (roads, electrification, etc.) and mining.

The objectives of the plan are to increase National Income by 6 percent annually (per capita income is approximately $350), to increase employment and to diminish Greek dependence on foreign aid by effecting a structural change in foreign trade, i.e., by increasing exports.

An important problem in financing economic development, however, is the balance-of-trade deficit.

As the Athens correspodent for The Economist wrote on July 21, 1962:

> * * * The opportunity is there; Greece will be linked to the Common Market probably before the year's end.
>
> It is likely to be a costly operation. The price tag was ominously marked, in a recent Greek memorandum, at $1,000 million. Yet the process of lifting the Greek economy from that dismal stage of 1947, which might be called subunderdevelopment to the present "takeoff" posture, has cost the United States three and a half times as much. When 15 years of free-grant American aid to Greece came to an end 3 weeks ago, this country had devoured $3,420 million, of which a third was spent in the early stages on keeping Greece on this side of the Iron Curtain.
>
> The search for fresh sources of financing is now being actively pursued. The Greek economy is under close scrutiny in Paris from two different angles—inten-

sive economic development and the burden of defense costs. Greece spends $170 million a year on defense; all but $20 million of this comes from internal revenue. If this Greek money went to development instead, Greece itself would have been able to finance its ambitious Five Year Plan for rapid industrialization. The NATO ministerial meeting in Athens last May accepted the unfairness of this. It advocated the establishment of a consortium for aid to Greece and promptly laid the problem in the lap of the Organization for Economic Cooperation and Development.

Greek imports consisting of raw materials and capital equipment from the United States and Western European countries are far in excess of exports, mostly agricultural products, for which markets and prices are not stable from year to year.

Exports amounted to 45 percent of imports in 1962. Greece hopes to raise exports to 61 percent of imports by 1969. In the past Greece has depended on foreign aid, capital inflow, and invisibles such as shipping and tourist trade to balance its trade deficit.

Its imports of capital goods and machinery are now increasing rapidly as economic development proceeds. An estimated $800 million foreign payments deficit is expected during the current plan period. To cover this gap, capital inflow (foreign investments) are expected to yield $250 million. The European Investment Bank is expected to loan $135 million over a 5-year period beginning November 1, 1962. West Germany has committed a $50 million loan for electrification. The OECD has sponsored a consortium to help raise funds for the economic development of Greece. However, the consortium has not yielded any results to date.

Greece has complained about this and warned at the last NATO ministerial meeting that a cut in its defense spending, estimated at $170 million a year, could be expected unless NATO provided some defense support. The situation has become particularly precarious as U.S. defense support grants, amounting to $20 million a year, were terminated on July 1, 1962. U.S. free grant aid to Greece over a 15-year period ending in July 1962 amounted to $3.42 billion. In October the United States reversed its decision of July 1, 1962, and offered $5 million in defense support. Two additional loans of $5 million each were granted by USAID to the National Bank of Greece and the EDFO to finance private industrial development. Greece cannot qualify for loans from the World Bank because of its failure to settle prewar Greek foreign debt. The United Kingdom has also remained aloof from the aid-to-Greece consortium for the same reason. Negotiations for debt settlement were held but the terms offered by Greece were not regarded as satisfactory.

The United States is Greece's largest trading partner, followed by West Germany, France, and the United Kingdom. Trade with the Soviet bloc was approximately 14 percent of total exports and imports in 1961. With the realization of EEC association, Greek trade is now shifting more and more toward the Common Market countries.

Economic developments in 1961 were regarded as most satisfactory in Greece. The Gross National Product rose an estimated 10.7 percent during the year and prices remained relatively stable. The country is now looking forward to further growth and prosperity as association with the EEC opens up new opportunities. The one serious problem which will remain a constant for some years, however, is the balance of payments and if the trade deficit increases substantially it could threaten economic stability and growth.

E. U.S. ECONOMIC ASSISTANCE PROGRAM

The U.S. economic assistance program for Greece began at a time when Greece, the only Balkan country to retail its full independence after World War II, was in imminent danger of losing that independence and going behind the Iron Curtain.

Our grant assistance program to Greece ended on June 30, 1962, at a time when Greece was more stable and more prosperous than at any time in her modern history. The very real threat that the Communists posed to Greek sovereignty in 1947 had been turned back. The basic job of economic reconstruction was finished and the economic strength of the nation was good.

In the fall of 1946 Greece was in desperate difficulty. She was practically out of funds to maintain the Government, free her people, and fight the threat of a Communist-directed war of subversion and civil warfare. Her major ports were destroyed; 90 percent of her railroads were destroyed. Before World War II Greece had had 577 merchant ships and 733 caiques. In the fall of 1946 she had left only 138 ships of all kinds. National income was down 59 percent from prewar rates. Industrial production was down 65 percent. Inflation was rampant.

The Soviet Union was actively directing from Moscow a civil conspiracy aimed at making Greece a Soviet Satellite, even as Bulgaria and Hungary had been made Soviet Satellites.

Relief formerly provided by the United Nations Relief and Rehabilitation Agency had ended the previous December. Great Britain was provided some military and economic assistance, but it was far from enough. The United States was providing major assistance to Greece through privately organized Greek War Relief.

During 1946 the United States had loaned the Greek Government $80 million. Greece used the loan—$46 million—to purchase surplus American merchant ships with which to begin to rebuild the Greek merchant marine.

The Greeks from 1946–47 fought valiantly to resist the Communist inspired and dominated guerrilla onslaught. During that period—because of wartime commitments—Greece relied for assistance on Great Britain.

However, Great Britain itself was in serious financial difficulties. On February 21, 1947, Great Britain informed the United States that because of those difficulties it could no longer continue to aid Greece (at the same time Greece informed the United States that, for the same reasons, it could no longer provide assistance to Turkey).

Up until 1946, U.S. policy was based on the assumption that the Soviet Union would live up to its wartime agreements to respect the integrity of other countries. Events in 1946 clearly indicated that the Soviet Union had no intention of doing so.

In 1946 the U.S.S.R. took several countries over and imposed Communist-dominated regimes without holding the free elections it had agreed to. Soviet agents attempted to take over a part of northern Iran. In March 1945, the Soviet Union had renounced its treaty of friendship with Turkey, demanded that land be ceded to the Soviet Union and special privileges be granted in the Dardanelles.

That Greece's troubles could be laid at the door of the Soviet Union, which was supplying the Communist guerrilla movement in Greece, was confirmed by a United Nations investigatory commission.

Shortly after being notified by Great Britain that she could no longer give aid to Greece, President Truman, on March 12, 1947, appeared before a joint session of the Congress and set forth the so-called Truman doctrine—the principles to guide the United States:

> I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures.
>
> I believe that we must assist free people to work out their own destinies in their own way.
>
> I believe that our help should be primarily economic and financial aid which is essential to economic stability and orderly political processes.

He proposed a $400 million aid program for Greece and Turkey (mostly for Greece) and permission to send a military mission to provide technical assistance.

The Greek-Turkish Aid Bill was passed by the Congress on May 15, 1947, and signed by President Truman on May 22, 1947. (The following month, at the Harvard commencement at which I had the good fortune to hear him, Gen. George Marshall proposed the adoption of what became the Marshall Plan for Europe.)

And thus began our economic assistance program for Greece. The first shipload of supplies from the United States arrived in Piraeus harbor in August 1947 to find a changed situation. A month before, on July 12, the Greek Communists had announced that it would, by force of arms, establish "free areas" in Greece and launched large-scale attacks upon several towns.

This change in Communist tactics necessitated a change in economic aid strategy. Economic reconstruction was deferred until the serious Communist threat to take over could be overcome. Aid funds were diverted to reconstruction of roads, harbors, airfields, and the railway systems—things to help the war effort.

Things were truly desperate in 1946–47. During that period, 85 percent of U.S. economic aid funds were being used to feed and clothe the people.

During the summer and fall of 1947, a large group of American military advisers arrived in Greece. They were followed by sufficient arms so that the guerillas, supplied by Communist arms, lost their arms superiority.

Arms superiority, better training, and splits in the ranks of the Communist guerillas hastened the end of the war. A final offensive was launched in the north in the late summer of 1949. On October 16, 1949, the rebel radio announced that its operations had ceased and that the rebels had withdrawn into Albania.

Up until the middle of 1949, Greece had received aid in the amount of $648 million; $529 million had been spent on the requirements of the civil war. The remainder was spent in projects such as roads, harbors, and so forth, which aided the war effort.

The success of our economic aid program in Greece must therefore be judged in the light of the effort during the past 14 years since the end of the civil war.

However, aid could not be immediately spent on projects to improve the Greek economy. The country was impoverished.

Since 1946, Greece has received a total of $3,167.4 million in economic and military aid from the United States.[1]

The breakdown of this aid is as follows:

Military assistance (grants)

	Millions		Millions		Millions
1946–48	$198.4	1956	$95.6	1961	$42.8
1949–52	323.5	1957	62.4	1962	34.9
1953	121.3	1958	143.4		
1954	95.2	1959	89.2	Total	1,382.6
1955	59.2	1960	116.7		

Economic assistance

[In millions of dollars]

Fiscal years	Economic aid to Greece			Fiscal years	Economic aid to Greece		
	Grants	Loans	Total		Grants	Loans	Total
1946–49	413.9	111.3	525.2	1957	30.4	27.9	58.3
1950	273.2		273.2	1958	36.3	24.8	61.1
1951	277.5		277.5	1959	32.3		32.3
1952	182.7		182.7	1960	32.8	35.1	67.9
1953	81.2		81.2	1961	31.5	11.9	43.4
1954	22.7		22.7	1962	29.2	18.7	47.9
1955	44.2	14.2	58.4				
1956	33.7	19.3	53.0	Total	1,521.6	263.2	1,784.8

However, the figure of $1,784.8 million for economic assistance does not truly reflect the amount actually spent for the economic rebuilding of Greece. From the total of $1,784.8 million must be subtracted the sum of $648 million spent on the war effort (roads, harbors, et cetera, to aid in the war effort) and $250 million spent to meet the budget deficit in the Greek economy during the first 2 years after the civil war.

Therefore the total amount of economic assistance given or loaned to Greece has been $886.8 million. Of this total, $151.9 million was in the form of loans and $734.9 million was in the form of grants.

Loans under Public Law 480 amounted to $54.4 million.

Our technical cooperation program in Greece has always been small and totals $14.4 million for all the years.

Thus in the fiscal year 1962, when the program of grants was being phased out, there were only the following five projects in Greece:

Obligations

	Millions
(1) Vocational Education	$31.2
(2) Marketing and Livestock	40.6
(3) Industrial Development	22.3
(4) Public Safety	70.7
(5) Air Transport Advisory Project	39.9
Total	204.7

Except for Public Law 480 food and fiber and development loans, the economic assistance program for Greece has come to an end.

[1] Through the years Greece has received a total of $3.9 million from—

	Millions
International Finance Corporation	$0.6
United Nations Technical Assistance	2.1
United Nations Special Fund	1.2

III–H–TUNISIA

I. Economic Data

Basic data on Tunisia

Population (1960)	million	3.9
Annual growth rate (1960)	percent	2
Area	square miles	48,000
Literacy rate:		
1957	percent	25
1958	do	25
1958	do	25
1960	do	25

Tunisia

Year	Gross national product			Agricultural production index	Cost of living index (1958=100)	Government expenditures (millions of dollars)
	Millions of dollars	Percent of 1961 in national currency	Per capita			
1953	(1)	(1)	(1)	(1)	81	(1)
1954	(1)	(1)	(1)	(1)	85	(1)
1955	(1)	(1)	(1)	103	84	(1)
1956	(1)	(1)	(1)	81	88	(1)
1957	567	85	$127	112	98	(1)
1958	643	97	143	99	100	(1)
1959	614	92	134	134	92	(1)
1960	690	104	166	111	94	(1)
1961	664	100	157	128	93	(1)
1962	(1)	(1)	(1)	(1)	92	(1)

[1] Figures not available.

II. Current Political Background

Tunisia has been known for the internal political stability and unity which it has had since becoming independent.

This fact, unique in a Middle Eastern country, can be explained by the existence of the unopposed single-party rule of the progressive Neo-Destour party led by President Habib Bourguiba.

In December 1962, however, a serious plot to institute a coup against Bourguiba and his Government was uncovered. The plot resulted from increasing discontent among certain elements of the population.

Some, especially in the army, were not reconciled to the compromise with the French over Bizerte; some had been affected adversely by the Government's economic and social reforms and by recent crop failures.

Some opposed Bourguiba's palace building.

Others sought revenge for the murder of Bourguiba's adversary, Ben Youssef.

Finally, the orthodox Islamic religious elements were displeased with Bourguiba's attempts at secularization and modernization; e.g., giving political and social rights to women and allowing or promoting work during the Islamic holiday month of Ramadhan.

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The leaders of the plot were apprehended late in December 1962 and promptly executed. The Tunisian Ambassador in Algeria was recalled in order to express displeasure at the encouragement given to the plotters in Algeria. Algeria's Ben Bella had been known to be friendly toward Bourguiba's adversary, Ben Youssef; and Ben Bella had given refuge to at least one of the plotters.

Tunisia also viewed the United Arab Republic with suspicion for its role in the attempted coup. The only North African leader who openly came out in support of Bourguiba was King Hassan II of Morocco who called the plot "odious."

In his foreign policy, Bourguiba generally has been pro-Western and an advocate of moderation. The Bizerte affair temporarily altered his pro-Western outlook; he was disappointed with the lack of open U.S. support against De Gaulle.[1] At the time of the Bizerte crisis, his troubles with other countries multiplied also. He had differences with Algeria over the latter's claims to the Sahara; and, too, his attempts at mediation between France and Algeria had failed. Morocco was alienated by Tunisia's support of Mauritania's application for admission to the United Nations. In order to counteract this growing isolation, Bourguiba rejoined the Arab League in February 1962 and then began to patch up his dispute with the United Arab Republic. About this time, Bourguiba also began to welcome Russia's offers of aid to construct a dam on the Oued Kasseb.

Relations with France have subsequently been normalized. The French have been vacating the Bizerte naval base gradually. Relations with the United States continue to be friendly; and the United States has committed itself to support Tunisian plans for economic development. The United States is also the principal supplier of military equipment to Tunisia.

As Clement Henry Moore stated in his article in Current History in January 1963, writing on "'Bourguibism' in Tunisia":

> * * * Tunisia seems to have emerged internally intact from the Bizerte crisis. With the help of his party, Bourguiba regained his shaken prestige at home, avoided an irreparable breach with France, and set his country firmly on the path of planned economic development. Political stability remains Tunisia's greatest asset and may provide the basis for development by relatively democratic methods of persuasion in an atmosphere of broad consensus.
>
> Tunisia has successfully channeled the nationalist enthusiasm for independence into a functioning concern for modernization. Though Bourguiba's regime has perhaps lost some of its emotional mass appeal and can no longer claim to lead the Maghreb, its weathering of the shock of Bizerte may have given it a new stability for the more routine tasks ahead.

III. Economy

A. AGRICULTURE

The most important sector of the Tunisian economy is agriculture. More than 65 percent of the population is engaged in agriculture, and it accounts for 32 percent of the National Income. Wheat, olive oil, and grapes for wine are the most important corps; they account for

[1] In July 1961, the Tunisian Government decided to force a settlement of the problem of Bizerte as a French base on Tunisian soil. Notes and messages were being exchanged between the two Governments when, on July 19, 1961, fighting broke out and Tunisians were given the order to fire on French military planes flying over the area, while the French began to drop bombs on the outskirts of the Bizerte base.

approximately 40 percent of the country's annual exports. However, agriculture in Tunisia is subject to great uncertainties of climatic conditions (severe droughts and floods) and international price fluctuations. A severe drought in 1961 seriously upset Tunisia's trade balance, export earnings having been substantially reduced while import expenditures remained high, even increasing in some sectors. The drought also caused widespread livestock mortality and led to meat shortages in domestic markets. The situation was somewhat mitigated by U.S. sales of surplus wheat and other cereals under Public Law 480—$15.3 million in June 1961 and $5.7 million in March 1962.

France and Italy are the two most important trading partners of Tunisia. France and Tunisia are joined in a Customs Union, with most of the Tunisian wine going to France. Tunisia's olive oil is exported primarily to the United States in return for industrial machinery and products and cotton textiles.

An article entitled "Bourguiba's Tunisia" in the February 4, 1961, issue of The Economist states:

> Efforts are, however, being made to increase badly needed irrigation resources. The Government is concentrating on a pilot project in the Medjerda Valley and this will be followed by similar, if possibly less ambitious, work in other parts of the country. The Medjerda scheme does not consist only of a series of dams and irrigation works; it includes the construction of villages—three are nearly completed—with farms and so on which are all being worked in a curious co-operative manner under the Government-sponsored OMVVM—l'Office de la Mise en Valeur de la Vallée de la Medjerda. The OMVVM sells equipment on long-term payment, advances money for the purchase of seeds and other necessities, and markets the produce. But the nominal owners of the land must plant what crops they are told and are very much under the control of the "instructor" without whose permission no one may leave the community; nor can anyone visit Tunis, 7 miles away, without authority from the board of directors.

B. MINING AND MANUFACTURING

Approximately 17 percent of the National Income each year is contributed by mining and manufacturing. The most important minerals are phosphates, iron ore, and lead. Mineral exports amount to 30 percent of total annual exports. The basic flaw in mining, however, is the lack of commercially exploitable deposits of fuels in Tunisia. Exploration of petroleum deposits is still underway, but so far without success. In the meantime, the Government is constructing a $20 million refinery at Bizerte with the aid of an Italian petroleum company, ENI. In 1962, it began to refine 1 million tons of oil.

C. INDUSTRY

The industrial sector in Tunisia has recorded good progress in recent years. The generation of electricity has been increasing steadily and the construction industry has been experiencing a boom. With the assistance of several countries and foreign concerns the Government has plans for many other industrial plants and projects. Plans for an industrial complex at Bizerte—a shipyard, steel plant, petroleum refinery called STIR (built with the aid of the Italian ENI and already operating), and a second sugar processing plant are already being implemented.

The Government has recognized the existing shortage of technicians and the need to train its labor force in order to attain increased indus-

trialization. With the assistance of USAID it has started to set up seven vocational training centers, besides expanding the existing Ariana Center. It is also continuing its public works program which provides employment to approximately 200,000 persons. The workers on these projects are paid partly in money wages and partly in food acquired under Public Law 480 (one-third in money and two-thirds in food).

The Government has also sought to fill the gap in investment resources by making increasing contributions to what it considers to be essential industries. About a year ago it set up a National Investment Company under the direction of the Secretary of State for Planning. Emphasis has been placed on creating industries or building factories which would process the country's raw materials and reduce her dependence on imported goods. In 1959, the Government acquired 50 percent of the shares of the phosphate processing Sfax Gafsa Company and it also began to build several other factories and processing plants to increase industrial productivity.

In August 1961 Bourguiba elaborated a doctrine of Neo-Destour socialism which was pragmatic in the balance it ascribed to private and public and domestic and foreign investment and initiative. The measures contemplated under this program are expected to enhance the economic and social progress already achieved.

D. ECONOMIC DEVELOPMENT PLAN

A 3-year development plan was launched in 1962. It called for $785 million gross investment—$416 million from domestic savings and most of the rest from foreign investment or AID. The United States committed $180 million in support of this plan in August 1962. Tunisia secured agreements with other countries—Italy for a $16 million loan, West Germany for a $7.7 million loan, U.S.S.R. for $28 million in aid to start construction on a dam on the Oued Kasseb. Various economic development projects were also planned with the cooperation of Greece, Yugoslavia, Poland, Czechoslovakia, and Kuwait. The United Nations Special Fund approved a 5-year project for research in irrigation; and the World Bank's International Finance Corporation agreed to cooperate in building a super phosphate plant at Sfax under the direction of a Swedish firm. The International Development Association advanced a $5 million loan for school construction. (See exhibit III–H–1.)

Another more comprehensive 10-year economic development plan was drafted in 1961. The estimated cost of this plan is $2.8 billion. The U.S. Government has indicated an interest in giving long-term assistance to Tunisia under this plan. According to one source, President Kennedy's promise of "an extensive amount of assistance" to

Bourguiba in May 1961 was tantamount to a "decision by the American Government to make of Tunisia a pilot project for long-term investment" which "came as a clear recognition of the commendable progress this country [had] made in every respect." [2]

E. U.S. ECONOMIC ASSISTANCE PROGRAM

Tunisia regained its independence on March 20, 1956, and slightly over 1 year later, March 26, 1957, an agreement on special economic and technical assistance was signed between Tunisia and the United States.

Prior to that time, the United States had from time to time given Tunisia some Public Law 480 assistance under title III through voluntary relief agencies but the amounts involved were relatively small:

Fiscal year—	
1949–52	$200,000
1954	100,000
1955	100,000
1956	100,000
Total	500,000

Assistance on a much larger scale began in fiscal year 1957 and has continued since then.

[In millions of dollars]

Fiscal year	Grants	Loans	Total	Fiscal year	Grants	Loans	Total
1957	14.8	2.5	17.3	1961	92.9	16.4	109.3
1958	21.9	5.3	27.2	1962	30.4	17.8	48.2
1959	28.7	4.4	33.1				
1960	33.7	23.4	57.1	Total	222.4	69.8	292.2

The assistance program for fiscal year 1961 contained $57.9 million in emergency relief under Public Law 480.

The U.S. technical assistance program has been rising:

1957	$500,000	1961	$2,000,000
1958	1,200,000	1962	5,800,000
1959	1,500,000		
1960	2,200,000	Total	13,200,000

[2] Lorna Hahn, "Tunisia: Pragmatism and Progress," Middle East Journal, winter 1962, p. 28.

Technical assistance projects have, as in most countries, run the gamut of subjects. As reported by AID these were:

Name of project	Estimated obligated through fiscal year 1963	U.S.-owned dinars	Total
1. Medjerda Valley Development	$82,182	$476,190	$558,372
2. 50 Wells Program	2,511,500		2,511,500
3. Water Resources Feasibility Studies	701,000		701,000
4. Soil Conservation and Land Use	1,004,234	107,000	1,111,234
5. Fruit and Vegetable Production	421,500		421,500
6. Poultry Production	738,940		738,940
7. National Agriculture Bank	167,800		167,800
8. Agricultural Education		2,522,800	2,522,800
9. Agriculture School at Chott Maria	1,217,100		1,217,100
10. Agriculture Extension	755,000		755,000
11. Agricultural Equipment Purchases	3,668,000		3,668,000
12. Civil Aviation Improvement	143,000		143,000
13. Foundry Team, Technical Assistance	125,000		125,000
14. Industrial Consultative Specialists	191,000		191,000
15. Industrial Feasibility Studies	591,000		591,000
16. Stabilized Soil Building Block Demonstration	52,000	3,000	55,000
17. Participant Training for Industry	245,000		245,000
18. Industrial Management Training	225,000		225,000
19. Industrial Loan Fund Adviser	135,000		135,000
20. Fresh Fruit and Vegetable Marketing	118,000		118,000
21. Tourism Development	15,000		15,000
22. Public Safety	1,800,000		1,800,000
23. Road Construction Equipment	3,948,000		3,948,000
24. University of Tunis	222,000		222,000
25. University Training in the United States	873,660		873,660
26. Ariana Occupational Training Center	883,000		883,000
27. Employment and Training Services	174,633		174,633
28. Communication Media Center (Printing)	295,290		295,290
29. Technical Film Library	74,000		74,000
30. Government Management and Training Services	1,312,450		1,312,450
Total			25,799,279

In addition to the above projects being supported with dollars, the following breakdown was furnished of the projects supported with Public Law 480 and section 402 proceeds in local currencies:

Counterpart Uses

From 1957 to June 30, 1962, the U.S. aid mission has agreed to the use of $67.3 million of counterpart funds and $7.4 million of U.S.-owned (exclusive of title I) local currency funds to help finance investment and other development expenditures in the Tunisian Budget. The funds have been used to finance, in whole or in part, 150 development projects in a wide variety of fields (see table below) and represent approximately 27 percent of the total funds included in the Gouit of Tunisia's Investment Budget during the past 6-year period.

Joint control of counterpart financing operates as follows. The Gouit of Tunisia's presents to USAID/Tunisia, in principle once a year, a list of local currency project expenditures that are included in its annual investment budget. From this list, USAID/Tunisia selects specific projects with which it wishes, for one reason or other, to see the United States associated. The funds are then released from the jointly controlled account in 3 tranches, the first at the beginning of the annual program and the later tranches when expenditures have started.

Tunisia: Counterpart funds and sec. 402 proceeds—Cumulative allocations, 1957–62

[In millions of dollars]

	Number of projects	U.S. dollar equivalent	Percentage
Agriculture	53	21.9	30.0
Education	14	12.4	16.9
Credit institutions [1]	2	8.0	10.9
Utilities	27	7.7	10.5
Transportation	12	5.4	7.4
Water resources improvement	18	5.2	7.2
Housing	3	4.1	5.6
LCSD support	2	3.7	5.0
Forestry	11	2.8	3.9
General and miscellaneous	6	1.2	1.6
Industry	2	0.8	1.0
Total	150	73.2	100.0

[1] This represents contributions to 2 partially Government of Tunisia-owned development banks, the Société Tunisienne de Banque and the Banque Nationale Agricole for the purpose of establishing Revolving Loan Funds for short- and medium-term credit at moderate rates of interest.

This meant that AID personnel were responsible for the supervision of 180 projects involving many different fields of endeavor and over $98 million. One may well wonder in this country, too, as with respect to similar situations found to exist in others of the 10 countries studied, how adequately the supervisory function is being performed.

Personnel on hand in Tunisia on January 1, 1963, to perform this task were as follows:

USAID/Tunisia personnel strength as of Jan. 1, 1963

Division	Administration	American staff		Local staff		Total
		Technical support [1]	Project	Administration	Trust fund	
Office of Director	4			1	1	6
Program Division	3	3			2	7
Executive Office	5	2		10	63	81
Controller	6			10	2	18
Agriculture		3	[2] 14		10	27
Industry		[2] 6	[3] 9		1	16
Human Resources		8	3		10	21
Food Programs	1	2			1	4
Total	19	24	26	21	90	180

[1] Technicians not assigned to specific projects.
[2] Includes 1 third country employee.
[3] Includes 3 third country employees.

Summary

	Direct hire	Contract	Total
American Staff	60	3	63
Third Country Staff	2	4	6
Local Staff	87	24	111
Total	149	31	180

Development loans have also been rising:

1957	None
1958	$4, 300, 000
1959	4, 400, 000
1960	23, 400, 000
1961	10, 000, 000
1962	12, 400, 000
Total	54, 500, 000

Except for a loan made on November 27, 1962, all the above loans are repayable in local currencies, with maintenance of value.

In addition, there have been made $16.7 million worth of loans of local currencies under section 104(g) of Public Law 480. These are repayable in local currencies without maintenance of value. These have been for project assistance.

Of the dollar loans, $13.5 million was for commodity or project assistance, $10 million was for the Development Bank, $5.1 million for airport construction, $18.5 million for an irrigation project, $6.2 million for a pulp factory, and $2.7 million for the national railways. On the loan for the pulp factory, given on May 13, 1959, in the amount of $6,250,000, with repayment due to start May 1, 1960, interest of $387,299.52 has been capitalized.

It should be noted that AID's "Report on Country Loans as of December 31, 1962," shows loans in the principal sum of $55,600,000 as compared to $54.5 shown in AID's publication entitled "U.S. Foreign Assistance and Assistance From International Organizations."

The former publication shows that $40.3 million is still to be disbursed.

A long-term commitment of U.S. aid to Tunisia has been given. Promised has been $180 million over the 3 fiscal years beginning with fiscal year 1963.

As stated by AID:

> There is agreement now between the U.S. Government and the Government of Tunisia that a substantial amount of the loan financing under the commitment will be in the form of loans assigned to specific projects rather than to general import financing. There is also agreeement on all sides that part of the $180 million commitment will be made available in the form of Development Grants (DG) and Public Law 480, title II. To date, $10.1 million worth of title II has already been approved by Washington and USAID/Tunisia envisages another of $22 million for the remainder of the 3-year period. In addition, USAID/Tunisia has recommended $16 million of DG for the same period. The total of loan aid under the commitment may in the end, therefore, not exceed $132 million.

AID described Tunisia's balance-of-payment problems as follows:

> U.S. aid, in its various forms, has financed between 55 percent and 65 percent of Tunisia's balance-of-payment deficit in recent years. The remainder of the deficit, after 1958, has been financed by private capital imports and decreases in foreign exchange reserves, as well as by disbursements, to a smaller extent, of third country assistance.

Tunisia exports (see table on exports) primarily agricultural and mineral products. The agricultural exports, especially cereals, wine, and olive oil, are subject to fluctuations as a result of changes in the weather and the on- and off-year cycle of olive oil production. For durum wheat, see, for example, the difference in the export figures between 1958, the bumper crop year, and 1961, a year of drought. The production and the export of minerals are fairly constant.

Two of Tunisia's principal exports, wheat and wine, are sold to France at the French domestic support prices. The value of the dinar is not, therefore, the main determinant of Tunisia's exports and lessens the need for adjusting the dinar in terms of other currencies, especially the French franc.

The substantial rise in imports between 1958–61 reflects the acceleration of economic development. The imports table shows that the greater part of the increase has been for capital equipment goods and war materials.

The services account has shown a sharp reduction in foreign government expenditures in recent years. This represents a decrease in French Government expenditures, especially for the maintenance and operation of military installations at Bizerte.

Tunisia's gold and foreign exchange reserves now represents about 4 months of imports at the 1961 level.

Tunisia's commodity imports and exports were as follows:

[In millions of dollars]

	1958	1959	1960	1961
Imports	153	153	191	215
Exports	153	142	120	115

(See exhibits III–H–2, III–H–3, and III–H–4.)

As AID has noted, "U.S. aid, in its various forms, has financed between 55 and 65 percent of Tunisia's balance-of-payments deficit in recent years."

The Ten Year Plan which Tunisia has developed calls for the following:

Summary of the Ten Year Plan

BACKGROUND

President Bourguiba declared 1961 to be the year of the Plan and stated that the Government of Tunisia would accept the responsibility for the overall economic and social development of Tunisia based on a well-defined long-run economic development plan. In January 1961, the Ministry of Plan and Finance was created and Mr. Ben Salah appointed as Minister. A series of studies was initiated in order to collect and analyze the data necessary for the preparation of the Plan including a detailed economic and social inventory of the 13 gouvernorats. In August 1961 the Ten Year Perspective, which is a general framework or outline for economic development, was released.

INTRODUCTION

The introduction to the Perspective states that it is not based on any ideology but reflects the personality of the Tunisian people and the social and economic imperatives of the country. It also embodies the Tunisian type of socialism which aims at the triumph of cooperation and the collective effort. However, the introduction goes on to say that a basic objective is the promotion of the individual and that the Plan is not to be regarded as a decree but rather as a flexible and responsive instrument to meet the needs of the people.

OBSTACLES TO ECONOMIC GROWTH

The Perspective reviewed the development of the Tunisian economy since independence and concluded that there had been little or no real growth. It then listed the chief obstacles to growth in the Tunisian economy: meager national resources, lack of sufficient trained personnel, lack of investment capital, disequilibrium or nonintegration between the modern and traditional sectors of the Tunisian economy, and dependence upon, and vulnerability of, its foreign trade.

OBJECTIVES OF THE PERSPECTIVE

1. Decolonization, or "Tunisification," which means removal of any remaining elements of economic privilege or concessions granted during the Protectorate, to be accomplished by the repurchase of colony agricultural lands, the redirection of trade away from France, the diversification of agriculture away from the duoculture of wheat and wine, the expansion of manufacturing, and the rehabilitation of handicrafts.

2. Reforming of the structure of the economy and thereby correcting the disequilibrium between the modern and traditional sectors, primarily through the use of cooperatives at all levels.

3. Raising the standard of living, to be evidenced by a minimum per capita income of 50 dinars ($120) by 1974. (At the present time, 75 percent of the population has an income below the target figure.)

4. Self-help. The Government of Tunisia aims to achieve the self-sustained growth within 10 years while limiting foreign assistance to 50 percent of total net investment.

QUANTITATIVE TARGETS

1. Accelerate the annual rate of growth to an average of 6 percent per annum.

2. Increase domestic savings from present rate of about 8 to 26 percent of GNP by 1971.

3. Achieve net investment for the period 1962–71 of $2,132 million, in the following sectors: Agriculture, $553 million; Industry, $333 million; Infrastructure, $1,042 million; and Education and Training, $183 million. Including allowances for capital depreciation, the total gross investment required for the 10-year period is estimated at $2,800 million.

The first 3 years—1962–64—are called the Pre-Plan, which is summarized as follows:

SUMMARY OF THE THREE YEAR PLAN, 1962–64

The Ten Year Perspective is the general framework or outline for economic development for the period 1962–71. The Three Year Plan, released in March 1962, is the operational plan for the first 3 years, 1962–64.

The Three Year Plan retains the basic objective of the Perspective; i.e., accelerated economic growth, development of human resources and social reform, redistribution of income, and, finally, self-help through stepped-up domestic saving—actually to an even more ambitious target than for the corresponding period in the Perspective.

The Pre-Plan as the Tunisians call the Three Year Plan is designed to:

(*a*) Effect necessary structural reforms, including decolonization or Tunisification of the economy.

(*b*) Allow time to explore and coordinate opportunities for Magrebian economic coordination.

(*c*) Carry out the economic and engineering studies required for the Seven Year Plan.

The Three Year Plan contains a detailed list of projects for each sector including cost estimates which can be used as a basis for implementation. In addition, by dividing the development effort into the Pre-Plan for 1962–64 and the Seven Year Plan to follow, the Government of Tunisia gives itself considerable flexibility and the opportunity at the end of the first 3 years to assess its assumptions and objectives.

The table below summarizes the Government of Tunisia's estimates of gross investment and its financing over the next 3 years:

Government of Tunisia Three Year Plan, 1962–64

[In millions of dollars]

USES		SOURCES	
Gross investment	785	Domestic saving	416
Net investment	643	Foreign financing	369
Capital depreciation	142		
Total	785	Total	785

President Bourguiba and the other officials of the Tunisian Government are to be highly commended for the forethought in the preparation of the Ten Year Plan. The United States should, to the extent it can prudently do so, assist the Government of Tunisia in the attainment of the Plan's objectives. However, a word of caution is desirable. The cost of the Ten Year Plan is estimated at $2.8 billion. It is intended to finance this sum in the ratio of one-third from the United States, one-third from the Tunisian economy, and one-third from other foreign governments. Assuming that half of the outside financing would be by loan, that would be $900 million which would have to be repaid in foreign exchange. Even assuming terms as favorable as that hitherto given by the United States—three-fourths of 1 percent, 10-year grace period, 40-year repayment—in 1973 the Government of Tunisia would be faced with debt service on this amount of an annual payment of $63.4 million in interest and $30 million in principal. According to AID figures (exhibit III–H–5 and exhibit III–H–6) total debt service in 1961 amounted to $13.8 million. Will the economy of Tunisia be able to afford a debt servicing cost of $93 million in 1963—a rise in debt servicing of over 600 percent in an economy where it is hoped that the GNP will have risen, if everything goes well, by 60 percent?

These figures should serve to indicate that the Tunisian Ten Year Plan, however worthy in purpose, should be carefully reconsidered to make certain that it is not trying to move too far too fast and that a less ambitious plan might be more realistic and leave the Government of Tunisia in a sounder economic position 10 years hence.

IV. Findings and Recommendations

U.S. Financial Aid To Tunisia Should Be Continued At The Same Or Higher Rate

FINDINGS

Tunisia, under the vigorous leadership of President Bourguiba, and with the wise guidance of Ambassador Francis H. Russell, offers a favorable and stable political climate, progressive in outlook and purpose, in which to bring about economic development. With its leadership dedicated to that end there is a real opportunity to make economic progress. (See ch. III–H.)

IT IS THEREFORE RECOMMENDED THAT

The U.S. economic assistance program for Tunisia be continued at the same level, or, if it is determined that it would not encourage Tunisia to overextend itself, at a higher level.

EXHIBIT III–H–1

Non-U.S. assistance to Tunisia—Summary table

	Estimated expenditures for 1962–64 (million dollars)
I. Free World:	
France	25.0–30.0
West Germany	10.0
Italy	10.0
Switzerland	.5
II. Free World Private:	
ENI—Oil Refinery (Italian)	15.0
Forenada phosphates (Swedish)	10.0
Oil Exploration (primarily American)	15.0–18.0
III. Multilateral:	
IBRD and IDA	15.0–20.0
U.N	3.5
IV. East Bloc:	
U.S.S.R	12.0–15.0
Poland	10.0
Czechoslovakia	10.0
V. Other: Yugoslavia	5.0
Total	141.0–157.0

Oct. 1, 1962.

FRANCE

Capital Projects

None.

Technical Cooperation

320 operating technicians
1,200 schoolteachers
150 university scholarships
450 technical training scholarships

For the forthcoming academic year, which starts in October 1962, the French Cultural and Technical Mission announced that 50 additional university scholarships and 50 additional training scholarships would be provided and that efforts would be made to provide additional 1,200 teachers.

At present the French technical assistance program is estimated to amount to about $5–$6 million per year; however, if accelerated as planned, the yearly expenditures might almost be doubled.

OCTOBER 1, 1962.

WEST GERMANY

Capital Projects

Oued Lakmis and Masri Dams
Enlargement of airport at Djerba
Power network linking Tunis with Sfax
Enlargement of fishing ports

The economic cooperation agreement signed in 1961 provides a $7.5 million line of credit to finance capital projects repayable in 15 years at interest rates which will vary in proportion to the economic returns anticipated from each project. It has been reported that the West German Government might consider additional loan of $12 million.

Technical Cooperation

West Germany has established the following demonstration projects:

Tree nursery and dairy farm
Overhead irrigation
Mobile Eye and X-ray Clinic
Mobile Veterinarian Clinic

Technical experts provided for—

Sugarbeet cultivation
Glass manufacturing
Vocational training
Materials testing

OCTOBER 1, 1962.

ITALY

Capital Projects

Hill storage lakes.

Technical Cooperation

18 university scholarships
65 training scholarships

In July 1962 a technical and economic cooperation agreement plus a convention regarding a repatriation of capital of Italians leaving Tunisia was signed. The agreement calls for a loan of $16 million of which $6 million is to be matched by the GOT and used as a fund for repatriation of funds of departing Italians; $10 million is for technical and economic cooperation projects.

SWITZERLAND

Capital Projects

None.

Technical Cooperation

54 scholarships for hotel training and military surgery
7 technical experts for—

Tourism
Hotel construction
Dairy farming
Vocational school adviser

OCTOBER 1, 1962.

ENI—OIL REFINERY (ITALIAN)

Capital Project

Oil refinery (Bizerte).

Societe Tunisienne Italienne de Raffinage (STIR), which is owned half by ENI, the Italian national petrochemical monopoly, and half by the GOT, is to construct and operate the oil refinery at Bizerte with capacity of 1 million to 1,500,000 metric tons. The estimated cost is $18–$20 million. The agreement was signed in December 1961 and work was begun at the construction site in the spring of 1962. Another company, Societe Italo-Tunisienne d'Exploition Petroline (SITEP) was established with 50-percent GOT participation; however, the GOT is to receive 75 percent of profits from oil exploitation.

FORENADA SUPERPHOSPHATES (SWEDISH)

Capital Project

Superphosphate plant in Sfax.

The Forenada Co., which is a Swedish company, with the participation of the International Finance Corporation and the Freeport Sulphur Co. of the United States, is to build a superphosphate plant at Sfax estimated to cost $12–$14 million. The convention for this project was signed between the Forenada and the GOT in April 1962, with construction expected to start early in 1963.

OIL EXPLORATION AND EXPLOITATION (PRIMARY AMERICAN)

Capital Projects

There are five major companies driling for oil:

Mobil-Sorept at Makrerouga
Rimrock-Tidelands at Djerba
Amerada at Chott Djerid
Husky Oil Co. at Sfax
Societe Italienne—Tuisienne d'Exploition Petroline in the extreme south

Expenditures by these companies amount to $5 to $6 million per year. To date both Mobil-Sorept and Amerada each have drilled a well both of which were dry.

OCTOBER 1, 1962.

IBRD AND IDA

Capital Projects

LaGoulette Powerplant expansion.
LaGoulette Port improvement.
Secondary school construction.

At present, the IBRD is reviewing loan applications for $10–$12 million for the expansion of the LaGoulette Powerplant and $4–$5 million for the enlargement and improvement of the LaGoulette Port.

IDA has signed an agreement for $5 million to cover costs of construction of six secondary schools. It has been reported that this may be followed by IDA financing for additional school construction.

UNITED NATIONS

U.N. Special Fund Projects

Agricultural investigation and development planning in central Tunisia—at Sidi Bou Zid and Ousseltia.

Civil aviation school.
Vocational training and productivity institute.
Utilization of saline water in irrigation.

Technical Cooperation

There are approximately 25 different technical assistance projects with about 44 U.N. technicians operating in Tunisia.

The average annual budget of both the Special Fund Program and the U.N. Technical Assistance Program in Tunisia is about $1.2 million.

OCTOBER 1, 1962.

U.S.S.R.

Capital Projects

Oued Kasseb Dam and 2,000-kilowatt hydroelectric station.
Oueds Sedjenae and Djoumine in Ichkheul area.
Construction of engineering school at new University of Tunis.

Technical Cooperation

Technicians provided for above capital projects.

In August 1962 a technical and economic agreement was signed which provides a $29 million loan repayable in 12 years at 3 percent payable either in convertible currencies or in kind, at the option of the U.S.S.R.

POLAND

Capital Projects

Equipment for Sahel textile factory.
Equipment for hardware factory at Sousse.
Equipment for second sugarbeet factory.

Technical Cooperation

Technicians provided for:

Textile industry.
Phosphate industry.
Hardware factory.

Tunisian participants trained in Polish textile industry.

The technical and economic cooperation agreement signed in September 1961 provides for a $10 million line of credit with a 2½ percent interest rate for 8 years and repayable in kind.

OCTOBER 1, 1962.

CZECHOSLOVAKIA

Capital Projects

Line of credit to finance capital goods imports including trucks, buses, mechanical shovels, irrigation equipment, diesel motors, generators, machine tools, etc.

Technical Cooperation

20 Technicians provided for Ministry of Public Works and Housing primarily for maintenance of heavy roadbuilding equipment.
15 Tunisians trained in Czechoslovakia in machine tool and shop maintenance operations.

In April 1962, a technical and economic agreement was signed which provides a $10 million line of credit with a 2½ percent interest rate over 8 years and repayable in kind.

OCTOBER 1, 1962.

YUGOSLAVIA

Capital Projects

5 fishing trawlers
Slaughterhouse in Tunis
Tannery
Plant for making concentrated cattle fodder
Importation of irrigation pumps and agricultural machinery

Technical Cooperation

Technicians provided for:

Bizerte cement factory
Railroads
Veterinarian service

28 training scholarships provided in Yugoslavia

In March 1962 an economic agreement was signed which provides a $5 million line of credit for financing of capital projects and imports.

OCTOBER 1, 1962.

EXHIBIT III–H–2

Tunisia: Commodity exports, 1958–61

[In millions of dollars]

	1958	1959	1960	1961
Olive oil	22.0	35.0	14.0	23.0
Wine	31.0	18.0	17.0	18.7
Phosphate rock	20.0	18.0	15.0	16.0
Phosphates	7.0	6.0	6.0	8.4
Iron ore	10.0	8.0	8.0	7.2
Wheat (Durum)	11.0	8.0	12.0	3.8
Barley	4.0	6.5	4.0	0
Semolina	5.0	4.0	4.0	1.4
Lead	6.0	4.0	3.0	3.4
Citrus	4.0	4.0	4.0	4.5
Cement	3.0	3.0	2.5	1.0
Alfa grass	2.0	2.0	3.0	2.3
Sponges	1.6	.9	1.0	.8
Preserved fish and seafood	2.0	2.0	2.0	1.4
Hides and skins	1.5	1.7	1.8	1.3
All others	23.0	21.0	23.0	21.8
Total	153.0	142.0	120.0	115.0

Oct. 1, 1962.

EXHIBIT III–H–3

Tunisia: Commodity imports, 1958–61

[In millions of dollars]

	1958	1959	1960	1961
All textiles, yarns, cloth	31.0	31.0	32.0	27.6
Petroleum products	15.0	17.0	18.0	18.6
All machinery and electrical equipment	15.0	14.0	24.0	27.3
Iron and steel semifinished and finished products	10.0	8.0	14.0	14.1
Tractors, buses, trucks, cars, and other vehicle parts	12.0	14.0	19.0	16.0
Railroad equipment	----------	.5	.2	2.7
Sugar	9.0	8.0	7.0	7.0
Fertilizer, paints, and other chemical products	7.0	7.0	8.0	7.2
Pharmaceuticals	5.0	4.0	5.0	5.0
Wheat (bread)	2.0	5.0	11.0	24.0
Other cereals	.3	.4	1.2	8.7
Fiber and wood products	3.0	4.0	5.0	5.5
Paper and paper products	5.0	4.5	5.0	5.8
Tires and other rubber products	3.0	4.5	5.0	4.6
Glass and ceramics	2.0	2.0	3.0	2.9
Tobacco	4.0	2.0	2.0	1.4
Tea	3.0	4.0	4.0	4.5
Coffee	1.5	1.5	1.0	1.2
Hides and leather	2.5	2.0	1.5	1.3
Shoes	.7	.3	.4	.7
Optical, photographic equipment	2.0	2.0	2.5	2.7
All others	18.7	17.1	22.6	26.2
Total	153.0	153.0	191.0	215.0

Oct. 1, 1962.

EXHIBIT III–H–4

Tunisia: Balance of payments in 1958, 1961, 1962

[In millions of dollars]

Current	1958	1961	1962 [1]	Capital	1958	1961	1962 [1]
Exports	153	115	119	Private	−66	16.0	15.0
Imports	−153	−215	−219	Official capital and grants	20	44.3	79.9
				Subscription to IMF	−3		
Trade balance	0	−100	−100	Changes in gold and short-term capital [3] (minus indicates an increase).	−17	18.0	10.1
Services: Foreign government expenditures (net).[2]	75	29	6				
				Net errors and omissions		.7	
Other	−9	−8	−11				
Total	66	−79	−105		−66	79.0	105.0

[1] The figures for 1962 are Government of Tunisia estimates.
[2] The largest single factor here is French Government expenditures which decreased sharply in 1962, especially with regard to the maintenance and operation of the Bizerte base.
[3] Tunisian gold and foreign exchange reserves as of Dec. 31: 1958, $58,000,000; 1959, $97,000,000; 1960, $97,000,000; 1961, 79,000,000, 1962, $69,000,000.

Oct. 1, 1962.

EXHIBIT III–H–5

CENTRAL GOVERNMENT FINANCE

The Tunisian budget is divided into two parts: The title I budget covering current operations and the title II budget dealing with capital investment.

The operations budget is financed from taxation and revenues of government monopolies. Usually, it has a small surplus which helps finance the investment budget. As in most underdeveloped countries, there is a heavy reliance on indirect taxes and revenues from government monopolies on tobacco, matches, and alike. The Three-Year Plan calls for a complete revision of the tax structure placing greater emphasis on increasing revenue from direct taxes.

The investment budget includes all the capital outlays, other than LCSD, by the Central Government. However, in the attached table expenditures for wage payments of the LCSD program have been included. In recent years, the capital investment budget has been financed to the extent of from one-third to nearly one-half by funds derived from foreign assistance, primarily U.S. aid, and by treasury resources. The latter includes a variety of items, such as ordinary government revenue earmarked for the payment of principal and interest on the French debt, approximately $12 million each year, which is then allocated to the capital equipment budget, revenue from sale of government bonds, borrowing from the Central Bank, and utilization of funds of government institutions or operations, such as social security and pension funds which use the Treasury or its agencies as depository. In the strict sense, the greater part of treasury resources represents deficit financing.

EXHIBIT III–H–6

Tunisia: Central Government operating budget 1959, 1961, 1962

[In millions of dollars]

Revenues	1959	1961	1962	Expenditures	1959	1961	1962
Direct taxes	22.4	23.9	23.1	Sovereignty (includes defense).	12.1	14.3	14.9
Indirect taxes	70.7	77.8	81.4				
Revenue from government monopolies and enterprises.	31.4	20.4	19.8	Public debt	12.6	13.3	13.8
				General expenses (salaries and materials).	67.3	61.2	65.9
Other receipts	8.1	11.1	10.9	Grants for social, cultural and economic purposes.	31.3	43.0	39.2
				Surplus	9.3	1.4	1.4
Total	132.6	133.2	135.2	Total	132.6	133.2	135.2

Tunisia: Central Government capital budget 1959, 1961, 1962 [1]

[In millions of dollars]

Sources of Finance	1959	1961	1962	Expenditures	1959	1961	1962
Contribution from Operating Budget and other annexed budgets.	9.3	12.4	14.8	Agriculture	19.0	22.1	28.0
				Infrastructure	19.3	21.7	24.0
				LCSD	4.9	27.6	35.0
Foreign aid (grants and loans.	19.2	28.1	47.6	Education and training	5.4	5.9	7.0
				Others	4.5	6.2	5.5
Treasury resources	24.6	43.0	37.1				
Total	53.1	83.5	99.5		53.1	83.5	99.5

[1] All 1962 figures are USAID/Tunisia estimates.

Oct. 1, 1962.

III–I–LIBYA

I. Economic Data

Basic data on Libya

Population (1959)	million	1.2
Annual growth rate (1959)	percent	1.5
Area	square miles	680,000
Literacy rate:		
1958	percent	10
1959	do	10

Libya

Year	Gross national product			Agricultural production index	Cost of living index (1958=100)	Government expenditures (millions of dollars)
	Millions of dollars	Percent of 1961 in national currency	Per capita			
1953	(1)	(1)	(1)	(1)	(1)	(1)
1954	(1)	(1)	(1)	(1)	(1)	(1)
1955	(1)	(1)	(1)	(1)	(1)	(1)
1956	(1)	(1)	(1)	(1)	(1)	(1)
1957	(1)	(1)	(1)	(1)	(1)	(1)
1958	(1)	(1)	(1)	(1)	(1)	(1)
1959	159	(1)	$135	(1)	(1)	(1)
1960	(1)	(1)	(1)	(1)	(1)	(1)
1961	(1)	(1)	(1)	(1)	(1)	(1)
1962	(1)	(1)	(1)	(1)	(1)	(1)

[1] Figures not available.

II. Current Political Background

Libya is a federation of three Provinces, Tripolitania, Cyrenaica, and Fezzen, under a constitutional monarch, whose King is 74-year-old Senussi King Idris. Formerly a United Nations Trust Territory, it obtained its independence in 1951.

The monarchy has up to now been the center of real power and symbol of unity. But the country is sharply divided internally; regional jealousies are extremely common. A sense of nationhood has not yet firmly taken hold in Libya.

Political power is concentrated in the King and his court clique, which is made up of tribal chiefs, wealthy merchants, and aristocratic families.

There has remained, therefore, one fundamental factor which has caused the fall of almost all cabinets—the conflict between Palace entourage and the Cabinet. In a form in which the Cabinet is responsible both to the King and Parliament, the Palace can indeed play a very effective role in Cabinet changes by indirect interference, even if the King proves to be reluctant to change Cabinets (Khadouri, "Modern Libya," p. 203).

The King is disposed to maintain the status quo and is losing mass support.

Incapable of introducing radical reforms, the regime resorts to repression in order to maintain power. No opposition is tolerated in the country, political parties are banned, and strikes are prohibited. * * *

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So far the two sources of upheaval and revolution in the political life of the Middle East, the students and the army have remained calm in Libya. As in Saudi Arabia, the army is kept small in size and poor in equipment; up to now it has shown no signs of disloyalty. The students, i.e., the articulate core of the intelligentsia, still constitute a minor force in the country, but it is rapidly growing in strength (Sharabia, "Libya's Pattern of Growth" Current History, January 1963).

The future in domestic politics is, therefore, likely to be explosive. The growing elements of Libyan intelligentsia and labor, the latter already organized in the Federation of Labor Unions, can be expected to play an important role in Libya's future. The predominant ideology among the intelligentsia is the "Baath" (Arab Resurrection Party) which is strongly Socialist and radically nationalist.

Amendments to the Libyan Constitution contain promise of strengthening the central Government of the King. Concerning those amendments, our Charge d'Affaires, Mr. John Dorman, wrote me on March 4, 1963, as follows:

[Unclassified]

U.S. GOVERNMENT MEMORANDUM

MARCH 4, 1963.

To: Senator ERNEST GRUENING.
From: JOHN DORMAN, Charge d'Affaires a.i.
Subject: Libyan Constitutional Amendments of December 8, 1962.

NATURE OF THE AMENDMENTS

With the forewarning only of a paragraph in the Speech from the Throne delivered at its formal opening in Baida on the morning of December 6, 1962, the Libyan Parliament met on that and the following day in business sessions and approved the first amendments to the country's Constitution, as presented by the Prime Minister. The amendments, signed and promulgated by the King on December 8, embodied perhaps the most significant political development in Libya's 11-year history. By their terms, and the subsequent implementing laws and regulations, the federal nature of the state has been all but eliminated in favor of a centralization of power which has left to the previously powerful Provincial governments little more than a paper existence.

The amendments abolished the previous article 38 which listed 27 fields of "joint power" in which the Federal Government would legislate and the Provinces implement, and transferred these functions to article 36 which lists areas of exclusively Federal jurisdiction. To this list of Federal functions was added the maintenance of public order and security, compulsory price control, and tourism. Among the items of major significance, previously under joint jurisdiction, which were thus placed in exclusively Federal hands are: police; income taxes; subsoil wealth and prospecting and mining (including petroleum); shipping; ports and civil aviation; the judicial organization; civil and criminal law; labor; and education. Additional amendments gave to the Federal Government all revenue from the areas in its jurisdiction (apparently including all petroleum revenues where formerly the Provinces had the right to a 15-percent share); made Provincial Governors (Walis) responsible to Provincial Legislative Assemblies instead of only to the King; eliminated the former Provincial Executive Council Presidents and downgraded their Councils to mere administrative bodies dealing with limited residual functions.

The full import of the amendments has only become apparent with the subsequent formulation of implementing legislation and administrative regulations which established a Ministry of Interior with supervisory powers over all Government activities throughout the country and amalgamated the four separate Provincial and Federal Police forces into one National Security Force; transferred all Provincial officers to the Federal Civil Service; set up new Provincial Administrative Councils with competence only in agriculture and limited welfare, finance, public works, transport, and municipality functions; reorganized and expanded a number of Federal ministries to take over former Provincial powers and personnel; and the drafting and approval by the Legislative Assemblies of

new Organic Laws (Provincial constitutions) in each Province. Other administrative changes further clarifying the form of the Federal Government's new authority are expected, including a reorganization or perhaps even elimination of the Petroleum Commission and the Development Council, both of which were established to provide for the exercise of previously existing Provincial powers in their respective fields.

HISTORICAL SETTING

Prior to independence in 1951 Libya had been governed as a single entity only for a few years in the later stages of the Italian occupation. In 1951 there was a strong thrust for the establishment of a unitary state, spearheaded by Tripolitanians who anticipated wielding greater influence on the country's policies in a centralized system by virtue of their preponderance of population (65 percent of the total). Local loyalties, however—including particularly the King's strong personal identification with Cyrenaica—made this a practical policial impossibility. Thus, despite the strong opposition of certain policial parties—primarily in Tripolitania—a Federal system with the provision for joint powers was established.

In a lengthy, well-written memorandum of justification which accompanied presentation of the proposed amendments to Parliament (and was published in the Official Gazette together with the amendments), the Prime Minister quoted extensively from United Nations Commissioner Adrian Pelt's 1951 report to place most of the powers in the hands of the Federal Government. According to the report, however, "for reasons of economy," the joint power system was adopted. The memorandum argued that, on the basis of experience plus present financial ability, it was now possible and desirable to revert to the original intent.

Reasons for actual presentation of these changes at this time are unclear. For the 11 years since independence a continued undercurrent of criticism has been heard throughout Libya of the waste of money, time, and scarce administrative talent which was inherent in a four-Government system operating in a country of little more than a million people. Every Prime Minister in the country's history has tried unsuccessfully to convince the King of the need for greater centralization of authority. Presentation of the amendments was unquestionably the decision of the King, who perhaps finally saw the wisdom of the longtime advice which he had been receiving. Assigning reasons to his action is in the realm of speculation, but one may have been his realization that his oldtime colleagues—freedom fighters against the Italians—who were once the mainstay of, particularly, the Cyrenaican Government, were aging and no longer in actual control of the Provinces. In their place was coming a younger group with whom the King had no special personal ties.

POPULAR REACTION

It was long expected that any move toward centalization would run afoul of jeolousies over provincial prerogatives. However, popular reaction has been surprisingly and overwhelmingly in favor of the move. Even the provincial bureaucracies, while somewhat fearful for their job futures, generally accepted the changes without a murmur. Subsequent legislation, which involved amalgamating them into the Federal Government Civil Service system, have in fact placed them in an equal or better position. Cyrenaican support was mainly motivated by widespread and absolute loyalty to the King coupled with the clear understanding that the amendments were the wish of His Majesty. The Tripolitanians, publicly at any rate, had for many years wished such a course of action. The King's already great prestige has been increased by this step.

The Legislative Assemblies in each Province—whose importance is now almost nonexistent—have adopted without opposition new Organic Laws (Provincial Constitutions) legalizing their reduced functions. The Tripolitanian Assembly additionally has petitioned the King for complete abolition of the Federal system.

The custom of moving the Government of Libya every 2 years between the constitutional cocapitals of Tripoli and Benghazi is an expensive business both to the Government of Libya and to the Government of the United States. The report of the mission organized

by the International Bank for Reconstruction and Development called "The Economic Development of Libya" states:

A further costly feature of the Libyan system of Government is the maintenance of two separate Federal capitals. It is understandable why this arrangement was made at the time of Independence, but there appears to be much less justification for it now that the kingdom is more firmly established. More than L£100,000 was spent in 1957–58 on moving the Federal Government from Tripoli to Benghazi, and substantial extra costs had to be incurred in providing offices and other accommodation in Benghazi while accommodation in Tripoli was left practically unused. At the end of 1959 the Government moved back to Tripoli, and another large bill for the move will have to be presented to the Libyan taxpayer. The construction of a Federal administrative center at Beida in Cyrenaica at an initial cost of L£2.5 million has added further to the expenses of administration and made the system still more unwieldy. The frequent moves of the Government have had an unsettling effect on all concerned and have inevitably resulted in loss of efficiency, completely disrupting the work of some departments for weeks on end.

Our Chargé d'Affaires estimated costs of our mission as follows:

Tripoli	$231,475
Benghazi	253,575
Baida	46,950
Total	532,000

For a detailed breakdown of these costs see exhibit III–I–A.

EXHIBIT III–I–A

[Unclassified]

U.S. GOVERNMENT MEMORANDUM

MARCH 3, 1963.

To: Senator Ernest Gruening.
From: John Dorman, Charge d'Affaires a.i.
Subject: Benghazi, Tripoli and Baida.

SUMMARY

Although the Libyan Government has traditionally moved back and forth every 2 years between the Constitutional cocapitals of Tripoli and Benghazi, the administrative seat of the Libyan Government has actually been located for the last 2 years in Baida, a small Cyrenaican town 140 miles northeast of Benghazi, which may soon become the new Constitutional capital of Libya. Following the lead of the Libyan Government to Cyrenaica, the American Embassy moved its main office to Benghazi in January 1962, leaving a branch Embassy in Tripoli, and is now assigning 2 American Foreign Service Officers permanently to Baida, where a small Embassy suboffice was opened in the spring of 1961.

BENGHAZI

Benghazi, with a population of 78,000, is the Provincial capital of Cyrenaica and is located 625 miles east of Tripoli. The main office of the American Embassy was moved from Tripoli to Benghazi in January 1962. It has been the practice since the independence of Libya for the main Embassy to follow the Libyan Government each time it moved every 2 years between Benghazi and Tripoli, established as cocapitals by the Constitution. The opening of Parliament in Benghazi in the fall of 1961 was symbolic of the Libyan Government's move back to Cyrenaica after spending the previous 2 years in Tripolitania. Although it had been planned to open the next session of Parliament in Benghazi

in the fall of 1962, plans were changed at the last minute and Parliament was in fact opened in Baida on December 6. A few weeks later, the principal celebrations for Libyan Independence Day, which had heretofore been held in Benghazi, were transferred to Baida.

The headquarters of the Libyan Army were located in Benghazi until January 1963, at which time they were transferred to Baida.

Although there had been plans to stage the various ministries through Benghazi until accommodations were available in Baida, no ministry has in fact been located in Benghazi during the last 2 years, nor do any of the ministries maintain even a liaison office in Benghazi. With the recent downgrading of the Provincial Governments, as a result of the Constitutional amendments of December 8, 1962, the position of Governor of Cyrenaica is now little more than that of Mayor of Benghazi. Although the majority of the American community in Benghazi, now numbering just over 1,000, are employees of oil companies and their dependents, none of the head offices are located in Benghazi. The Petroleum Commission, which has been situated in Benghazi, is soon to be liquidated. In short, there is very little political activity in Benghazi and the center for commercial and economic activity is located elsewhere.

The American Ambassador, the Deputy Chief of Mission, the Public Affairs Officer, and the MAAG Chief have all been in residence in Benghazi. Diplomatic missions with branch offices in Benghazi include the British, Italians, Germans, French, Egyptians, Tunisians, and Russians.

TRIPOLI

Tripoli, having a population of 200,000, continues to be the center for political, economic, commercial, cultural, and tourist activity. This is where all chiefs of missions, with the exception of the United States, are in residence, where the United Nations has its headquarters and where all of the American oil companies maintain their main offices. The American Branch Embassy has approximately the same number of officers and personnel as does the main office in Benghazi.

Ten Libyan Government Ministries remain in Tripoli, although the Ministries of Health and Agriculture soon plan to move to Derna, 1 hour by car from Baida, until accommodations can be found for them in Baida itself. Most of the ministries located in Baida, including Foreign Affairs, have at least a liaison office in Tripoli. Tripoli continues to be the site for the annual International Fair.

The Director of USAID maintains his headquarters in Tripoli, where USIS also has the majority of its programs. Wheelus Air Base, of course, is located in Tripoli.

BAIDA

Baida was selected by the King as the site for the administrative seat of the Libyan Government because it is the location of the first Zawia (religious institution) of the Sanusi sect, which was established in the mid-19th century by the Grand Sanusi, Grandfather of the present King. Baida was first designated as a summer capital of the Libyan Government because its location in the mountains provides a pleasant escape from the summer heat of the coastal area. In winter, however, the weather in Baida is miserable.

During the summer of 1961, it became evident that the King wished to establish Baida as the capital of Libya, partly for sentimental reasons (relating to the Sanusi Zawia) and partly to remove the capital of Libya from the political rivalry which has always existed between Tripoli and Benghazi.

The Baida project has been extremely unpopular with the Libyans from the beginning because of its isolation, its miserable weather in winter, the complete lack of communications, the inadequacy of accommodations, the high cost of living and its separation from the two industrial centers of Benghazi and Tripoli. There are no shopping, cultural, or social facilities in the area, and there are no schools which could be utilized by non-Arabs.

In the spring of 1961, the Embassy opened a small suboffice in Baida and the Ambassador, who has a modest residence in the nearby town of Cyrene,

spent the summer months and part of the following winter there. During the last winter, an American officer and a local interpreter would spend 4 days out of each week in Baida, returning to Benghazi for the weekends. A Foreign Service Officer, a Public Affairs Officer, a General Services Assistant, and an American secretary are being assigned on a permanent basis to Baida within the next month.

The Diplomatic Corps currently assigned to Baida consists of the Belgian Oriental Secretary, a Chinese Counselor of Embassy, and an Italian and French Third Secretary who spend 3 days out of each week in Baida, returning to Benghazi, where they reside, each weekend.

COMMENT

It has been difficult to plan ahead in the organization of the American Embassy. The Libyans themselves have run into considerable opposition in their move to Baida. A combination of tradition and past practices would indicate that the Constitutional capital today should be Benghazi. However, this is not the case, since no ministries are located there, Parliament no longer meets there, and the Provincial Government has virtually ceased to exist. The American Embassy must continue to have some form of office in Benghazi to provide logistical and administrative support for its suboffice in Baida. We have suggested to the Department that it might call the attention of the new Ambassador to the current duplication in expense and effort in the maintenance of three posts and that, consequently, he might wish to consider moving the main Embassy back to Tripoli, spending as much of his own time as is practical in Baida, and reducing the current main Embassy in Benghazi to a small post with primarily administrative responsibilities.

ATTACHMENT

Attached, for your convenience, is a chart outlining the costing of the normal program and the administrative operations of the three posts during 1962.

I would like to point out that since American salaries, including hardship differential and transfer travel, are controlled from Washington, these have not been included in the figures. The educational allowance, however, has been included, although it is not considered part of the normal operations costs.

I should also like to point out that of the estimated cost of running the offices in the three different locations, 27 percent, or $144,000, of the entire administrative costs is reimbursed to the Department of State by other agencies.

Finally, I would like to point out that the cost of travel seems inordinately high, but has been essential to maintain complete liaison between the three offices and to contact those Government officials who seem to be continually on the move among the three cities.

Attachment: As stated.

	Tripoli	Benghasi	Beida/ Cyrene	Total
Allowances:				
Marine guards	$4,700	$6,100		$10,800
Transfer allowances	725	625		1,350
Quarters allowances	3,300			3,300
Total	8,725	6,725		15,450
Automotive expenses: All expenses	2,850	5,300	$850	9,000
Building operating expenses:				
Rents:				
Office space	15,800	11,650	6,750	34,200
Residential space	[1] 27,200	57,200	6,000	90,400
Warehouses, garages, parking lots, staffhouse	2,400	5,900	2,050	10,350
Subtotal	45,400	74,750	14,800	134,950
Utilities, including bottled gas, firewood, kerosene	31,500	32,600	5,400	59,500
Custodial services (watchmen, janitors)	16,400	19,400	4,000	39,800
Contractual services (artisans and miscellaneous)	12,000	6,800	2,100	20,900
Building repairs and maintenance, including material	14,300	15,500	2,000	31,800
Subtotal	119,600	149,050	28,300	296,950
Communication expenses	4,500	5,600	700	10,800
Travel	7,000	12,000	1,000	20,000
Supplies and equipment:				
Office supplies	3,500	4,000	300	7,800
Newspapers and books	700	700	200	1,600
Miscellaneous supplies and equipment (except machines, furniture, furnishings, etc.)	1,100	1,300	600	3,000
Subtotal	5,300	6,000	1,100	12,400
Miscellaneous expenses, n.o.c.	3,800	3,800	400	8,000
Salaries and related expenses:				
Salaries	68,700	56,500	14,000	139,200
O.T. and H.P.	3,000	2,800	200	6,000
Civil service retirement contribution	2,000	1,800	400	4,200
Subtotal	73,700	61,100	14,600	149,400
Educational expenses	6,000	4,000		10,000
Grand total	231,475	253,575	46,950	532,000

[1] There are 2 apartment buildings (16 apartments) and a number of residences which are government owned in Tripoli hence, the low cost of residence space.

Until 1954, Britain was the most influential foreign power in Libya. She helped Libyan reconstruction after the last war. In 1953, a "Treaty of Friendship and Alliance" was put into effect between Libya and Britain. The latter continued to provide substantial resources for budgetary support to Libya. Libya assured Great Britain of her right to fly over to Aden and the Persian Gulf.

The United States increasingly replaced British influence here in the 1950's. A Libyan-American agreement signed in 1954 paved the way for the establishment of the Wheelus Air Base near Tripoli. The United States agreed to make an initial payment for this base of $7

million, and an annual payment of $4 million for 5 years followed by $1 million annually until 1970. An Economic and Military Aid Program was also initiated at this time.

Concerning Wheelus Air Force Base, the able and distinguished Chairman of the Senate Armed Services Committee, Senator Richard Russell, on February 6, 1963, stated:

> We have fallen into the habit lately, Mr. President, of doubling and tripling the payments which we are making to countries in which such bases are located, without the slightest justification therefor. For example, we increased payments to Libya by more than 100 percent to be permitted to retain the Wheelus Air Base in that country. The fact that the base is there is one of the chief props of the Libyan economy because of the money spent there by American personnel, yet we have found it expedient to more than double the payments which were previously made.
>
> I sometimes think, Mr. President, that when the Congress does not allow all the appropriations requested for the so-called foreign aid program, the executive branch of the Government finds ways to supplement the funds available by payments of this kind, which are completely unjustified and uncalled for, and when so spent defeat and circumvent the intent of Congress.

According to information furnished by our mission, U.S. dollars expended at Wheelus Air Base in fiscal year 1962 amounted to $6,180,900 broken down as follows:

U.S. dollars expended in Libya at Wheelus Air Base for Libyan services and materiel for fiscal year 1962

Local employee payrolls	$1,676,800
Locally awarded contracts:	
Vehicle repair	18,900
Office and other equipment repairs	63,100
Real property maintenance	530,200
Bus haul of personnel	166,000
Supernumerary guards	241,000
Stevedoring, Tripoli port	99,000
Port hauling, Tripoli port	24,300
Major repairs and modification of buildings	64,800
New construction	200,000
Supplies and materiel	28,100
Produce	20,000
Total	1,455,400
Claims paid to individuals	8,300
Nonappropriated funds	233,100
AFEX services, supplies, and miscellaneous	614,800
Individual expenditures	2,192,500
Total U.S. dollars spent in Libya at Wheelus Air Base [1]	6,180,900

[1] These dollar expenditures do not include any funds paid or granted to the Libyan Government by agencies of the U.S. Government, United Nations, CARE, or private U.S. corporations.

Communities near airbases in the United States have usually been grateful for the additional income to those communities and have not attempted to levy tribute as Libya has done upon the Air Force for the privilege of locating the bases there.

Libya has generally been friendly toward the West. It considers this friendship essential to its continued independence. It established diplomatic relations with the Soviet Union in 1956, but has not received or accepted any aid from the Communist bloc to date. Ideologically it is not favorably disposed to Communism. The promise of a bright economic future will probably not predispose Libya in the direction of either a North African Maghreb or an East Arab Federa-

tion. Her importance in the Middle East is likely to increase with her growing economic wealth due to the oil discovery.

Relations with two of her immediate neighbors, Algeria and the United Arab Republic have never been too friendly, because of their territorial ambitions. Libya is increasing the strength of her ground and air forces, with the aid of the United States, in order to improve troop transportation and surveillance of her borders. The King, however, has tried to maintain a "good neighbor policy" with all the Arab States.

III. Economy

A. AGRICULTURE

Most of Libya is an unproductive and unarable desert. Over two-thirds of its population is rural and seminomadic, and the majority inhabit the narrow strip of coastal land bordering the Mediterranean.

Food grains and dates are the main products of Libyan agriculture. Thirty-seven percent of the population is engaged in agriculture. Harsh climate, erratic rainfall and droughts (occurring every 3 to 5 years), locusts and primitive farming methods have been responsible for the poor state of this sector of the economy. With the aid of the United States and the United Nations, improved methods of cultivation and some farm machinery were introduced, the locust menace was controlled, livestock was improved, and, finally afforestation was accelerated. Many nomads were resettled. Dams and roads are under construction. Farm productivity has increased but it is still too early to predict that this will continue to be so. The discovery of oil and the consequent demand for labor has attracted many rural inhabitants away from their farms which have thus become unproductive or fallen into disuse.

The following is quoted from the "Economic Development of Libya," a report by a World Bank Mission, dated 1960:

> The success of some of the larger commercial farms is in striking contrast to the picture of poverty, waste and frustration presented by the typical small farmer who uses primitive tools and methods to scratch a miserable living from the land. Ignorant as he is of modern farming techniques, and with little capital at his disposal, his fate is in the hands of the landowner and merchant on the one hand and the weather on the other. He usually cultivates his land on a sharecropping basis, or on a communal basis with other members of his tribe. The quality of his produce (mainly cereals, fruits, and vegetables) is generally poor. He is seldom able to obtain credit, except what the merchant extends him (usually on exorbitant terms), and a bad drought or a ghibli (heavy wind) can practically wipe out his whole crop. When he has a surplus, he must take it to the local market himself or accept what the middleman offers; either way the price he gets is uncertain, and he may get no price at all. In many places the mission observed perishable commodities going to waste for lack of a buyer (pp. 128 and 129).

B. MINING

In 1955 several foreign companies obtained concessions for oil exploration in Libya. Oil was first struck in April 1956; and, by 1962, 213 productive wells were in operation producing about 250,000 barrels per day. It is estimated that by 1967 oil flow may rise up to 1 million barrels per day. Libya began to export oil in 1961. Its oil revenues for 1962 were $50 million. They are expected to go up to $110 million for 1963. A conservative estimate of Libya's oil revenues between 1962–65 is $400 million.

EXHIBIT III–I–B

[Unclassified]

AMERICAN EMBASSY,
Tripoli, Libya, March 18, 1963.

OFFICIAL-INFORMAL

DEAR SENATOR GRUENING: In accordance with your request for certain information about the petroleum industry in Libya, I am pleased to enclose two papers which I believe will be helpful.

Enclosure No. 1 is a general summary which was prepared in early 1962, and which describes the petroleum operations in Libya. As one indicator of the growth of this industry, you may wish to note that the number of wells drilled, and rated as productive, has risen as follows:

Jan. 1, 1962	395 wells drilled. 164 rated as productive. 2 gas well.
Jan. 1, 1963	604 wells drilled. 256 rated as productive. 2 gas wells.

Also, as of January 1, 1962, the tested rate was 250,263 barrels a day for all operations in Libya, while as of January 1, 1963 it was 375,748 barrels.

Another major development has been the undertaking by OASIS to lay a 32-inch pipeline for about 150 miles from its concession 59 in Cyrenaica to join its existing pipeline which commences in concession 32 in Tripolitania. OASIS began exporting oil in June 1962, and has attained a daily average export of about 120,000 barrels. This will be considerably increased when the concession 59 pipeline is in operation, probably by the fall. At the same time, ESSO is maintaining its exports at a rate slightly in excess of 200,000 barrels daily.

The second enclosure is a brief summary of how revenues are directly derived by the Government of Libya from oil industry operations. This subject is complex owing to the fact that two laws are in effect and the different companies depend upon varied legal and accounting advice.

Aside from the inclusion in the past Federal Budget of a relatively small amount derived from late 1961 royalties, no data has been published regarding the amounts accrued as revenues up to the present. There should be firm data available when the new budget is announced, and the assumptions for the future will be reflected in the Five Year Development Plan when it is completed.

We enjoyed your visit, and I trust you had a pleasant trip home.

Sincerely yours,

WILLIAM L. WIGHT,
First Secretary of Embassy.

PART IV. MAJOR DEVELOPMENTS IN THE LIBYAN OIL INDUSTRY

Enclosure No. 1

First concession granted November 20, 1955.
Number of concessions as of December 1961–95.
Names of companies holding concessions:
- Amerada Petroleum Co. of Libya.
- Ausonia Mineraria—AMI S.p.A.
- British Petroleum Exploration Co. (Libya) Ltd.
- Compagnie des Petroles Total (Libya).
- Compagnia Ricerche Idrocarburi S.p.A.
- Continental Oil Co. of Libya.
- Deutsche Erdoel A.G. Libya/Wintershall A.G. Libya.
- Elwerath Oil Co. of Libya.
- Esso Standard Inc.
- Gulf Oil Co. of Libya.
- Libyan American Oil Co.
- Libyan American Oil Co./Esso Sirte, Inc.
- Libyan Atlantic Co.
- Libya Shell N.V.
- Mobil Oil of Canada Ltd./Gelsenberg Benzin A.G.
- Nelson Bunker Hunt.
- Ohio Oil International of Libya, Inc.
- Pan American Libya Oil Co.
- Phillips Petroleum Co. of Libya.
- Texaco Overseas Petroleum Co./California Asiatic Oil Co.

National interest in Libyan petroleum.—Thirteen United States, 2 Italian, 2 West German, 1 Anglo-Dutch, 1 British, 1 French, and, recently formed, 1 joint Libyan-United States. About seven other American companies have standby representatives in Libya.

Area under concession.—About 60 percent of all Libya now under concession. Currently there are 95 concessions held by the above-named companies. Concessions are subject to relinquishment at the rate of 25 percent by the end of 5 years, further relinquishment from original concession of 25 percent in the next 3 years, and to hold 33⅓ percent of original concession at the end of the next 2 years, i.e., 10 years from beginning. This applies to Zones I and II but final retention in Zones III and IV is limited to 25 percent of original concession area. There are minimum holdings defined, however.

Estimated average production costs.—The petroleum companies operating in Libya pooled their resources to provide a petroleum exhibit at the Tripoli International Fair. Among the exhibits there was included a table showing the pro rata distribution of each L£379,053, or approximately $1 million of expenditure for production of oil in Libya:

	Libyan pounds		*Libyan pounds*
Concession fees	167	Gravity magnetic survey	8,496
Surface rent	200	Seismic survey	84,016
Air photography	351	Land survey	764
Photogeology	275	Structure—water drilling	36,000
Surface geology	6,642	Wildcat drilling	242,142

Oil revenues.—Fixed revenues to the Government of Libya are based on one-eighth of the posted price, $2.21 per barrel in the case of Esso. When companies are in a profit position, the Government of Libya will get up to 50 percent of these profits, the benefit going to the Provinces and Federal Administration according to the nature of the income.

Between September and December 1961 Esso exported 5.25 million barrels. At approximately 25 cents per barrel, Government of Libya royalties would be $1.25 million.

During 1962, Esso expects to export 45.6 million barrels; hence Government of Libya royalties should be at least $12.5 million from this source.

Probably soon after April 1962, Oasis will be starting to export but data have not been released on which to make a forecast as to royalties or other Government of Libya revenues.

By 1963, the rate of production from Esso and Oasis fields will be raised and total export availabilities are expected to be increased when pipelines from other producing fields are joined to the Marsa El-Brega and el-Sidr pipelines.

There are no published estimates available on prospective revenues.

Production.—As of January 1, 1962, the tested rate was 250,663 barrels per day for all operations in Libya. Since the standard testing rate generally gives an indication well below the maximum efficient rate, the actual production rate potential is probably quite a bit higher.

Estimated proved reserves.—There is no estimate available at this time; however, in the opinion of some geologists present exploration has resulted in finding only about 10 percent of the oil resources which are believed to exist in Libya.

Number of wells.—By January 1, 1962, 395 wells had been drilled, of which 164 are rated as productive oil wells and 2 as gas wells. There were 35 rotary rigs in operation.

Investment.—The Petroleum Commission estimates the accumulated expenditures of the petroleum companies in Libya amounted to $218.4 million in 1961 and a total of $604.8 million between 1956 and 1961.

Present operations—Esso.—Esso formally opened on October 25, 1961, its oil terminal at Marsa el-Brega and the 30-inch pipeline connected to the Zelten fields about 100 miles inland. During November 1961, an average export rate of 100,000 barrels per day was maintained and the projected rate for 1962 is 125,000 barrels per day.

The loading facility at present consists of a 30-inch pipeline with two flexible hose connections to be attached to ships anchored offshore. Loading capacity is 18,000 barrels per hour, but this facility suffers from the fact that ships cannot be taken in during rough weather.

To resolve the port problem, Esso has installed a specially designed bow-mooring device. This is a circular affair resting on a large doughnut-like steel tube which has been sunk 1½ miles offshore. The 600 foot, 300-ton arm which is to

rotate as a ship adjusts to the sea and weather consists of four 30-inch pipes (two for oil and two for buoyancy). The first arm was broken in a heavy storm as it was being installed. Esso has already procured some 15 tons of connecting apparatus and it expects to have the bow-mooring arm recovered and repaired by April–May 1962. This device is designed to load vessels at the rate of 50,000 barrels per hour.

In view of the existing impediments to the use of the bow-mooring device and to forestall dependency on it, Esso has begun to install a second 30–inch loading line with two ordinary flexible connections. This will bring the loading capacity at Marsa el-Brega up to 36,000 barrels per hous whenever tankers can be brought in, that is, without reference to the bow-mooring device.

The crude oil storage facility at Marsa el-Brega consists of four steel storage tanks of 268,000 barrels capacity each, or a total of 1,072,000 barrels. Construction of additional storage facilities is contemplated. Existing facilities at Marsa el-Brega include product storage tanks for gasoline, kerosene, motor oil and asphalt. Esso has built a good road structure to service its port terminal, a road from the port to the Zelten fields, and it is in the process of asphalting the large working area off its lighter harbor.

One of the more dramatic and novel features of the Esso lighter harbor is the sea wall construction. Esso had some 18 huge concrete caissons built in Venice which were towed to the port and sunk in line to form the major part of the base of the sea wall and loading pier. These caissons weighed 2,200 tons each and are 108 feet long, 42 feet wide, and 43 feet deep. They have been filled with rock and rubble and joined together by reinforcing and cement.

The port area leased and occupied by Esso comprises some 3,000 hectares.

At Zelten, Esso has a gas extraction and pumping plant capable of handling up to about 150,000 barrels per day on present design. Additional pumping equipment could be added to raise this level somewhat, but the installation is also designed so that a duplicate plant could be installed which would materially increase throughout capabilities.

There are now some 35 6-inch lines laid to feed the gas extraction plant from the Zelten fields. Five of these are laid with utmost confidence to places where the wells have not yet been drilled. Oil flows into the extraction plant on an average of 650 pounds of pressure per square inch and the gases are taken off in three reducing operations, the last of which is as near to atmospheric pressure as possible.

After the oil is released through a precise metering system, it flows under pump pressure over an escarpment about 200 feet above the level of the Zelten fields. The line later passes through a salt marsh about 120 feet below sea level, rising again to come in at Brega about 320 feet below the initial pumping station.

Esso has let two major contracts for additional operations: (*a*) an 8,000-barrel-per-day refinery and (*b*) a $50 million sea water injection scheme.

The refinery is to be constructed in Europe on a barge and will be floated to Marsa el-Brega, then drawn on sleds to the site which is being prepared for it. It is expected that the plant may weigh as much as 25,000 tons. The product of 8,000 barrels per day is slightly more than current Libyan total requirements. The refinery is scheduled to be in operation by April 1963.

Initial contracts have been let out for a 36-inch pipeline which will be installed parallel to the 30-inch petroleum line. Esso plans to dig six or eight wells about 100 meters inland to a depth of a few hundred feet in order to get relatively clean sea water which will then be injected into the Zelten oil fields in an attempt to maintain maximum pressure and to obtain a higher percentage return from the available oil. This process is commonly used if wells are expiring, but Esso is satisfied from the nature of the reposits at Zelten that it is a paying proposition to use this system from the beginning.

Esso has 35 wells capable of being operated in the Concession it holds independently; i.e., No. 6 at Zelten, and the capacity (using the low-rating system called one-half-inch choke) is said to be 98,000 barrels per day. Of the concessions shared with Libyan-American and locally operated as Esso Sirte, there are 13 wells rated as producers in Concession 20, rated at 20,000 barrels per day, 12 wells in Concession 17, rated at 7,200 barrels per day.

Present operations—Oasis.—Oasis has drilled the most wells and has the largest rated estimate to date. It expects to get into marketing by about April 1962, when the pipeline laying should be completed. Laying of this 88-mile line began on December 10, 1961. The line runs from the Dehra fields in Concession 32 to el-Sidr, in Tripolitania but not far from the Marble Arch junction of Tripolitania and Cyrenaica.

In Concession 32, Oasis has 71 wells rated as producers for 90,000 barrels per day and 5 unrated gas wells. In Concession 26, it has two small wells rated at 600 barrels per day and an unrated gas well. However, in Concession 59, they say Oasis has had difficulty in selecting the 25-percent area to give up since strikes have been so widespread over the concession. On what it has left there are 14 wells known to be capable of producing, and they are rated at 23,600 barrels per day. An active drilling program is being pursued, although there is no firm information about pipeline plans. These might well include tying into the Esso Marsa el-Brega line when and as pumping facilities are increased to utilize the capabilities of that 30-inch line.

Since the Oasis company exists only as the operating/producing from of three American companies, Ohio Standard, Continental, and Amerada, the transport decisions and marketing arrangements have to be worked out by the parents. For marketing, Ohio is planning to build a refinery in Spain and Continental to build one in West Germany. What Amerada plans to do with its one-third share has not been divulged as yet.

For loading of tankers, the Oasis export facility will consist of two berths which will be fed by a 42-inch line from the storage facilities some 4 miles inland on a high elevation. Excepting under ideal sea and weather conditions, only one ship will be loaded at a time. Loading rate is 40,000 barrels per hour.

The Oasis storage tanks are somewhat larger than those of Esso, amounting to 313,000 barrels capacity each. Seven are under construction, providing storage for 2,191,000 barrels.

Oasis is depending on a rubble-filled mound, including 2-ton cement blocks for its breakwater and lighter pier. It will enclose a 10-foot maximum depth harbor for lighter and harbor craft.

The harbor for anchoring tankers is much more protected than is Marsa el-Brega and it is expected that the loading terminus berths will only be about 600 meters from shore.

Current operations—Other companies.—Current data are not available to bring together the rated production company by company. However, as of June 30, the companies other than Oasis, Esso, and Esso Sirte, accounted for just 10 percent of rated availabilities. British Petroleum, to share the product 50–50 with Nelson Bunker Hunt, has found a well of about 4,000 barrels per day rating since then and Gulf has announced a strike.

Oil in relation to the Libyan economy.—Aside from the anticipated revenues which the Government of Libya may anticipate, there are a number of other direct benefits. The Petroleum Commission estimated in mid-1961 that some 11,900 persons were directly employed in the oil industry, of which more than 70 percent, or 8,400 were Libyans. Commercial and banking activities have noticeably increased and the demands of the oil industry have been reflected in real estate operations including construction of hotels, office and warehouse buildings, and houses.

Two arrangements are currently in effect, with regard to fees and rents for concessions. The older concession holders are being offered some inducement to adapt to the plan inaugurated during 1961. Under the latter plan the concession holder pays $28 for every 100-square kilometer of his concession. When petroleum is found in commercial quantities, during the first 15 years, the rental is increased to $7,000 per 100 square kilometers. This rent is increased in the succeeding 5 years and again for each year of the remaining period of the concession. The rate is $9,800 in the first instance and $14,000 per 100 square kilometers for the last years of the concession.

Other fees and rents also provide a tangible benefit to Libya. For example, substantial payments had to be made for the long-term lease of the Marsa el-Brega and the el-Sidr port areas.

The local expenditures of the companies also contribute substantially and serve to generate economic activity, particularly through payments to contractors for supplies and services, while some 2,000 Americans plus Italians, British, French, Germans, Dutch, et al., in the oil business provide a substantial economic resource through their personal expenditures and for services and living requirements. In addition, income tax payments to the Provinces in Libya amount to 8 percent across the board on the income of foreign personnel.

Enclosure No. 2

PETROLEUM REVENUES

In addition to company income tax and such other fees as are payable by all firms operating in Libya, petroleum companies make payments to the Libyan Government under several headings specified in the Petroleum Law of 1955. The most important of these are (1) surface rents, (2) royalties, and (3) surtax.

1. *Surface rents* are calculated on the basis of 100 square kilometer parcels in each concession area granted to a petroleum company. Rents range from $14 to $56 per 100 square kilometers until petroleum is discovered in commercial quantities, at which time rent for the entire concession area concerned rises to $7,000 per 100 square kilometers.

2. *Royalties* equal 12½ percent of the posted price on all petroleum products other than the amounts consumed in the production process. Esso has posted an average price of $2.21 per barrel and Oasis is making its payments on corresponding figures.

3. *Surtax* is payable by any petroleum company for any year in which all other payments to the Libyan Government under the Petroleum Law plus income tax and other direct taxes fall short of 50 percent of the company's profits as defined by the Petroleum Law. At such time, surtax must be paid to bring total payments to 50 percent of profits.

So long as the concession holder opts to remain under the terms of the original 1955 Petroleum Law—two of the three partners comprising Oasis, among others, are in this status—he has the privilege of a 25-percent depletion allowance, amortization of capital expenditures at the rate of 10 percent, and depreciation of other assets at the rate of 20 percent. Later amendments to the law eliminated the depletion allowance entirely and set amortization rates for physical assets and for other capital expenditures at 10 and 5 percent respectively. Esso and several other companies have modified their concession agreements and are now operating under these amended provisions.

As a result of the oil discovery, per capita income between 1956 and 1962 has doubled to $150. American private investment in Libya had risen from nil to $350 million in 1962. American companies are now producing 60 percent of the annual oil supply. The economic climate in Libya continues to be favorable to foreign investment.

C. ECONOMIC DEVELOPMENT

A Development Council was established by the Government in 1960. Its purpose is to supervise and coordinate economic development. It receives 70 percent of the total revenues from oil.

The council is implementing a 5-year plan for 1961–65. A World Bank mission in 1960 made recommendations to the Government, and accordingly the Development Council is expected to allocate 40 percent of its funds to Public Utilities—transportation, power, communications, and water systems; 30 percent to education, health, housing, and welfare; and 30 percent to agriculture and conservation of soil and water. (Two important long-term projects under the current Five-Year Plan are the improvement of Benghazi Harbor and municipal power supply for Tripoli.)

While planning and investment resources will not be lacking in the future, a shortage of trained personnel, administration and organization, and inflation are, however, likely to present serious problems for Libya's long-term economic development. Also, immense wealth acquired overnight will carry the danger of being spent unwisely and too quickly by the ruling groups.

Recently Libya informed the United Nations that it no longer needs monetary aid and that it would prefer the continuance of technical assistance to relieve acute shortages of technical, administrative, and professional staffs in every field. Ninety-eight percent of Libya's pop-

ulation was illiterate at the time of independence. By mid-1961, 10 percent of the population (120,000 approximately) was attending schools at all levels—elementary to university.

Britain was providing $10.4 million aid annually for budgetary support and economic reconstruction until 1958. She reduced her commitments to $1.4 million in annual payments until 1963. The United Nations and its specialized agencies have provided several programs of technical assistance in almost every aspect of Libya's development. Greater need for this kind of assistance may also be expected over the next few years.

Libya's future is full of hope but only if the country's wealth is spent wisely, if its political and social stability is maintained, and if international peace is maintained in North Africa.

D. U.S. ECONOMIC ASSISTANCE PROGRAM

"Roughly half of all public expenditures in Libya are financed out of domestic revenues and the other half out of foreign grants and loans" ("Economic Development of Libya," a report by a World Bank Mission, dated 1960, p. 38).

We started slowly in Libya with a technical assistance program at approximately the $1.5 million level. By 1956 we were up to $13.5 million. Then, by fiscal year—

	Millions
1957	$26.3
1958	28.8
1959	28.7
1960	31.8
1961	23.8
1962	[1] 12.9

[1] In addition, Libya has received a total of $9,400,000 from—

	Millions
United Nations Technical Assistance Program	$7.8
United Nations Special Fund	1.6

By 1962, our technical assistance program in Libya had the same wide range of subjects as in other countries:

Project	Begun (fiscal year)	Obligation through fiscal year 1962	Number U.S. technicians
Teacher Education	1953	$1,486,000	
Assistance to University of Libya	1957	1,354,000	
English Language Improvement	1959	274,000	5
Provision of Teachers for Libyan Schools	1958	2,916,000	
Development of Instructional Materials	1957	367,000	1
Technical and Vocational Education	1952	1,543,000	
Agricultural Guidance	1952	2,526,000	
Soil and Surface Water Conservation	1952	3,285,000	
Ground Water Geology	1954	1,608,000	
Irrigation	1953	662,000	
Crop Improvement and Agriculture Marketing	1958	1,069,000	
Livestock	1952	906,000	
Range Management	1955	406,000	
Agricultural Credit	1956	409,000	
Forestry	1953	1,083,000	1
Agricultural Equipment Maintenance	1958	376,000	1
Development of Domestic Water Supplies	1955	1,811,000	2
Sanitation Activities	1956	741,000	1
Basic Public Health	1952	2,015,000	
Hospitals	1955	2,130,000	
Community Development	1955	2,457,000	
Minerals Investigation	1955	371,000	2
Telecommunications	1955	6,145,000	
Industrial Development	1954	651,000	3
Public Safety	1957	1,328,000	4
Public Administration	1962	120,000	3
Communications Media	1953	827,000	2
Technical Support	1952	3,553,000	20

The World Bank's Mission which assessed the Libyan economy had this to say about international technical assistance in Libya:

The mission heard many criticisms of foreign experts during its stay in Libya, but it found the more responsible Libyans deeply appreciative of the technical assistance received, particularly from the United Nations. Certainly, without this assistance, Libya could have made very little economic progress in the period since Independence, and it would have much more insecure foundations to build on for the future. Inevitably, some of the technical assistance given has suffered from defects in organization, from the choice of the wrong individuals, and from the fact that many of the experts assigned to Libya stay there for too short a time to make their contributions really effective or to insure continuity in the execution of projects. On the whole, the mission obtained the impression that assistance given on an international basis through the United Nations and its specialized agencies had been more highly valued by Libyans than assistance given bilaterally by individual countries. The expert working in Libya under the auspices of an international agency is less likely to be faced with a problem of divided loyalties than one who is directly employed by a foreign government, and there are advantages in having a program of technical assistance organized and executed by a multinational group, which is usually able to draw on a wider variety of experience than a purely national one.

Perhaps the most serious shortcoming of foreign aid to Libya from the economic point of view has been the poor coordination between the work of the different foreign aid agencies and the failure to integrate this work into a properly thought out program for the development of Libya's resources as a whole. The agencies have been handicapped by the lack of an economic staff. Only in exceptional cases has detailed consideration been given to the economic justification of a project before it has been undertaken or to an assessment of its benefits after it has been completed. There has been much overlapping of technical investigations and research, a quite unnecessary profusion of experts' reports dealing with almost every conceivable aspect of social and economic development and conspicuous lack of central libraries or record offices where the results of the research work done in various fields before and since the war are available for reference. As a result, development has proceeded in a rather piecemeal and haphazard fashion.

There has been a noticeable tendency for countries giving aid to seek special preferences for their own nationals in the award of contracts instead of opening them to competitive international bidding. While this practice is quite understandable, the mission feels that it has worked out to Libya's disadvantage. In certain cases the fees paid to foreign consultants have rightly come in for a good deal of criticism by Libyans.

It is hardly surprising in the circumstances that the Libyans should have become rather impatient at the apparent lack of progress made and openly critical of the foreign aid agencies. In fact, no project can be executed by the agencies without the formal approval of the Libyan Government, and some of the projects which have come in for the severest criticism have been initiated at the Government's special request. Nevertheless, the mission got the impression that the foreign aid agencies have not always taken the Libyan authorities fully into their confidence, and that consultation has sometimes been little more than a formality (pp. 56, 57, and 58, "Economic Development of Libya," a report by a World Bank Mission, dated 1960).

Despite the mission's report on certain aspects of Libyan economic development, AID has not altered its course.

Thus, with respect to the University of Libya, the mission had this to say:

In view of the decisions to establish an Institute of Higher Technology the mission advises against adding other college and faculties to the university at this time. In too many fields the number of graduates required is too small for the establishment of a course of studies to be economical. The objective

should be to make the University of Labya a medium-sized, well-organized, well-taught college of liberal arts and sciences, with particular attention given to strengthening the faculties of chemistry and geology in the College of Science at Tripoli now that oil apparently will play such an important role in the economy. Graduates should be qualified to enter classes in professional schools abroad, if they so desire, and reliance should be placed on oversea training to equip Libyans with the most advanced professional and technical skills (p. 266).

Project 670-66-016 is for assistance to the University of Libya. Under it $1,354,000 had been obligated through the fiscal year 1962.

Project 670-69-017, relating to the provision of teachers for the University of Libya, had obligated through fiscal year 1962 the sum of $2,916,000. Under it 20 teachers were provided for the university.

In the budget submission to the Congress for the fiscal year 1962, the following description of the planned expansion of the university is given:

Basic goal and purpose.—This project is designed to help the Government of Libya finance the cost of foreign instructional and supervisory personnel it must employ annually to staff its vocational and secondary schools, teacher training colleges, and university because of the shortage of Libyan college graduates. Specifically, the project aims to aid the Libyan Government in meeting the needs for teaching personnel without further recourse to teachers available through the United Arab Republic/Libyan Cultural Agreement.

Progress toward achievement of specific project purpose.—U.S. funds pay the salaries, transportation, and other costs associated with employment of some 375 third-country teachers recruited by the Government of Libya through the Ministry of Education on the basis of contracts subject to standard civil service provisions and USOM approval. U.S. assistance also includes costs of approximately 20 professors for the University of Libya, a sizable number of teachers of English language for adult evening program, and the necessary personnel for the inservice teacher training programs.

The large balance remaining as of June 30, 1960, has been fully committed for fiscal year 1961 salaries and the summer inservice training program. The large pipeline in this project results from advance funding of teacher contracts and the resulting necessity to use fiscal year 1960 funds for fiscal year 1961 costs. Thus, the unexpended funds at the end of fiscal year 1960 were equivalent to 1 year's project costs.

Notwithstanding these achievements, it is the mission's feeling that more could have been achieved for the money that has been spent. Too many experimental stations have been established, and there has been too little coordination between them. Many of the stations officially classified as experimental stations do not maintain recorded data on their work. There is a certain laxness in making funds freely available to Government agencies, and in getting information down to the farmer through the extension services. Moreover, research has not been related closely enough to existing social and economic conditions, and too little attention has been given to the most important problem of establishing the size of holdings and the cropping patterns best adapted in present circumstances to the limitations of the small farmer. Other critical areas of research which have tended to be neglected include tillage practices, irrigation methods and costs and the comparative benefits to be obtained from irrigation of different crops (p. 161).

Congressional budget presentations contain the following projects:

No. 670-13-010: Crop Improvement and Agricultural Marketing—Obligated: $1,069,000

Basic goal and purpose.—This is a continuing project designed to improve the production and marketing of agronomic and horticultural crops. Cereal production in Libya is characterized by low yields due to poor seed and primitive cultural methods and relatively frequent crop failures due to recurring drought. Fresh fruit and vegetables are scarce and expensive for the rural population.

To meet these needs ICA is assisting the Libyan Government to introduce improved certain grain seed and cultural practices and to establish fruit tree nurseries and test vegetable varieties to help farmers obtain trees and seed adapted to his needs.

Progress toward achievement of specific project purpose.—Cereal improvement has been successfully demonstrated to 13,000 farmers, and treatment of cereal grain seed against smut has been proven and demonstrated to farmers. Sufficient testing has been completed to indicate generally which kinds and varieties of fruits and nuts are adaptable to Libya. Four fruit stock nurseries have been established to supply farmers with seedlings. Major demonstrations have been conducted in the rehabilitation of 10,000 wild olive trees and 52,000 date palms. In the past year, planting was completed of 153,000 budded fruit and nut trees in orchards of the Beida District (Cyrenaica) and 10,000 olive trees were imported from Tripolitania for planting in the Benghazi and Barce areas. Demonstrations in the improvement of agricultural storage and marketing facilities have been carried on for 2 and 3 years, respectively. A number of Libyans have been trained in the United States in horticultural methods. In the 8 years the United States has been sharing its agricultural "know-how" with Libyan farmers, official production statistics have shown substantial increases in the yields of wheat, peanuts, dates, citrus, millet, potatoes, almonds, tomatoes, and grapes.

No. 670–13–909: Livestock—Obligated: $906,000

Basic goal and purpose.—The project is designed to support the Libyan Government's efforts to increase its livestock resources and the country's export income. Specific project objectives include the introduction and distribution of improved breeding stock, establishment of breeding centers, parasite control, improved watering facilities, wool improvement, veterinary services, forage production, and livestock marketing. ICA assistance has provided technical advice through American and third-country livestock specialists and veterinarians; materials, equipment, and transportation; livestock feed supplements; insecticides and funds for labor at livestock centers. Other U.S. contributions have been for improved breeding facilities, establishing a wool washing plant, improvement of veterinary facilities, and training Libyans in livestock improvement methods.

Progress toward achievement of specific project purpose.—Thirty-two breeding centers and six veterinary centers have been established; 658 hectares of demonstration forage plots have been developed, and 80 stock watering facilities improved. Improved breeds of sheep, bulls, and poultry have been introduced. Four demonstration flocks of sheep have been demonstrated in all three provinces for at least 5 years. Machinery for the wool washing plant has been procured, and the equipment installed and in operation. Thirty-one Libyans have received intensive on-the-job training and/or training abroad.

No. 670-13-910: Range Management—Obligated: $406,000

Basic goal and purpose.—In this project ICA assists the Libyan Government in its program to restore and manage the country's range and pasture resources on a sound, economic basis. Specific activities include range management and range recovery demonstrations, establishment of grass seed nurseries and grass seedings, establishment of forage reserve areas, demonstration of forage and hay production, and the training of technicians in range management practices. ICA funds have been used to furnish technical advice and supply seed and equipment for grass, forage, and hay demonstrations.

Progress toward achievement of specific project purpose.—Seven range recovery demonstrations and four range management demonstration units were established. Two hundred hectares of grass seed nursery were seeded and four range forage reserve areas were established. Eighty-four extension workers and fifteen range management workers in range management administration and practices were trained. Fifty-two farm demonstrations on 880 hectares were established. A Federal Committee to draft new land tenure policy was established to meet long-range objective of improved land tenure and grazing controls.

The World Bank Mission said:

"The mission was disturbed by the apparent lack of appreciation in Libya of the importance of economizing in Government expenditures. This can on doubt be explained in part by the fact that a large part of these expenditures has hitherto been financed out of foreign grants and loans, and a greater sense of financial responsibility is to be looked for in future as Libya becomes increasingly self-dependent. Certainly, an entirely different approach to public spending will be required if a program of the dimensions indicated in this report is to be carried out successfully during the next 5 years when oil revenues will probably not be very large," (p. 305).

The rise in Libyan governmental expenditures at a time when a goodly portion of the Libyan budget was being underwritten by the United States should be of grave concern to the Congress.

Fiscal year	Libyan public expenditures	U.S. economic assistance
1954–55	$24, 631, 600	
1955–56	36, 339, 400	
1956–57	43, 212, 400	
1957–58	47, 686, 800	$26, 300, 000
1958–59	53, 701, 200	28, 700, 000

An overall evaluation of the AID program is contained in "Modern Libya," by Majid Khadduri, as follows:

Foreign aid has undoubtedly been received by Libyans with gratitude, for it not only assisted their Government in the balancing of the budget, but also helped to launch several important projects. During the decade following independence, Libya has made significant strides in social and economic development, thanks to foreign aid. However, Libyans have not confined themselves to expressing thanks to the contributing powers, for they often have voiced sharp criticism both as to the amount of funds and the manner in which they have been spent. First, Libyans have always demanded larger contributions from Britain and the United States than these powers have been willing to give, although both have generously aided Libya before and after independence. Secondly, Libya has not obtained the utmost benefits from foreign funds due partly to organizational defects of the various agencies and commissions established, and partly from the lack of coordination of the programs laid down. As a result, several of the programs have either partially been completed or not carried out at all. There has also been criticism leveled against foreign experts and personnel, either from choice of wrong persons or because the experts did not stay long enough to carry their contribution to fruition and insure continuity in the execution of their projects. Moreover, lack of coordination resulted in duplication of effort (pp. 324–325).

About the future, Mr. Khadduri wrote on page 337:

The natural wealth at the disposal of the Libyan regime, if spent on cultural development and social and economic reconstruction, would make it possible for it to muster sufficient power to maintain public order and harmony to the satisfaction of the people. This power can also be used to silence opposition elements and groups. If, during the reconstruction period, the Government can inspire confidence and maintain harmony among the provinces, Libya may well emerge as the model of a stable North African nation and might even eventually become the most powerful one. If, one the other hand, the wealth of the country is spent unwisely without regard to the real needs of the people, dissatisfaction is likely to increase and the resulting gap between the people and governing authorities would be difficult to bridge. Such a situation might generate continuous unrest and social upheavals, thus exposing the very existence of the state to danger.

It has been reported that in August 1963 shipments of oil from Libya reached a high of 450,000 barrels a day. In 1964, production is expected to rise to 600,000 barrels a day. Some forecasts have projected Libyan production as high as 1 million barrels a day in from 3 to 5 years.

IV. Findings and Recommendations

FINDINGS

Libya's oil revenues are continually increasing and that country is well able to afford to bring about its own economic development if it uses its revenues wisely (ch. III–I).

IT IS THEREFORE RECOMMENDED THAT

The U.S. economic assistance program in Libya stop, and if technical guidance by U.S. experts is desired by the Libyan authorities it be supplied by contract on a reimbursable basis.

III–J–EGYPT (UNITED ARAB REPUBLIC)

I. Economic Data

Basic data on Egypt

Population (1959)	million	25.3
Annual growth rate (1959)	percent	2.2
Area	square miles	386,000
Literacy rate:		
1958	percent	25
1959	do	25

Egypt (United Arab Republic)

Year	Gross national product			Agricultural production index	Cost of living index (1958=100)	Government expenditures (millions of dollars)
	Millions of dollars	Percent of 1961 in national currency	Per capita			
1954	(1)	85	$120	94	94	564
1955	(1)	94	130	102	94	646
1956	(1)	99	130	103	96	776
1957	(1)	100	130	107	100	790
1958	(1)	(1)	(1)	116	100	794
1959	(1)	(1)	(1)	115	100	765
1960	(1)	(1)	(1)	120	101	828
1961	3,185	100	120	(1)	101	839

[1] Figures not available.

II. Current Political Background

Col. Gamal Abd el-Nasser, President of the United Arab Republic (Egypt), has been responsible, more than any other single individual, for keeping the political caldron boiling furiously in the strife-torn, arid Middle East since July 23, 1952. He has also been responsible for the other nations in this area diverting funds from sorely needed economic development to arms.

He is still, 11 years later, pouring oil on whatever brush fire breaks out there, seeking his own personal and Egypt's national aggrandizement, in that order.

And he is doing so with the assistance of the United States which still continues to prop him up and, whenever he gets in over his head, to bail him out.

That is not to say that the dove of peace would have settled in the Middle East during these past 11 years if there had been no Colonel Nasser. There is in that troubled area of the world too long a history of political instability and the existence of such factors as poverty and disease to attribute all the woes of the Middle East to Colonel Nasser alone.

But the fact remains that he is the only ruler of any of the nations in that area who avowedly and persistently seeks to export his own brand of economic and political socialism and urges the violent over-

throw of neighboring governments. In this regard, he is on a par with the Communists with whom he is professedly at loggerheads, but whose arms and economic aid he willingly accepts.

The parallel between Khrushchev's Russia, Nasser's Egypt, and Hitler's Germany is striking.

Both Egypt and Russia are police states where individual freedoms are ruthlessly suppressed. So was Nazi Germany.

Both Egypt and Russia are states in which the central government owns and operates the total economy. So did Nazi Germany.

And, most importantly, both Egypt and Russia want to export their own brands of government, being willing—and speak openly of their willingness—to repress resistant peoples by force if necessary.

So did Nazi Germany.

As one highly qualified writer has stated: [1]

> The promotion of a regime like that of Egypt therefore would seem to be dangerous. For while it is entirely possible to stabilize it through subsidies, it cannot, in the presence of the Soviet Union, be influenced in the direction of a peaceful or liberal development. American assistance has only a very indefinite assurance of Egyptian good will to go on. And even while stabilizing the authoritarian regime it indirectly serves to finance Cairo's subversive campaigns in the neighboring countries.
>
> Many Americans who listen to these criticisms with complete understanding nevertheless ask: "But what else can we do but help Nasser? Can we look on passively while he slides into the Russian fangs, or is the victim of a putsch in his own country? Who will guarantee that his successor will not be even more dangerous? Should one give the Soviets the opportunity to nestle even more comfortably in the country via their economic policies?"
>
> It seems to us that such questions overestimate the danger of a pro-Communist overthrow in Egypt today, but *fail to envisage clearly enough the possiblity of a Communist revolution after 5 or 10 more years of authoritarian state socialism.* Today, it seems to us, there is still a chance for a return to power of an older generation of Egyptians which grew up with liberal ideals. [Emphasis added.]

This same thought was brought forcefully home to me when I visited Egypt in February 1963. It is definitely a police state, as much so as Communist Russia, which I visited 2 years ago. There, too, Nasser is "Big Brother" just as Lenin and Stalin were in Russia, and as Khrushchev seeks to be. The economy is controlled by the state just as firmly as it is in Russia.

As I stood in one of the principal squares in Cairo watching preparations for a major speech by Colonel Nasser that evening and saw the multitude of large posters bearing his picture and as later I heard his speech with its slogans and stirring platitudes, I, too, felt that all that it would take to have that government become a Communist bloc nation would be to add a few slogans and change a few pictures—or maybe the pictures would not have to be changed.

It must be remembered that it was Colonel Nasser himself, after the Suez Canal fiasco in 1956, who gave the Russians their first foothold in the Middle East. It was Colonel Nasser who invited them into Egypt with their arms and their technicians.

In that connection, the following testimony before the House Committee on Foreign Affairs on April 30, 1963, on H.R. 5490 (Foreign Assistance Act of 1963) at page 437 is most interesting:

> Mr. FARBSTEIN. According to the book, there were 150 U.S.S.R. personnel in Yemen in 1961, but since the revolution in September 1962 the number of U.S.S.R. personnel has risen to about 450. How many do we have there?

[1] "The United States and Egypt," Arnold Hottinger, Swiss Review of World Affairs, October 1962, p. 17.

Mr. GRANT. [Deputy Assistant Secretary for Near Eastern and South Asian Affairs, Department of State]. Is it under a hundred?

Mr. GAUD [Assistant Administrator, Bureau for the Near East and South Asia, Agency for International Development]. It is under a hundred Americans.

Mr. GRANT. I might note on that, Mr. Farbstein, that it was the leader of the present royalist regime that invited the Russians in, several years ago. So that we have an interesting reversal of positions.

Mr. FARBSTEIN. Except that the facts as I stated them are correct, aren't they?

Mr. GRANT. Yes; there have been increases. One of our real concerns there has been that the Russians would greatly increase the number of technicians that they have in Yemen. They have been making notable efforts to try to get an enlarged position.

Mr. FARBSTEIN. * * * You say you assume they are trying to have more people admitted into Yemen, the suggestion being, therefore, that *they couldn't get them in under the old regime. Now, with the new regime, they are trying to get them in, and not only are they trying, but they are succeeding.* [Emphasis added.]

Representative Farbstein's interrogation serves to point up a disturbing aspect of the relationship of Egypt, Syria, and Yemen's new regime to the Kremlin. (Iraq can be included in this trio, but it is not included in these comments because it was not among the 10 countries studied.) Egypt has been the most adept at playing the Soviets off against the United States. All three of these Arab States are absolutely dependent upon Soviet arms—so much so that Soviet transport jets were standing by to transport Egyptian troops to Yemen even before the revolt broke out there and have continued to furnish the transportation for the Egyptian troops in Yemen and their supplies. All three countries, while blowing hot and cold with respect to local Communists, continue to welcome technicians in sizable numbers from the Soviet bloc countries. And most recently on September 3, 1963, in the Security Council of the United Nations, the Soviet Union vetoed a resolution sponsored by the United States and the United Kingdom condemning the "wanton murder" of two Israeli farmers by Syrians within Israeli territory 2 weeks before. The resolution was supported by the United States, the United Kingdom, France, Nationalist China, Brazil, the Philippines, Norway, and Ghana. It was the third time since 1954 that the Kremlin had vetoed a resolution opposed by the Arab nations. Despite the military maneuvering of these three countries with the Soviet bloc nations, United States economic assistance continues and most generously. This policy is in sharp contrast to the threatened U.S. crackdown on Pakistan because Pakistan had signed an agreement with Communist China providing for the establishment of flights between Dacca and Chinese cities and had signed agreements with Communist China with respect to border demarcation and trade.

When I spoke to Colonel Nasser he stated that, after the poor showing made by his soldiers against the English, French, and Israelis, his officers had demanded that he accept the Soviet offer of arms.

Against this statement must be placed the fact that the three-party invasion was precipitated by his rash action, in a fit of pique, in seizing the Suez Canal—a lifeline for Britain, France, and Israel.

Today, militarily, Egypt is completely dependent on Soviet bloc countries. Colonel Nasser has maneuvered himself into the position of being completely dependent on Communist Russia for a continued

flow of arms and parts. Should that flow be cut off, Egypt is militarily unarmed. Syria and Iraq are in the same position. And those are the very countries in which the Nasserites seem strongest.

It is difficult to obtain any reliable figure as to how much military and economic aid has been going to Nasser from the Soviet Union. The best figures are that it is roughly equivalent to $920 million, although not on as liberal terms as ours. We sell Colonel Nasser Public Law 480 food and fiber for Egyptian pounds which are used for the development of Egypt and its people. Soviet Russia sells Egypt weapons in exchange for cotton which is used for the benefit of Soviet Russia and its people.

One cannot help but wonder where our policy vis-a-vis Colonel Nasser will ultimately lead.

What have been the reasons advanced for this buildup by the United States of Colonel Nasser as the big man in the Middle East?

The State Department justification for its policy of appeasement was ably set forth by Warren Unna, a staff reporter for the Washington Post in his News Analysis on January 11, 1963, before the revolt in Syria and Iraq. Mr. Unna stated:

Moreover, to justify its gamble on Nasser, the administration points to the following "positive" steps he has taken:

Nasser now is trying to reestablish the United Arab Republic's links with the West, particularly in Europe, and last month provisionally joined the General Agreement on Tariffs and Trade (GATT).

He and his country have done a complete turnabout in the Congo—from being one of the chief supporters of the late Patrice Lumumba and his leftist successor, Antoine Gizenga, to joining ranks behind the United Nations in its current efforts for Congo unity.

Nasser has played down his country's Arab holy war with Israel, proposed to his colleagues a while back that the issue be put in the icebox and, for his pains, has been accused by Syria of "subversion."

Nasser personally kept a strict silence a few months ago when it became known that the United States was going to sell Hawk missiles to Israel to help that country defend itself. In former years, this would have been the occasion for a major anti-U.S. campaign.

Nasser proved more forthright than many of his fellow nonalined leaders at the August 1961 Belgrade conference when he condemned the Soviets' sudden resumption of nuclear testing.

Nasser, a big booster of Cuban Premier Fidel Castro in the past, is considered to have been surprisingly moderate when the United States had its showdown with the Soviet Union over Cuban missile bases last fall.

All of these factors are said to convince administration officials that Nasser, despite his penchant for interfering in the internal affairs of his Arab neighbors, still comes out on the plus side, in permitting room for reasonably friendly relations with the Free World.

Mr. Unna's column is set forth in full as exhibit III–J–A.

EXHIBIT III–J–A

[From the Washington Post, Jan. 11, 1963]

AMERICAN AID FOR NASSER FACES REVIEW

(By Warren Unna, staff reporter)

United Arab Republic President Gamal Abdel Nasser's open participation in the revolt in Yemen and his hospitality to potential Saudi Arabian and Jordanian rebel leaders are beginning to raise questions over the wisdom of the United States friendly aid program to the United Arab Republic.

The Israelis fear the success of the Nasser-assisted Yemeni military group in pushing out Yemen's antiquated imamate may encourage Nasser in other foreign adventures in the Middle East.

The London Daily Telegraph this week said the United States, in making Nasser "its instrument in the Middle East * * * is committed to the support of an expansionist revolutionary who must, by the very nature of his appeal to Arab sentiment, continually threaten the stability which the United States is hoping to preserve."

It was about a year ago that the Kennedy administration decided to take a hard look at Nasser as an independent whom the United States could deal with in the same arm's-length respectful way it deals with Yugoslavia's President Tito.

The idea was that Nasser now had decided to emphasize domestic needs over Arab and Communisti-bloc involvements. U.S. officials thought there could be mutual regard, no hope or thought of conversion, but conviction that since Nasser is keeping his own house in order he and the United Arab Republic would remain within at least a halloo distance of the free world.

U.S. economic aid to the United Arab Republic was stepped up to $146 million a year, most of it in the surplus food stocks Nasser so badly needed to raise the subsistence level of his people.

And more recently, preliminary consideration has been given to Nasser's desire for an international consortium, similar to India's and Pakistan's, that would enable the United Arab Republic to double her national income of $140 by the end of her second 5-year plan in 1970.

But now comes Yemen, in which the United Arab Republic has invested troops, aircraft, and political direction to turn out one neighboring Arab government it didn't like and keep another in.

And Egyptians have given considerable publicity to the four Saudi Arabian royal princes, all brothers of ailing King Saud, who defected to Cairo and recently proclaimed the "Democratic Republic of the Arabian Peninsula."

Nasser's government also makes no secret of its delight over providing asylum for the Jordanian Air Force chief of staff who, along with several other Jordanian pilots, recently defected to Cairo.

And Nasser's anoyance with the regimes in his fellow Arab states of Syria and Iraq has been repeatedly proclaimed.

Nasser also undeniably has been putting a lot of money in arms and a large army which might otherwise be devoted to economic improvement.

But the United States still does not think it has misplaced its bets on Nasser. Administration officials are aware that his meddling in other Arab countries conflicts with U.S. policy to maintain stability and avoid Middle East disputes. But they have no objection to his doctrine of "Arab socialism" which is aimed at raising the economic level of the Middle East.

And they consider Nasser the one big figure of the Middle East who neither can be ignored or forced, through economic needs, into any further dependency on the Communist bloc.

Nasser already gets arms from the Communists, and the Soviet Union is financing the construction of his giant Aswan Dam. But observers report that Nasser has sensed the danger to his own country's independence of too much involvement with the Communist well-wishers.

Moreover, to justify its gamble on Nasser, the administration points to the following "positive" steps he has taken:

> Nasser now is trying to reestablish the United Arab Republic's links with the West, particularly in Europe, and last month provisionally joined the General Agreement on Tariffs and Trade (GATT).
>
> He and his country have done a complete turnabout in the Congo—from being one of the chief supporters of the late Patrice Lumumba and his leftist successor, Antoine Gizenga, to joining ranks behind the United Nations in its current efforts for Congo unity.
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> Nasser proved more forthright than many of his fellow nonalined leaders at the August 1961 Belgrade conference when he condemned the Soviets' sudden resumption of nuclear testing.
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All of these factors are said to convince administration officials that Nasser, despite his penchant for interfering in the internal affairs of his Arab neighbors, still comes out on the plus side in permitting room for reasonably friendly relations with the Free World.

Mr. Alfred Friendly, Managing Editor of the Washington Post, 3 months later on March 27, 1962, under a Cairo dateline, had a slightly different analysis. He said:

To what purpose does the United States support President Gamal Abdel Nasser's United Arabic Republic? Why, already in this fiscal year, has it poured some $200 million worth of aid (mostly wheat) into a nation that is a political dictatorship, a police state, and a roaring advocate of economic socialism?

Americans here * * * have several answers, not the least of which is the argument that no better alternative can be seen. Were Nasser toppled, he would be succeeded by one of his own clique, not so able, or by the Communists. Remnants of the old regime scarcely exist, which may be just as well, since it was a remarkably conscienceless pack of boodlers. In any event, they could never command the people's support.

A variation of the same argument points out that cutting off American aid simply means presenting the United Arab Republic as a gift to the Soviet Union. Egypt must have huge wheat imports to survive, and will get them from Russia if it cannot obtain them from the United States. It would be in no position to bargain; Moscow could call the tune down to the last note.

Of late a new argument has been advanced in support of our Nasser buildup. That argument is that Nasser has matured since the Suez crisis and is no longer the impetuous "young officer" he was then. Thus Arnold Beichman writing for the Washington Post on July 20, 1962, from Cairo stated:

American policy in the Middle East, and particularly since President Kennedy took office, has been to seek the disengagement of the Nasser regime from any close Soviet relationship. That policy has succeeded because of:

Soviet ineptitude.

U.S. firmness vis-a-vis Nasser military adventurism whether against other Arab countries or Israel.

Tremendous internal economic problems in Egypt itself, whose solution depends on foreign aid.

Development of a close personal understanding between President Kennedy and Nasser chiefly through a continuing exchange of letters. None of these letters has been published and their contents are not known.

What is described hopefully is the coming of some mature, statesmanlike wisdom to the 45-year-old President Nasser. [Emphasis added.]

All these arguments in support of our foreign policy toward Egypt have been advanced repeatedly by our State Department and by many columnists whose columns reflect the State Department indoctrination.

But many of these arguments do not become tenable no matter how often they are repeated.

Consider, for example, the argument of "U.S. firmness vis-a-vis Nasser military adventurism whether against other Arab countries or Israel." The fact is that Nasser has since September 1962 been carrying on a war of destruction against the people of Yemen in which 28,000 of his troops are engaged and in which he is aided by Soviet fighter planes. The fact also is that his powerful radio transmitters constantly beam messages of hate and destruction against Jordan, Saudi Arabia, and Israel. Until he succeeded in bringing about the revolutions in Syria and Iraq, his radio urged the violent overthrow of the governments of those countries. Now he is engaged in a hate campaign against the Baathists in Syria because they have not seen fit to go out of existence in favor of Nasser's own followers in Syria.

The current official suggestion is to disregard Nasser's radio hate campaign because that is the way things are done in the Middle East

and that both sides are doing it. A careful study of foreign radio broadcasts in that area will show that this statement is not in accord with the facts. Nasser's radio beamed for outside consumption is the only radio preaching the violent overthrow of other governments.

It is indeed ironic that Nasser's proficiency in radio propaganda—and everyone admits that he is proficient—should have been achieved—or aided—through the use of AID funds. Thus, AID project 263–G–22–AA, for which over $1 million has been obligated through fiscal year 1963 is "to assist the United Arab Republic to establish and operate within 5 years a 'Telecommunications Research and Training Institute' * * *. The U.S. Government set out in fiscal year 1961 to assist the United Arab Republic staff in operating this institute so that, in time, it will be well organized and efficiently operating. * * *"

I was in the Middle East when the United States recognized the revolutionary Government in Yemen and can attest that our action was greeted by our friends in Lebanon, Jordan, Syria (former government), Israel, and Greece, as anything but showing "firmness vis-a-vis Nasser military adventurism."

It should be remembered that when Nasser embarked upon his costly expedition to Yemen, his prestige was at low ebb. H. B. Sharabi of Georgetown University has described the situation accurately in his article on "The Egyptian Revolution" in April 1962 issue of Current History:

> The setback to Nasser's leadership in the Arab world came suddenly and soon, long before Syria's revolt in September 1961. In itself, the Syrian-Egyptian union was only a first step, which, if not carried farther, was meaningless in terms of pan-Arab unity; in order to exist the United Arab Republic had to grow, and the natural direction of growth was in the Fertile Crescent—in Lebanon, Jordan, and Iraq. The crucial decision in these countries was made in the summer of 1958. Jordan was rocked by a series of attempts to bring down the Hashimite monarchy; Lebanon was plunged into civil war; and Iraq experienced a military "coup d'etat" which toppled the pro-Western regime of Muri al-Sa'id. But the outcome of these events was unfavorable to the United Arab Republic. King Hussein's position, which for a while seemed desperate, was strengthened; in Lebanon a compromise between the pro-Nasser Muslim faction and the separatist Christian groups led to the consolidation of Lebanese independence; and in Iraq, the most important country in this configuration, the new revolutionary regime, after a short period of friendship with Nasser, broke with the United Arab Republic. The Cairo-Baghdad rivalry was resumed with new fury.
>
> With their hopes frustrated, the Egyptians now resorted to desperate methods to bolster Nasser's declining prestige. Tactics included diatribes on the Voice of the Arabs, open support of Shawwaf's anti-Kassim uprising in Iraq (March 1959), and ringleadership throughout the area in incidents of subversion and violence such as the dynamiting in Amman of the Prime Minister's office which cost many lives including that of the Jordanian Premier (August 1960). Meanwhile, as the drive toward Arab unity began to meet with reverses, relations between Syrians and Egyptians also started to deteriorate. The United Arab Republic was beginning to crack at the seams.

There are also those who believe that the United States is out on a limb because it has sought to save Nasser by recognizing Yemen. Thus Patrick Seale in the New Republic for January 26, 1963, wrote:

> By the turn of the year, then, most neutral observers of the fighting were agreed (*a*) that Sallal's Republic would not survive an Egyptian withdrawal; (*b*) that the Egyptians themselves were in embarrassing straits, committed to a grim war with little prospect of victory; (*c*) that the royalists had scored considerable successes but did not seem to have the weapons or the organization for a really decisive push. This was the situation in which the United States recognized Marshal Sallal's regime. * * * The Yemen is the latest area in which Nasser

has needed and has secured U.S. help. What are the arguments behind the U.S. decision to recognize Marshal Sallal?

One view expressed by some American officials in the Middle East is that the initiative came from keen young New Frontiersmen in Washington, determined at all costs to dissociate America from the old, shaming, "feudal" regimes of Saudi Arabia and Jordan and throw their weight on the side of progress and the forces of history. Another view is that support for Sallal was, in a roundabout way, a pro-Saudi move, intended to "scare" the Saudi Princes into reforming themselves.

A third, more convincing explanation, derived from more authoritative sources, is that the initiative for the American recognition came from U.S. Ambassador Badeau's Embassy in Cairo and that it was intended as a rescue operation for President Nasser. The calculation was as follows: American recognition would be followed by Britain's; the Saudis and Jordanians would falter in their support of the Imam: Sallal would breathe freely for awhile and, in the lull, Nasser could withdraw his troops with honor, claiming that even the "imperialists" had conceded that Sallal's Yemen Republic was firmly established. The operation was presented to the world as an American-Egyptian agreement whereby Nasser undertook to withdraw his forces in return for American recognition. (Actually, Nasser's agreement to disengage was conditional on cessation of Saudi and Jordanian aid to the royalists.)

But something went wrong with the predictions: there has been no lull; Britain has not recognized Sallal; the Imam is determined to press home his advantage and Nasser is faced with the painful dilemma of withdrawing ignominiously or doubling his stakes by throwing in more troops. In the meantime, American diplomacy is out on a limb having secured no quid pro quo for its overt support for Sallal's precarious regime.

A careful analysis of many other explanations advanced for our policy toward Nasser will show that we are interpreting Nasser's words as indicating his intentions rather than his actions.

True, he did not rant and rave when it was announced that the United States would sell Israel the Hawk missiles. True, he is accepting economic aid which he vitally needs. True, as a supporter of Fidel Castro, he was "surprisingly moderate" at the time of the crisis over Cuban missile bases—but so was Khrushchev.

But these are words. What of the deeds?

While he was talking softly, he was constructing missiles so that he could proudly parade them in Cairo on July 23, 1963—missiles constructed through the know-how of former German Nazis. Jay Walz reported that parade from Cairo in the New York Times for July 24, 1963, as follows:

The United Arab Republic paraded two new rockets today and announced that it has developed "the first Arab submarine, which will be tested at sea within 15 days." One of the new rockets was a Soviet-made SA-2 ground-to-air weapon recently demonstrated in the desert near Cairo. The second was the first two-stage missile developed in the United Arab Republic. * * * This missile, called Pioneer, is of ground-to-ground type. * * * A jet fighter that thunderously broke the sound barrier over the Nile was identified as the first faster-than-sound fighter built in the United Arab Republic. * * * The Palestine Army, recruited among refugees at Gaza, participated. This army is being trained to participate in the "liberation of occupied Palestine (Israel)" that President Nasser has promised. * * *

Two points must be stressed in connection with this arms buildup by Nasser:

1. He is doing it with U.S. AID dollars just as surely as though the AID dollars were going directly to Russia for the purchase of jet fighters or directly into the pockets of the German Nazis masterminding the design and construction of these weapons. There are some with blinders who would say that this is a misstatement—that

AID dollars go for Public Law 480 food and fiber and for worthwhile development projects. To the extent that we relieve Nasser's normal budget of the cost of food, fiber, and development projects we permit Nasser to have his cake and eat it too. He can divert that much into his arms budget for an arms buildup and let the United States pick up the check for the food, fiber, and development projects.

There may also be some who would say that if the United States did not sell Nasser the food and fiber the Russians would be glad to do so. This does not jibe with the facts. The Russians are not giving anything to Nasser. They are bartering arms for cotton. They are loaning him money to build the Aswan Dam. And, finally, Russia's agricultural economy is not good enough to take on the added burden of feeding 22 million Egyptians. Russia has trouble doing that for Castro and herself.

2. Nasser's diversion of AID dollars to an arms buildup requires his neighbors to follow suit—at the expense of their own sorely needed economic development and, in the case of Jordan and formerly Israel, at the expense of the U.S. taxpayer. (The New York Herald Tribune for Jan. 2, 1963, reported Israel's defense spending up 17 percent for this year.) Here again there will be those with blinders who will say that we have given no military assistance to Israel and comparatively little to Jordan. Here, too, those who make such statement will have missed the point. To the extent that Jordan or Israel have had to divert badly needed funds from their own economic development, because they felt it necessary to be prepared to defend themselves against Nasser's open threats, to that extent has the United States been forced to give both Israel and Jordan economic assistance which in the case of Jordan has amounted to $325.3 million and in the case of Israel to $878.9 million.

Many have been sharply critical of our policy toward Nasser.

Thus Vincent Sheean in the New York Standard for February 12, 1963, in an article entitled "Gamal Nasser: Tricky Riverboat Gambler of the Nile," wrote:

> The Government in Washington recognized the puppet republic of the Yemen on December 19, 1962, as Gamal's wish, just in time to save him again from a terrible disaster—this time, no doubt, the final disaster. He had supported the revolt in that dismal wasteland (if he did not, in fact, create it) in the obvious hope of striking at Saudi Arabia from there. * * * Gamal seems to know exactly how far he can travel with his American guarantee. He let Syria go without a whimper, for instance; the Americans would not have liked to see Egyptian troops in Damascus (where, in sober fact, no Egyptian troops would survive long). And yet our present Government, then new to its tasks, purred and looked the other way when he sent troops to the Yemen. His patrons in Peiping and Moscow must have laughed heartily. They do not trust him any more than we do (perhaps even less) but they work him for all they can get out of him, which is quite a lot under the present conditions. * * *

Thus Carl Leiden writing in the National Review for July 3, 1962:

> Nonetheless, it would be inaccurate to suggest that Egypt is moving in any other direction than the extreme left and it is wishful thinking on the part of those who suggest otherwise. Still there are many who do think in this fashion, including no doubt a goodly percentage of those who officially represent the United States in Egypt.

Thus Arnold Hottinger in the article previously referred to:

> Returning to the question of American aid, * * * one suddenly realizes that virtually every argument of the proponents of this aid is of a tactical nature. Tactically, they believe Nasser may be used—for the moment at least—as a

Pan-Arab nationalist Egyptian barrier against communism. They even hope to stabilize for a short time the chronically unsettled region by the predominance of "Nasserism," although the last 4 years have shown that "Nasserism" is not so easy to sell outside of Egypt.

To this argument one may well reply that if the strategic aim is to promote liberal institutions and to preserve and strengthen existing liberal systems or beginnings, then the measures which help consolidate the authoritarian Egyptian regime or extend its influence are clearly harmful. Stability purchased at the price of freedom may be a tactical necessity in certain cases; at the same time however it is a loss in terms of the overall strategic aim.

No discussion of the current political scene in Egypt would be complete without a discussion of Nasser's use of former German Nazis to work on his missile program.

Even before going to Egypt I was intrigued by a book by Sedar and Greenberg entitled "Behind the Egyptian Sphinx," which detailed charges that former German Nazis were being extensively used as a regular part of Nasser's government to train his troops, to organize the Egyptian youth along Hitler's line, and to work on missile projects.

The book was so replete with names, dates, and places that I was surprised that even though it had been published recently it had created so little stir. For example:

Colonel Nasser's chief military and geopolitical adviser, intimate foreign collaborator, and confidant, is none other than the full-blooded Nazi, SS Col. Otto Skorzeny, who was dispatched to Cairo in 1953 upon the advice of his father-in-law, Dr. Hjalmar Schacht, Hitler's former financial wizard, now president of a Düsseldorf bank, specializing in the promotion of German-Arab trade. * * * As a double insurance against another defeat by the Israeli Army, the Nasser regime has formed an Arab Foreign Legion to fight against the Jewish State. Its nucleus consists of 400 former Nazis and Gestapo veterans, who were recruited by Arab League agents in Germany. The entire project came to light when in September 1959 the authorities of Hamburg arrested Herr Wilhelm Adami, one of the principal German recruiting agents. * * * [Adami] was a Gestapo Storm Trooper and served in Poland with the Dirlewanger Extermination Brigade. * * * Nasser's State Security Cadre * * * under the direction of Lieutenant Colonel Al-Nasher, whose real identity is Leopold Gleim, chief of Hitler's personal guard and Gestapo Security Chief of German-occupied Poland, who was sentenced to death for war atrocities. * * * In the fields of political and psychological warfare, vicious anti-Western and anti-Israeli propaganda is unremittingly carried on by the Nasser regime under the direction of Johann von Leers, one of the former high-ranking Nazi propagandists in the Berlin Foreign Ministry. * * * von Leers * * * has assumed the Arabized name of Man Amin von Leers. * * *

The book contained the following specific charge:

Only the French, with the cartesian sense of realism, thought that the presence of so many Germans in the Nile Valley was an ominous sign and could not be taken lightly nor easily be explained. Devoid of illusion, they rightly concluded that the Germans were in Egypt for the express purpose of reestablishing their power and influence in the Middle East at the expense of the United States, Britain, and France. * * * Skorzeny's ultimate aim is to create, in conjunction with Nasser, the Grand Mufti of Jerusalem, and the Arab League, a German-Egyptian dominated third-power bloc and empire stretching from Berlin to Capetown, and from Bonn to New Delhi. The time is not yet ripe, however, to unmask themselves and operate in the open.

In another book, "The Boss," by Robert St. John, published in the same year, 1960, was found a repetition of these charges:

There were hints of other activities that disturbed many people, inside and outside Egypt. Naguib had quietly appointed one of Adolph Hitler's economic experts, Dr. Wilhelm Voss, head of the Egyptian Central Planning Board and chief adviser to the War Ministry. Dr. Johann von Leers, who had been one of Goebbels' most trusted anti-Semitic rabble-rousers, was named political ad-

viser to the Information Department. * * * Voss and von Leers were only two. Every day additional names were whispered. Other foreigners might be trying to get out of Egypt, but the ex-Nazis were pouring in. There were hundreds of them, who saw in post-revolutionary Egypt a place they could fish in troubled waters. They changed their names so as not to embarrass their hosts. * * * Many of these men had been brought in by Farouk, but they were not unpopular with Free Officers like Anwar el Sadat, who had seen nothing wrong with Hitler except that he lost.

When in Cairo in the latter part of February 1963 I questioned the Ambassador and his top political advisers concerning these charges. They stated they had not read "Behind the Egyptian Sphinx" and that they were unaware of the infiltration of the Nasser Government by former Nazis. Our military attachés, however, were well aware of this and called my attention to it.

On April 30, 1963, I stated on the floor of the Senate:

I visited the Middle East last fall and this winter as a member of the Committee on Government Operations, to look into the operations of our foreign aid program. I found that throughout the Middle East there was great apprehension about the growing power of Nasser and a resentment over the manifestly lavish aid which the United States was giving to him, which he uses to achieve his objectives—the objectives of conquest and domination of that entire area, the extermination of the free State of Israel and driving its people into the sea.

We found these objectives voiced by officials in Turkey, in Iran, in Syria before the latest revolt, in Lebanon, in Jordan, and in Greece. Their expressions varied, but there was wonderment as to why we neglected our friends and built up our potential enemies, and their enemies.

President Nasser has made no secret whatever of his purposes and intentions. His broadcasts, both through the official radio station, radio Cairo, and through the secret radio station which he entirely controls, clearly show his intentions. Opinion and expression in Egypt and the United Arab Republic are 100 percent controlled, with no freedom of the press whatsoever. In fact, there is greater control—more nearly absolute control—than is found almost anywhere else. Not only are the newspapers forbidden to print anything that President Nasser does not want, but also they are instructed precisely what to print, what not to print, what to conceal, and how to slant and color the news. Thus the people become pawns in Nasser's ambitious programs and cannon fodder in the wars of his making and planning.

Through the years President Nasser has preached openly the assassination of the rulers and other officials of the countries which he wishes to subvert.

It has been alleged by some defenders of our policy in this area that Nasser is softening his tone, that he is not as rambunctious or violent in his declarations as he has been in the past. That is not the case. He continues to preach assassination. He continues to preach violence. He continues to incite to subversion in neighboring countries. He continues to preach warfare. He makes no secret whatsoever of his determination to destroy the little country of Jordan, which is one of the democratic hopes in the Middle East, and little Israel.

I very much fear unless the U.S. policy of building up Nasser by pouring in money to enable him to carry on his military and subversive ventures is reversed, that there will be a bloody war in the Middle East, for which we shall bear a considerable responsibility, and into which we shall perhaps be inevitably drawn.

As recently as March 19 of this year there was a broadcast of The Voice of the Arab Nation from Cairo. I could cite and quote from many other such broadcasts, but this is a clear illustration of what is going on today; not 5 years ago, not 2 years ago, and not 1 year ago although it went on then. This type of propaganda—this type of incendiary preachment of assassination of rulers and officials of friendly countries—has been going on all through this period of time.

The Voice of Cairo on March 19 broadcast as follows: "Free officers, soldiers, students, and Arab brothers in Saudi Arabia and Jordan, how long are you going to tolerate Saud and Hussein?" Saud and Hussein are the respective monarchs of those two countries.

"The time has come for the army and the people to purge the Arab land of the imperialist vestiges—the lackeys who have sold their honor and dignity and who cooperate with the archenemies of the Arabs—the English, *the Americans*, and the Jews." [Emphasis added.]

These are the words of the Voice of Cairo in a country which we have subsidized and are continuing to subsidize to the extent of millions of dollars, and in greater amounts now than ever previously. These words list us among, indeed call us—Americans—the "archenemies of the Arabs." This is but one more example, among many, of "biting the hand that feeds you."

The broadcast goes on:

"Free Arab soldiers and officers, the people call on you to shoulder your full responsibilities in the forthcoming battle for the liberation of Palestine. You will not be able to do so as long as the traitorous renegade clique is controlling the fate of the country."

Those words are addressed to the people of Saudi Arabia and of Jordan.

"Even the Arab people in other parts of the Arab homeland will meet great difficulties in the battle for the liberation of Palestine as long as there are people like Hussein in Jordan and people like Saud and Feisal in the Arabian Peninsula.

"Imperialism was able to establish the State of Israel in 1948 after deceiving the Arab people with the lackey Arab rulers to whom it entrusted leadership.

"Free men in Jordan and Saudi Arabia, the situation is serious. Our Arab people are irrevocably determined to wipe away the disgrace of Israel and to purge the Holy Land of the remnants of Zionism, which is hostile to the Arabs and humanity.

"Our Arab people call upon the free Arabs, both military and civilian, to unite their efforts to purge Jordan and the Arabian Peninsula of the traitors. All the Arab people stand at the side of the Arab liberation revolutions in any part of the Arab homeland, because the Arab liberation battles and the aims as regards the fate of the Arab nation are indivisible units.

"Free officers, come forward and fix the zero hour; surge like flames to the palaces in Riyadh and Amman"—the respective capitals of Saudi Arabia and of Jordan—"and destroy the hireling traitors—enemies of God and of the people.

"We will then march together on our dear usurped land—Jerusalem, Jaffa and Haifa—and the crime of Israel will no longer exist.

"We call the army and the people in the Arabian Peninsula and Jordan to quick action and to bloody revolution. Death to the enemies of God and of the people."

This comes as the official voice of the ruler whom the Western World and the United States in particular have repeatedly saved from extinction. The United States saved him at the time of the Suez crisis. Since that time we have poured in hundreds of millions of dollars to help him, presumably to rehabilitate Egypt's economy, but in effect, finance his wars. He went into the Yemen some 9 months ago, sending in first 18,000 men, and then 20,000, and now, I am reliably informed, 28,000 troops by daily airlifts in Russian-supplied planes. That war is costing Nasser, at the very least, $500,000 a day. It has continued for 9 months. It has cost him more than $100 million to date. While we are pouring in money on the one hand to aid him in domestic rehabilitation he is pouring it out in warfare on the other.

What kind of policy is that for people of the United States who are dedicated to promoting peace in the world?

At the same time Nasser is receiving military aid from Soviet Russia, he has a great many ex-Nazis working to provide the modern weapons of destruction for his purpose to carry on the war against Jordan and Israel. In a recent book entitled "Behind the Egyptian Sphinx," which was called to our attention by our American military in Egypt, are listed a number of ex-Nazis who are wanted in Germany for their manifest crimes, who are not merely safely ensconced in the United Arab Republic but are employed to help Nasser in his sinister purpose to destroy his peaceful neighbors.

I read the names of a few:

SS Col. Otto Skorzeny, son-in-law of Dr. Hjalmar Schacht, who is recruiting former Nazis, and is an importer—arranges for arms shipments into Egypt.

SS General Dirlewanger, known as the "Butcher of Warsaw," a Nasser military adviser on guerrilla warfare.

SS Sturmführer Baumann, alias Ali ben Khader, who is with the Algerian rebel government in Cairo, and was involved in Warsaw massacre.

Willi Berner, alias Ben Kashir, who is with the Algerian rebel government in Cairo, and was an SA führer and guard at Mauthausen Concentration Camp.

Karl Luder, alias Abdel Kader, who is with the Algerian rebel government in Cairo, and was a Hitler youth leader in Danzig.

Dr. Erich Alten, alias Ali Bella, who is with the Algerian rebel government in Cairo, who played a major role in the assassination of Prof. Theodor Lessing at Carlsbad in 1934, and who was gestapo "Commissar for Jews" in Galicia.

Leopold Gleim, alias Lieutenant Colonel Al-Nasher, who is in charge of Nasser's state security cadre, modeled after Hitler's SS corps, and was a chief of Hitler's personal guard, and a gestapo security chief in Poland.

Joachim Daemling, who is an adviser on special activities—concentration camps in Egypt—a former chief of the gestapo in Düsseldorf.

Dr. Hans Eisele, who is a cochief of medical program at concentration camps; who is a former chief physician at Buchenwald.

SS Haupstarzt Heinrich Willermann, alias Lt. Col. Naim Fahum, who is a cochief of medical program at concentration camps and the former medical director at Dachau.

SS Führer Bernhardt Bender, alias Col. Ben Salem, who is in charge of Nasser's security police which runs the prisons, and was chief of intelligence service of Wehrmacht security division in Ukraine.

SS Gruppenführer Moser, alias Col. Hassan Suleiman, who is in charge of youth training.

SS Gruppenführer Buble, alias Lieutenant Colonel Amman, who is assistant to Moser.

Johann von Leers, alias Omon Amin von Leers, who is in charge of propaganda work for Nasser, and was formerly in the Berlin Foreign Ministry.

Louis Heiden, alias Louis al-Hadsch, former chief of Deutsche Press Agenter; works with Leers—distributes Arabic translation of "Mein Kampf."

Daniel Perrit-Gentil, former SS führer, worked for Wehrmacht Intelligence Service in France during war—sentenced to death by France but expelled. Now is French program director of Radio Cairo.

Georges Dieudonné, alias Georges Oltramare, former leader of Swiss Nazi Party. Works on anti-Semitic and anti-Israel propaganda with von Leers. And so forth.

What possible justification can there be for the United States to be pouring in its dollars, not only to support. but to encourage, a regime of this kind, which has drawn to itself all the elements which are antithetic to the professed purposes of the United States, in order to carry on a warfare which Nasser has never ceased to preach and for his objective to conquer and destroy.

Unless the United States reverses its program promptly, and does more than merely study, review, and view with alarm, unless we act definitely, there is going to be a destructive war to the death in the Middle East in which thousands of people will be killed and in which we will inevitably be involved.

I may have more to say on this subject at a future time, but I think I should again pay tribute to and commend the fine statement of the Senator from New York and say that in my view he is absolutely correct. We have been led down a false trail in the Middle East.

It is about time that we supported and prevented the destruction of the one free nation in that area, the one that has worked for the rehabilitation of its own and other people, the one that has manifested only peaceful intentions, that is trying merely to exist and do its work to advance civilization at home and abroad.

If the United Arab States, under Nasser would, instead of planning to go to war, emulate Israel, work to educate their people, to sanitate their countries, irrigate their deserts, and make a contribution to peace, we would have peace in the Middle East and all its countries would progress and prosper.

It is a notable fact that of the many nations in the Middle East which have received our foreign aid, none was more conspicuous in the effective utilization of foreign aid than was Israel. None showed more public appreciation of this aid. It is somewhat depressing to note in many countries which we have helped to lift up from dire destitution, to see how little they have shown their appreciation. That has not been the case with Israel. Not only did we see signs on highways proclaiming that the roads were built as a result of joint efforts by the United States and Israel, but Israel has, at its own expense, issued a very beautiful documentary film in color, going into detail giving an historic account of what U.S. aid has done to help the people of Israel rehabilitate themselves.

I think it is time that we realized that this is one country that honestly is for peace and civilization, that is firm in its democratic faith, whose people enjoy all the freedoms, a little country which has no aggressive designs, that merely

wants to live and let live, but which is actually also doing something for backward countries by sending its own scientists there, and that we ought to affirm the policy which we should long ago have stood for; namely, that we will not countenance invasion and destruction of Israel. We will not permit our funds to be used to finance an aggressive war in the Middle East, which, unless we adopt such a policy, is bound to come.

Previously, however, concerned about the worsening situation, I addressed the following two letters to the President:

APRIL 10, 1963.

MY DEAR MR. PRESIDENT: I recently returned from the Middle East on an official trip for the Senate Committee on Government Operations.

What I saw there disturbed me greatly and, after talking to Mike Feldman, I thought I would pass on to you my observations even ahead of my official report, which will, in the main, deal with our AID program in the countries visited.

I visited Turkey, Iran, Syria, Lebanon, Jordan, Israel, Greece, Tunisia, Libya, and Egypt.

It is my firm conviction that U.S. foreign policy in the Middle East is set on a disaster course just as surely as it was when we thought we could appease Hitler.

I fervently hope that no future historian will be able to write a book concerning this period of U.S. activity in the Middle East entitled "While America Slept."

We propped Nasser up at the time of the Suez crisis—in fact saved him from extinction—and have been his mainstay since. Nasser's prestige in the Middle East declined with the Syria breakaway and continued to slide downward until, when his armies were bogged down in Yemen, we came to his rescue again and recognized the revolutionary government in Yemen. I have no doubt that the revolution in Yemen was Nasser-inspired and Nasser-instigated. The speed and the manner in which Egyptian troops were rushed to Yemen on Russian planes demonstrate that we are dealing with a new Egyptian military force and confirm the reports that it has been completely revamped with the aid of Russian technicians and former German Nazis.

What is hurting U.S. prestige in the other nations in the Middle East and what is hurting the administration's posture here at home with a sizable segment of our population is that Nasser is carrying on this war in Yemen for personal aggrandizement with U.S. money.

It is conservatively estimated that the Yemen adventure is costing Nasser $500,000 per day. At that rate, since the Yemen revolution on September 26, 1962, Nasser has spent over $100 million in waging his war in Yemen. Thus, in six months he has spent the equivalent of our economic aid to Egypt for a whole year. Of course, a portion of this is in Public Law 480 grains—but without those grains he would sooner realize the futility of his present predicament and might listen to reason. On the other hand, part of our economic aid is in the form of U.S. dollars for the purchase of goods here in the United States which Nasser needs.

The implications of our early recognition of Yemen—that it was a boost for Nasser and Nasserism—were forcibly called to our attention by officials in many of the countries visited. Officials in Turkey, Jordan, Iran, Syria (former regime) and Lebanon were especially vehement. I do not believe that the precipitate manner in which we recognized Yemen (especially before such a recognition by the United Kingdom) has helped our prestige in this area or served to strengthen the Jordanian or Iranian Governments. Had I written to you earlier, I would have added the Syrian Government to this list, but events have overtaken my report.

One important point concerning the effectiveness of our Foreign Service that strikes one in this area is the fact that very few of our representatives abroad (or, for that matter, working on the Near East Desks in Washington in the Department of State) have ever been to Israel. Such a situation is completely unintelligible to me. Our so-called Near East hands are thus representing the interests of the United States in this area without adequate appraisal of the facts. Is it any wonder that after all these years we are no nearer a peaceful solution of the problems of this area?

And finally, Mr. President, Israel itself should hold a special place in U.S. efforts in the Middle East. As the only true democracy in that area, as the one nation which has made determined and successful efforts to raise its economic level, as the one nation in the area that freely and publicly acknowl-

edges that it has received and benefitted from U.S. aid, we cannot afford—from the standpoint of our own security—to continue a policy which builds up a Frankenstein monster in that area that, openly, frankly and persistently announces the order of its next victims—Jordan, Saudi Arabia, and Israel—and whose official radio voices continue to preach assassination of the officials of these countries.

The oft repeated excuses that the Nasser line on this point is "softer" than it was a year ago are not borne out by the facts. In this connection I must point out that when Hitler published widely his plans in "Mein Kampf" people likewise refused to heed.

We are doing the same thing with Nasser.

Will we again wait too long—until grown strong with our help and independent of that help, he turns and swallows up country after country, including Israel?

One thing which will, I believe, relieve the pressures in this area is for the United States promptly to guarantee the borders of Israel in the same manner in which the borders of Saudi Arabia were guaranteed. We have backed and filled so often in the past with Nasser that we must give him no chance at misunderstanding our purpose and intent. A public guarantee of the borders of Israel by the United States would so much to assuage the fears of Israel—which today, with Nasser's increased trained military force, has much more to fear than ever before—and might also serve Nasser with an excuse to desist from his threats.

I would be glad to come up to talk to you at any time convenient to you.

With all best wishes, I am,

Sincerely yours,

ERNEST GRUENING, *U.S. Senator.*

APRIL 12, 1963.

MY DEAR MR. PRESIDENT: This is to supplement my letter to you of April 10, 1963, after my conversation with Mike Feldman, concerning U.S. policy in the Middle East.

In that letter I did not underscore strongly enough the thought that we are supporting an arms race in the Middle East just as surely as though American dollars were used directly to pay for the arms purchased.

Under Public Law 480 we are supplying a vital part of the food needs of the Egyptian people. As a consequence, Nasser is left free to exchange his cotton for Russia's missiles. Because Nasser has missiles, Israel must purchase the Hawk from us, at an expense upward of $25 million and an increase in the size of her standing army trained to use these modern, sophisticated weapons. This $25 million could be spent to a much better purpose on the economic development of Israel just as the $100 million spent so far by Egypt on Nasser's war in Yeman could have been better spent on the economic development of Egypt. Similar comparisons could be made with respect to the other countries aided by us in the Middle East such as Jordan and Iran which feel compelled to step up their own defense budgets.

I make these comments to you with a full awareness of the historical and political background of the tensions in the Middle East. But the time has surely come for the United States to take a firm stand and declare that it will no longer permit its aid dollars to be used for an arms race or for aggressive adventures beyond a Nation's own borders. We cannot continue to aid—directly or indirectly—in maintaining or increasing the tensions in the Middle East. As Nasser subverts one country after another, his high-powered radios—also indirectly supported by the United States—blare across the Middle East preaching violence against Jordan, Saudi Arabia, and Israel and actual assassination of their rulers. About 3 weeks ago Nasser's radio was predicting: "But the day will come when those who sought shelter with Husayn [Hussein, King of Jordan] will lament their fate, when they watch the people dragging Husayn in the streets."

I earnestly believe that at least one way to lessen the tension in the Middle East would be through a U.S. declaration that we will guarantee the borders of Israel and Jordan just as we have made similar declarations recently with respect to Saudi Arabia's borders. We should of course not continue to subsidize Nasser's costly military adventures beyond his borders.

But it is essential that our intent to safeguard the borders of Israel, Jordan, and Saudi Arabia is made crystal clear, publicly, not only to Nasser but to the entire world.

With all best wishes, I am,

Cordially yours,

ERNEST GRUENING, *U.S. Senator.*

I have now received the following letter from Assistant Secretary of State Fred Dutton:

DEPARTMENT OF STATE,
Washington, July 25, 1963.

DEAR SENATOR GRUENING: The President has asked the Department of State to comment further on matters raised in your letters regarding U.S. policy in the Near East. The Department is pleased to have this opportunity to review with you some of the elements of this policy.

The Department believes that the principal questions which you have raised concerning our policies in the Near East do not arise from any failure of our policies with respect to the Free World confrontation with Communism in that area. It should be remembered that Free World interests in the Near East were at their greatest peril in the mid and late fifties, when we had no aid program to the United Arab Republic, and that our policies of recent years have been paralleled by a material but gradual reversal of that dangerous situation. Today Soviet presence, prestige, and influence in the Near East have diminished to the lowest point in many years. At the same time, the capacity of the United States to exert a constructive influence on a wide variety of issues important to the Free World, while still limited, is far greater now than at any time in the past, and the United States is listened to with respect in every capital in the area.

The Department agrees, of course, that tension and danger are inherent in many of the specific points you list. The Department is very much aware of this situation and is determined that these tensions and dangers not be excited by a U.S. posture governed by impatients and hastiness rather than planning and perseverance.

The President's statement of May 8, in which he reiterated this Government's opposition to the use or threat of force in the Near East, relates directly to the principal recommendation of both your letters. The President emphasized not only that the United States would support appropriate measures in the United Nations and adopt other courses of action, but also that it supports the security of both Israel and her neighbors.

As the President pointed out, the balance of military power in the area has not been changed by recent developments. This does not, however, mean lack of concern with the Near East arms race and the dangers it carries for the future. The United States is unalterably opposed to the introduction of nuclear weapons of any kind into the area and considers the acquisition of sophisticated offensive weapons to be a luxury which neither side can afford. The United States does not condone the diversion of the scarce resources of the area to the arms race or to such tragic events as the Yemen strife. It has avoided contributing to the arms race and continues to work to reduce the tensions which foster it. In the case of Yemen, as you know, the United States has exerted efforts to arrange a disengagement of the United Arab Republic and Saudi Arabia.

The Department appreciates the concern expressed in your letters that U.S. assistance might make it possible for the United Arab Republic to acquire arms thus presenting an increasing threat to Israel and other countries, to engage in radio propaganda, and to become involved in the internal affairs of other Arab countries such as Yemen. It has accordingly kept the program under stringent review to assure against such possibility. Again it is worth noting what the situation was in 1957 and 1958 when there was no U.S. program of assistance to the United Arab Republic. During those years, Arab-Israeli hostility was most intense, Syria and Egypt merged to form the United Arab Republic, Yemen and Egypt affiliated themselves, the pro-Western Government of Iraq was overthrown, the United Arab Republic carried out the greatest expansion of its armed forces and, as noted above, Communist influence soared.

In determining its policy toward the United Arab Republic, the United States has done so only after thorough consideration of all factors in the light of its national interests. Assistance to the United Arab Republic, as noted above, continues to be designed as carefully as possible to assure its use for internal development purposes. Over three-fourths of U.S. assistance to the United Arab Republic has been in the form of surplus agricultural commodities mainly sold for local currency, part of which is used to meet U.S. expenses and the balance of which is used for economic development purposes.

As in the case of many countries seeking to meet national security requirements, military programs of countries in the Near East inevitably absorb resources which might otherwise contribute to development. But U.S. interests,

the Department believes, will not be served by ignoring or rejecting legitimate requests for assistance to facilitate economic progress or, for that matter, for food itself. It would only increase the tensions without curbing priorities which are given to military preparedness. The absence of the oft-alleged correlation between U.S. economic assistance and United Arab Republic arms acquisition is well illustrated by the fact that the United Arab Republic's most intensive procurement of arms occurred while the United States suspended aid in the post-Suez period. This procurement was financed then, as now, primarily through surplus United Arab Republic cotton not disposable in Western markets at reasonable prices. On the other hand, the United Arab Republic's more than threefold increase in its economic development budget has occurred after U.S. economic assistance was resumed. The $700 million increase in the United Arab Republic's annual development accounts is some four times larger than the amount of U.S. aid.

Of course, our program of assistance to the United Arab Republic has been paralleled by development assistance to other countries in the Near East which has contributed substantially to their growth and stability. During the period fiscal years 1949–62, for example, we provided Israel and Jordan with over $400 and $190 per capita respectively, while providing $26 per capita to the United Arab Republic.

With reference to your concern that officers dealing with Near Eastern affairs either at our posts in the area or in Washington may not have visited Israel, the Department wishes to assure you that many of our Foreign Service officers in the Near East have visited Israel and are encouraged to do so. Most of the Department's Near Eastern specialists have visited Israel, some of them a number of times.

In closing, the Department would like to assure you that it is not and cannot be indifferent to the dangers of the Near Eastern situation. The Department has taken and is taking steps designed to reduce or eliminate the tensions underlying the Arab-Israel dispute and to keep to a minimum the flow of arms to the area. The Department seeks to conduct these policies and actions so that they will not of themselves precipitate an adverse chain of events which would be difficult if not impossible to contain and be welcome only to the Soviet Union.

It has been amply demonstrated in the Near East that the use of an assistance program in this area as a bludgeon to force solutions will not work where deep-seated beliefs and longstanding grievances are held. Experience also has shown that the American interest in denying the Communists a position dangerous to us in the Near East and our interest in easing the tensions of the area to permit increasing stability is best served by maintaining and multiplying ties with the countries of the Near East.

If I can be of further assistance, please do not hesitate to call on me.

Sincerely yours,

FREDERICK G. DUTTON,
Assistant Secretary.

III. ECONOMY

A. AGRICULTURE

The majority of Egypt's population is engaged in agriculture and derive their livelihood from it. Per capita income is approximately $118 per annum. The most important single crop is cotton. It is also the largest export commodity; it accounts for 70 percent of annual exports. One-fifth of the total cropped area is used for cotton growing. Cotton, however, has unfortunately been subject to wide price fluctuations in world markets.

Other cultivated crops are corn (or maize), wheat, rice, "Berseam" (clover-fodder), sugarcane, fruit, and vegetables. The total cultivable area is roughly 10 million acres.

Perennial irrigation is necessary over most of this land. The need to bring more land under cultivation points to the importance of the Aswan Dam project. It is the cornerstone of Egypt's plans for future development. It is expected to make available 2 million acres

of land for cultivation and bring about approximately a 33-percent increase in the national income. The first stage of the dam is due to be completed in 1965 and the second stage by 1970.

Besides increasing the land area under cultivation, improved methods of agriculture and cooperative organization (to provide seeds, fertilizer, equipment, and advice) are being applied to increase crop yields, especially of long staple cotton. Land reform which was started in 1952 was revised and intensified in July 1961. Individual landholdings were reduced from 200 to 100 feddans. Excess holdings were to be redistributed among landless peasants with a maximum of 5 feddans for each. A total of over 800,000 feddans (or acres approximately) will thus eventually be distributed among 250,000 rural families.

B. MINING

Egypt has no large mineral resources. Some oil is produced—approximately 3,350,000 tons—mostly in the Sinai Peninsula and west of the Gulf of Suez. A continuing search is underway for new oilfields in the Western Desert. Crude oil is imported for domestic use and refined in the oil refineries at Suez and Alexandria. The state-owned General Petroleum Co. which exploits and refines most of the oil is controlled by the newly created General Petroleum Authority. Iron deposits found in the Aswan region are mined and the ore is smelted at the new Helwan iron and steel plant. Deposits of manganese, phosphate, salt, and gold are also mined.

C. INDUSTRY AND MANUFACTURING

Approximately 1 million workers were employed in industry in 1961. Many new industrial concerns have been established in Egypt within the last 5 to 7 years. These produce radios, steel rails, diesel engines, motor vehicles, railway wagons, textiles, cement, fertilizer, electricity (generating plants), and electric bulbs. The Government has sought to expand the industrial sector, and especially heavy industry, in order to reduce the country's dependence on agriculture and especially cotton. Approximately 30 percent of development funds are being devoted to industrial expansion under the second Five Year Plan. It is also hoped that this sector will provide employment to approximately 200,000 more workers between 1960–65.

The state has acquired ownership or control over most of the important industries, manufacturing, financial, and commercial concerns—approximately 80 percent of all business. This increased state control was effected under the laws promulgated in July 1961. A National Investment Fund was also established with E£200,000 (E£1=$2.30) initial resources. It was hoped that this would encourage small savers to invest in industry. Exchange controls and import restrictions were put into effect one and a half years ago and a state monopoly was created over all cotton exports. In part this was a reaction to the alarming decrease in trade and foreign exchange earnings from the Western countries.

The Suez Canal has become an important source of foreign exchange earnings yielding approximately $150 million per year. A loan of $56.5 million was approved by the World Bank in December 1959 to widen and deepen the canal. The United States voted to approve this loan despite the fact that, contrary to United Nations action, Egypt was still barring Israeli shipping from the use of the canal and barring ships of other nations, including the United States, carrying goods to and from Israel.

D. ECONOMIC DEVELOPMENT PLANS

A National Planning Institute was established and given responsibility to formulate and oversee development plans. The second Five Year Plan was officially started in July 1960. It envisaged a total expenditure of E£1,697 million—E£392 million on irrigation and the Aswan High Dam, E£434 million for industry, E£145 million for electricity generation, and the rest on transportation, housing, education, health, and welfare. It was hoped that by the end of this Five Year Plan per capita income would increase from $118 to $140, and that employment in industry alone would increase by 200,000. The rate of population growth, however, may not allow per capita income to rise significantly.

Under a decree isued in July 1961 at least 25 percent of profits of all industrial or manufacturing concerns were to be distributed among workers, and their representatives were to be included on the Board of Directors. A ceiling was set on individual salaries of executives. Numerous cooperatives for industrial as well as agricultural workers have been set up to benefit the working classes and to provide them with consumer goods at controlled prices.

The Soviet Union had committed $920 million in aid to Egypt up to mid-1962, one-third of it in the form of military assistance. A large share of Soviet aid has been devoted to the construction of the Aswan Dam and the rest to smaller industrial projects, including oil refineries, and technical assistance. Soviet aid is likely to continue as long as it desires to maintain a foothold in the Middle East. Czechoslovakia has also been an important source of aid, especially military aid, to Egypt. Egypt secured aid from the Communist-bloc countries under barter agreements, trading cotton for military and industrial equipment and technical assistance. As a result of this arrangement the Soviet Union and Czechoslovakia became Egypt's most important trading partners. The resulting shortage of essential Western currencies and the sad experience with reexport of Egyptian cotton to Western European markets by Czechoslovakia caused Egypt to ponder over its economic ties with the Communist bloc.

E. U.S. ECONOMIC ASSISTANCE PROGRAM

According to AID figures (exhibit III–J–B) in the 11 years since 1952 we have loaned or granted Egypt $862.8 million. To this must be added the $30 million, three-fourths of 1 percent, 40-year loan made to Egypt this last February, making the total $892.8 million.[2]

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[2] Through the years Egypt has received a total of $72.3 million from:

	Million
International Bank for Reconstruction and Development	$56.5
United Nations Technical Assistance Program	7.3
United Nations Special Fund	8.5

EXHIBIT III–J–B

U.S. assistance to the United Arab Republic

[In millions of dollars]

	Fiscal year 1952	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956	Fiscal year 1957	Fiscal year 1958	Fiscal year 1959	Fiscal year 1960	Fiscal year 1961	Fiscal year 1962	Fiscal year 1963	Total
I. Technical Assistance:													
Agricultural and Natural Resources		1.528	0.992	0.658	0.312	0.100	0.003		0.419	0.109	0.489		4.610
Industry and Mining		.241	.366	.088	.094	.029			.033	.421	.380		1.652
Transportation and Communications		.029	.007	.052	.063	.008		0.291	.217	.181	.444		1.292
Health and Sanitation		.153	.472	.235	.216	.035							1.111
Education		.270	.471	.250	.321	.085	.001						1.398
Public Administration		.008	.023	.286	.054			.021	.002	.018	.185		.604
Community Development and Housing		10.109	.061	.198	.198	.046		.104	.119	.120	.097		11.052
Technical Support	0.376	.313		.301	.185	.214		.021	.132	.202	.231		1.975
Special Participant Program									.548	.394	.201		1.143
Total	.376	12.651	2.392	2.068	1.443	.517	.004	.437	1.470	1.452	2.027	1.769	26.606
II. Special Assistance:													
Agricultural and Natural Resources									.250	.410			.660
Transportation				16.439				2.550	.981	.130			20.100
Health and Sanitation				6.262									6.262
Public Administration									.250				.250
General Miscellaneous				1.408									1.408
Commodity Imports				7.639				7.218	2.200				17.057
Total				31.748				9.768	3.681	.540		(1)	45.737

III. Food for Peace (Public Law 480):													
Title I					19.600			48.300	72.700	79.800	165.840	104.000	496.740
Title II											29.100		29.100
Title III	.808		.744	23.544	17.514	.455	2.080	9.587	8.299	23.550	27.300	35.582	149.463
Total	.808		.744	23.544	37.114	.455	2.080	57.887	80.999	103.350	222.240	139.582	675.303
IV. Export-Import Bank:													
Suez Fertilizer Plant				[2] 7.500				5.000					12.500
Diesel Locomotives									12.000	22.500			34.500
Total				7.500				5.000	12.000	22.500		(1)	47.000
V. Development Loans:													
Edfina								.200					.200
Bagasse Plant									6.700				6.700
Industrial Bank									7.000				7.000
Telecommunications										1.300			1.300
Misrayon											3.00		3.000
Grain Handling											[3] 17.000		17.000
Commodity Imports											20.000	10.000	30.000
Total								.200	13.700	1.300	40.000	10.000	65.200
VI. Fulbright Program	.415	.335	.279	.206	.186	.056	.002	.003	(4)				1.482
VII. Exchange of Persons Program (Public Law 402)					.151	.151	.151	.198	.284	.400	.171		1.506
Grand total	1.599	12.986	3.415	65.066	38.894	1.179	2.237	73.493	112.134	129.542	264.438	151.351	862.834

[1] Total for fiscal year not as yet determined.
[2] Loan has been repaid.
[3] E£7,520,000 will also be granted by United States to support this activity.
[4] United Arab Republic and United States agreed that E£404,798 in U.S.-owned foreign currency would be used for the ensuing fiscal years.

Jan. 23, 1963.

Broken down, this assistance went for the following purposes:

	Millions
Technical Assistance	$26.6
Special Assistance	45.7
Food for Peace	675.3
Export-Import Bank	47.0
Development Loans	95.2
Fulbright Program	1.4
Exchange of Persons	1.6
Total	892.8

The major portion of our assistance to Egypt has therefore gone for sales of food and fibre.

Our technical assistance program has been relatively small. Thus we were involved in the following projects according to an AID report:

263-A-12AA—Groundwater Investigations in the Western Desert

(*a*) Brief description and justification of each project:

One of the most pressing problems facing the United Arab Republic is the necessity for finding means of feeding its 27 million people who are increasing at the rate of about 2.5 percent per year. The pressure on the available land supply is exemplified by the fact that 96 percent of the people live on 4 percent of the land and the arable land supply is only about one-fourth of an acre per person.

There are two main aspects to the problem of increasing agriculture production:

(1) Increasing production on existing land by more intensive cultivation, i.e., use of more fertilizer, better seeds, double cropping, etc.

(2) Increasing the supply of arable land. This can be done in two principal ways:

(*a*) Application of water to areas not now receiving water.

(*b*) Reclaiming land which has gone out of production through salinity, waterlogging, etc.

The High Dam Project will attack the problem on both fronts. It will enable the Government to double or triple the cropping on some 700,000 acres which now grow a single crop. It will also enable the use of approximately 1 million acres not now receiving water. However, the dam will take up to 10 years in construction and it is estimated that the population increase in the interim will probably absorb most of the increase in production. Prospects exist for increasing production by raising yields (intensification) notwithstanding the fact that yields are relatively high. They still are below averages obtained on irrigated lands.

The Western Desert comprises an area of 250,000 square kilometers and supports a population of only 45,000. It is believed much additional land could be cultivated if adequate water can be located and there is sufficient recharge to support significant resettlement.

The water program is divided into two segments:

(1) Research and Investigation through June 1964.

(2) Development and Utilization (10 to 15 years).

The United States is assisting with the completion of the first stage by providing the services of six technicians including geologists, well drillers as well as a mechanic. An extensive aerial and magnetometer survey has been completed covering 86,000 square miles of the desert area. This has been under contract with the Aero Service Corp. of Philadelphia, Pa. Photomosaics have been made and the necessary mapping for the project will be done by the Egyptian Government. These maps will serve as a basis for soil classification, minerals locations, additional potential water sources, etc., which will all contribute to the possible future development of the area. The investigation itself is being carried out largely by professional personnel of the Egyptian General

Desert Development Organization with technical assistance and training from American hydrologists, geologists, and other specialists.

(*b*) Total cost of project: U.S. dollars plus equivalent U.S. dollars.. $5,199,000
(*c*) U.S. contribution:
U.S. dollar funds..... $2,252,000
U.S.-owned local currency (in equivalent U.S. dollars)..... $242,000
(*d*) Local government contribution—
(i) From country budget (in equivalent U.S. dollars)..... $2,388,000
(ii) From counterpart funds (in equivalent U.S. dollars).. $317,000
(*e*) Percent U.S. contribution to total cost..... 48
(*f*) Estimated completion date..... Fiscal year 1964

263–A–11AB—Agricultural Education and Extension

(*a*) Brief description and justification of the project:
Agriculture is the backbone of the United Arab Republic economy and affects the income of most of her people. Consequently, the Government has embarked upon a broad-scale agriculture program and in this connection recognizes the importance of conveying to the farmer the latest results of field trials, applied research and demonstrations. The Ministry of Agriculture and, in particular the Agricultural Extension Department, has experienced considerable difficulty is securing trained personnel to meet its expanding requirements. The Ministries' present plans are (1) to upgrade the 67 agricultural centers already established; (2) to establish up to 58 additional centers within the next 6 years; (3) to provide inservice training for extension personnel; and (4) to train additional specialists and other extension workers.

(*b*) Total cost of project: U.S. dollars plus equivalent U.S. dollars. $10,965,000
(*c*) U.S. contribution:
U.S. dollar funds..... $2,918,000
U.S.-owned local currency (in equivalent U.S. dollars)..... $600,000
(*d*) Local Government contribution—
(i) From country budget (in equivalent U.S. dollars)..... $7,447,000
(ii) From counterpart funds (in equivalent U.S. dollars)..... .....
(*e*) Percent U.S. contribution to total cost..... 32
(*f*) Estimated completion date..... Fiscal year 1969

263–A–11AC—Development of Hydraulic Research and Experiment Station

(*a*) Brief description and justification of the project:
The principal long-term objective of this project is to develop a modern hydraulic experiment station capable of carrying out research essential to the coordinated and efficient development of the United Arab Republic's water resources. The project includes fundamental research in river hydraulics, open channel flow, sedimentation, transportation, design and maintenance of irrigation works, the study of river training problems by the use of models and the experimental design of hydraulic structures. The significance of solving the problems outlined above can hardly be overemphasized since the United Arab Republic is so heavily dependent upon the Nile for development.

(*b*) Total cost of project: U.S. dollars plus equivalent U.S. dollars.... $541,000
(*c*) U.S. contribution:
U.S. dollar funds..... $125,000
U.S.-owned local currency (in equivalent U.S. dollars)..... $135,000
(*d*) Local Government contribution—
(i) From country budget (in equivalent U.S. dollars)..... $273,000
(ii) From counterpart funds (in equivalent U.S. dollars).... $8,000
(*e*) Percent U.S. contribution to total cost..... 48
(*f*) Estimated completion date..... Fiscal year 1964

263–A–15AE—Grain Handling Facilities

(*a*) Brief description and justification of the project:

This project provides a system of storage facilities at 49 locations serving all of the United Arab Republic. Included will be three new port facilities located at Alexandria, Port Said, and Safaga on the Red Sea. There will be 10 terminal silos and 36 distribution silos located throughout the country. The 54 silos, with associated facilities, will have a combined storage capacity of 837,000 metric tons. The total cost of the project is estimated to be about $66 million of which about $32 million represent foreign currency requirements.

Construction of this modern storage system is expected to save the United Arab Republic Government millions of pounds annually incurred through losses due to spoilage, insect infestation, etc.

(*b*) Total cost of project: U.S. dollars plus equivalent U.S. dollars	$66,000,000
(*c*) U.S. contribution:	
U.S. dollar funds	----------
U.S. owned local currency (in equivalent U.S. dollars)	$16,920,000
(*d*) Local Government contribution—	
(i) From country budget	[1] $49,080,000
(ii) From counterpart funds (in equivalent U.S. dollars)	----------
(*e*) Percent U.S. contribution to total cost	25.6
(*f*) Estimated completion date	Fiscal year 1965

263–A–12AF—Egyptian-American Service for Rural Improvement (EARIS)

(*a*) Brief description and justification of project:

One of the major approaches in the drive to increase agricultural production, in addition to increasing intensive production on present lands (other than double cropping planned through the application of the high dam water), is the utilization of new lands. There are two aspects to this approach: (1) discovery of underground water which can be applied to potentially arable but presently desert land, and (2) reclamation of presently unusable lands because of salinity or waterlogging.

This project is directed to the reclamation aspect of the problem and the resettlement of landless farm families.

This project was initiated in 1953 and is the only activity which has continued since that time. However, as U.S. participation was reactivated, the project emphasis was reoriented. The present approach is directed to reorganizing the administration in such a way that by 1964 the entire activity and certain principles evolved therein can be totally integrated within the overall framework of the program to be carried out through all of the Egyptian region by the United Arab Republic Ministry of Agriculture and Agrarian Reform.

The project is under Egyptian and American Co-Direction and the joint fund is controlled by the two Co-Directors.

The present goals are to—

(1) Reclaim approximately 40,000 acres of land in three areas, the largest consisting of 32,000 acres located just south of the city of Alexandria.

(2) Construct irrigation and drainage canals.

(3) Leach land and prepare it for production.

(4) Construct approximately 8,000 houses.

(5) Resettle approximately 8,000 farm families on 5-acre plots.

(6) Develop a pattern of community life and village administration consistent with local conditions and in accord with the regulations of the Agrarian Reform Cooperative.

At Abis, the largest of the three projects included in EARIS, approximately 13,300 of the 30,800 acres in the area have been reclaimed and 11,393 acres have been distributed to farmers. An additional 6,700 acres is ready for distribution. Three complete villages of nearly 4,000 houses have been constructed complete with schools, shops, mosque, hospitals, clinics, and administrative buildings.

The families selected for settlement had to demonstrate they had little or no land holdings, were experienced farmers, could manage 5 acres, have relatively good health, and a previous good community record. As a result of the careful screening, the present settlers have been over 99 percent successful. Over 1,000

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[1] Includes the $32 million U.S. loan which represents the foreign currency requirements for this project.

additional houses are presently under construction. This project is included in the present Economic Development Program, and it is planned that this project will serve as a model for the total Reclamation and Development effort which envisages the resettlement of one-fourth to one-half million farmers.

(*b*) Total cost of project: U.S. dollars plus equivalent U.S. dollars.. $50,093,000
(*c*) U.S. contribution:
U.S. dollar funds $10,982,000
U.S.-owned local currency (in equivalent U.S. dollars) $3,286,000
(*d*) Local government contribution—
(i) From country budget (in equivalent U.S. dollars) $35,695,000
(ii) From counterpart funds (in equivalent U.S. dollars) .. $130,000
(*e*) Percent U.S. contribution to total cost ..... [1] 28.4
(*f*) Estimated completion date ..... Fiscal year 1965

[1] The U.S. contribution is related to the total cost of the project. Additional U.S. contribution of local currency may be required. However, it is not contemplated that the U.S. contribution will exceed 40 percent of the total cost of the project.

263–W–19AA—Agricultural Training Project

(*a*) Brief description and justification of the project:

The United Arab Republic is in need of qualified personnel to plan and carry out the activities included in its economics development plan which calls for a significant expansion in agricultural production. The objective of this project is to train a small number of selected officials of the Ministry of Agriculture and Ministry of Land Reform and Reclamation in methods of improved crop and livestock production, soils irrigation, farm management, and farm machinery maintenance and operation.

(*b*) Total cost of project: U.S. dollars plus equivalent U.S. dollars $56,000
(*c*) U.S. contribution:
U.S. dollar funds $42,000
U.S.-owned local currency (in equivalent U.S. dollars) ..... -------
(*d*) Local government contribution—
(i) From country budget $14,000
(ii) From counterpart funds (in equivalent U.S. dollars) ..... -------
(*e*) Percent U.S. contribution to total cost 75
(*f*) Estimated completion date ..... Fiscal year 1962

263–31–169—Highway Development Project

(*a*) Brief description and justification of the project:

Motor vehicle transportation is an extremely important element of Egypt's internal transportation. Approximately 16,000 motortrucks are registered and the quantity is constantly increasing. These trucks transport over 2 million ton-miles of cargo per year and no less than 75 percent of all cotton products and half of the petroleum products. Buses carry approximately 50 million passengers a year. During the period from 1956 to 1961 inclusive, the United Arab Republic Government spent about $52 million on road construction and has made good progress in improving the highway system. It is a vital element in the United Arab Republic development program.

The United States has provided assistance through a contract with Charles M. Upham Associates, Inc., in the establishment of a training center for the training of highway department personnel in the operation, care, and maintenance of highway equipment and in the techniques of efficient low-cost road construction. They also developed a general specification manual for construction standardization.

(*b*) Total cost of project: U.S. dollars plus equivalent U.S. dollars.. $28,052,000
(*c*) U.S. contribution:
U.S. dollar funds $2,326,000
U.S.-owned local currency (in equivalent U.S. dollars) $5,221,000
(*d*) Local Government contribution—
(i) From country budget (in equivalent U.S. dollars) $18,213,000
(ii) From counterpart funds (in equivalent U.S. dollars) .. $2,292,000
(*e*) Percent U.S. contribution to total cost 26.9
(*f*) Project completed ..... Fiscal year 1961

263-W-37AC—Civil Aviation Development

(*a*) Brief description and justification of project:

Egypt is an important traffic-generating point in the Middle East. Cairo is on the main Southern East-West trunk route from Europe through the Middle East to the Far East and a main trunk route from Europe to Africa.

An improved airways system will greatly enhance economic development and increase revenues through greater utilization and traffic-handling capacity of its airports.

At present the Cairo International Airport handles 800 total operations per week (350 flights) but it is conservatively estimated that the traffic potential is 1,200 operations per week within 5 years. The project system when completed will enable handling of approximately 1,500 operations per week.

The project is designed to assist the United Arab Republic Government in the establishment of a modern airway system which can efficiently cope with the requirements of both domestic and international aircraft operations and in particular to the operation of jet aircraft.

U.S. assistance is being provided by a team of seven technicians from the Federal Aviation Administration (FAA) to advise and assist in the planning, engineering, and installation of airways facilities and in the local training of personnel to operate and maintain the system.

Supervisory personnel are being sent to the United States for advanced training. Equipment is being provided from Special Assistance funds to meet the needs of the system.

(*b*) Total cost of project: U.S. dollars plus equivalent U.S. dollars	$11,143,200
(*c*) U.S. contribution:	
U.S. dollar funds	$1,988,300
U.S.-owned local currency (in equivalent U.S. dollars)	$952,900
(*d*) Local Government contribution—	
(i) From country budget (in equivalent U.S. dollars)	$8,142,000
(ii) From counterpart funds (in equivalent U.S. dollars)	$60,000
(*e*) Percent U.S. contribution to total cost	26.4
(*f*) Estimated completion date	Fiscal year 1964

263-G-22-AA—Telecommunications Training Center

(*a*) Brief description and justification of project:

Since 1955 the United Arab Republic Government's Telecommunication organization has been engaged in carrying out a planned three-phase 15-year Telecommunications program to expand facilities which is estimated to cost $170 million. Illustrative of some of the projects involved which have recently been completed under the plan are: installation of a coaxial cable network in the Delta area to connect Cairo, Alexandria, and the main cities, with a total length of about 275 miles; and establishment of automatic telephone exchanges in Cairo, Alexandria, and 5 other cities with a total of 44,000 lines.

The U.S. Government has been requested to provide assistance to the Telecommunications Organization toward establishment and operation of a Telecommunications Training and Research Institute in Cairo. As a first step in implementing this project two RCA Consultants spent 6 weeks in Cairo reviewing conditions and prepared a report outlining an organization and curriculum for the Institute calling for a team of eight technicians. It is estimated that after 5 years of U.S. assistance the Institute, consisting of a Technical School, a Maintenance and Installation School, a Traffic School, an Administrative School, a Research Laboratory, and an Advanced Studies School, will function entirely under local direction and management.

Graduates from these schools will fill the need for increasing numbers of trained personnel to administer and operate the rapidly expanding telecommunications system.

(*b*) Total cost of project: U.S. dollars plus equivalent U.S. dollars	$4,417,000
(*c*) U.S. contribution:	
U.S. dollar funds	$1,953,000
U.S.-owned local currency (in equivalent U.S. dollars)	----------
(*d*) Local Government contribution—	
(i) From country budget (in equivalent U.S. dollars)	2,464,000
(ii) From counterpart funds (in equivalent U.S. dollars)	----------
(*e*) Percent U.S. contribution to total cost	44
(*f*) Estimated completion date	Fiscal year 1968

263–J–29–AA—Technical Advice to the Five-Year Plan Organization

(*a*) Brief description and justification of the project:

This is a new project to provide technical assistance and advice to the General Organization for Executing the Five Year Industrial Plan (GOEFYIP) of the United Arab Republic Government Ministry of Industry, on the economic and technical planning aspects of the United Arab Republic Industrial Development Program. Comprehensive long-range industrial development programs are in the process of planning and implementation throughout the Nation. As the industrialization program progresses, increasing attention must be given to the economic and technical analyses of industrial development objectives and to the economic and technical feasibility determinations for industrial projects comprising the program in order to insure optimum productive results. While United Arab Republic technical competence levels are relatively high and many qualified engineers and technicians are available to carry out the Industrial Program it is imperative that GOEFYIP reinforce its own staff resources with competent outside consultants to assist in the study of these complex industrial planning problems. Technical advice and assistance will be provided under this project by a team of full-time consultants supplemented by short-term specialists to help GOEFYIP establish and develop this major staff facility and to develop and train technical staff to meet the rapidly expanding demands of their Organization.

(*b*) Total cost of project: U.S. dollars plus equivalent U.S. dollars	$1,107,000
(*c*) U.S. contribution:	
U.S. dollar funds	$784,000
U.S. owned local currency (in equivalent U.S. dollars)	----------
(*d*) Local Government contribution—	
(i) From country budget (in equivalent U.S. dollars)	$323,000
(ii) From counterpart funds (in equivalent U.S. dollars)	----------
(*e*) Percent U.S. contribution to total cost	71
(*f*) Estimated completion date	Fiscal year 1966

263–J–28–AC—Industrial Technical Training

(*a*) Brief description and justification of the project:

Egypt's industrial development program including establishment of new industries and expanding and modernizing those already existing is seriously hampered by the shortage of trained subprofessional technical personnel. In order to assess this problem objectively and to recommend the fields in which U.S. assistance should be provided, the services of a three-man Industrial Technical Training survey team (Sept.–Dec. 1962) have been obtained. Upon completion of their survey the team will report on means of improving manpower development programs and specifically determine the nature and extent of training facilities needed to meet required manpower skills. Lack of these skills represents a critical bottleneck and prevents effective communication between graduate engineers and skilled and semiskilled workers. Following the survey team it is planned to expand this project and contract for a group of qualified technicians, whose specialities and periods of assignment are to be based on findings in the survey report. This group will organize, staff, define objectives, and establish standards of the technical training institution(s) selected to address this problem.

The basic objective of this project is to alleviate the shortage of subprofessional personnel which is a problem of prime importance in accelerating the rate of Egypt's industrial development.

(*b*) Total estimated cost of project: U.S. dollars plus equivalent U.S. dollars	$3,485,000
(*c*) U.S. contribution:	
U.S. dollar funds	$1,230,000
U.S.-owned local currency (in equivalent U.S. dollars)	$675,000
(*d*) Local Government contribution—	
(i) From country budget (in equivalent U.S. dollars)	$1,580,000
(ii) From counterpart funds (in equivalent U.S. dollars)	----------
(*e*) Percent U.S. contribution to total cost	54.7
(*f*) Estimated completion date	Fiscal year 1967

263-27-250—Iron and Steel Industry Development

(*a*) Brief description and justification of the project:

An Iron and Steel plant of 225,000 tons annual capacity has ben erected at Helwan to utilize the iron ore deposits at Asswan.

In 1960 the U.S. AID was requested to provide assistance to the industry as production was far short of rated capacity and quality was defective.

Following its usual custom, U.S. AID procured the services of two short-term, highly specialized consultants to advise as to the requirements of the situation and to ascertain what, if anything, could be done to assist. The conclusion reached by the consultants suggested improvement of marketing methods, many improvements in quality control and related items. The Government of the United Arab Republic decided that its interest was in increasing production per se and not in other activities. U.S. AID then decided that any further activities in this area would not be feasible.

(*b*) Total cost of project: U.S. dollars plus equivalent U.S. dollars	$9,000
(*c*) U.S. Contribution:	
U.S. dollar funds	$8,000
U.S.-owned local currency (in equivalent U.S. dollars)	------
(*d*) Local Government contribution—	
(i) From country budget (in equivalent U.S. dollars)	------
(ii) From counterpart funds (in equivalent U.S. dollars)	$1,000
(*e*) Percent U.S. contribution to total cost	88.9
(*f*) Project terminated	Fiscal year 1960

263-J-66-AG—Engineering Education, University of Assiout

(*a*) Brief description and justification of project:

Assiout University is the youngest and most modern university in the United Arab Republic. It was opened in 1957 and graduated its first class in 1961. Organized on departmental lines, the University is more comparable to an American institution of higher learning than any other non-American sponsored university in the Arab World. The university is currently very short of staff. Many members of the faculty are drawn from other universities in Egypt and commute to Assiout for 1 or 2 days per week. Eighty-seven members of the engineering staff alone are commuters.

The university has approached the U.S. AID for assistance in the development of its Department of Engineering with emphasis on mechanical, electrical and Civil Engineering departments. This Mission has requested the services of a survey team to conduct a survey of the University and its needs for faculty and curriculum development.

(*b*) Total cost of project: U.S. dollars plus equivalent U.S. dollars	$9,958,000
(*c*) U.S. contribution:	
U.S. dollar funds	$2,250,000
U.S.-owned local currency (in equivalent U.S. dollars)	---------
(*d*) Local Government contribution—	
(i) From country budget (in equivalent U.S. dollars)	$7,708,000
(ii) From counterpart funds (in equivalent U.S. dollars)	---------
(*e*) Percent U.S. contribution to total cost	22.6
(*f*) Estimated completion date	Fiscal year 1967

263-W-69-AG—Special Participant Program

(*a*) Brief description and justification of project:

The objective of this project is to improve the technical abilities of the United Arab Republic Government officers in areas related to economic development in the United Arab Republic.

This project originated in fiscal year 1960 when AID sponsored 98 participants, USIS sponsored 40 participants and the American Friends of the Middle East sponsored 50 participants. The AID sponsored participants were selected from a variety of fields including agriculture, industry, mining, chemistry, and nuclear engineering.

Some of the AID-sponsored participants have already completed their training and a number of the participants presently receiving training in the United

States will complete their program this year. As of September 30, 41 participants were still in the United States receiving training under this program.

The Government of the United Arab Republic has assured that each returning participant will be employed by the Ministry which can best utilize his training.

This project has been closely coordinated with USIS and the American Friends of the Middle East.

(*b*) Total cost of project: U.S. dollars plus equivalent U.S. dollars.. $1,231,000
(*c*) U.S. contribution
U.S. dollar funds..... $1,176,000
U.S.-owned local currency (in equivalent U.S. dollars)..... .....
(*d*) Local Government contribution—
(i) From country budget (in equivalent U.S. dollars)..... $19,000
(ii) From counterpart funds (in equivalent U.S. dollars).. $36,000
(*e*) Percent U.S. contribution to total cost..... 95.5 percent
(*f*) Estimated completion date..... Fiscal year 1963

263–W–78–AH–Population Census

(*a*) Brief description and justification of project:

The United Arab Republic Department of Statistics and USAID/United Arab Republic cooperated in a Population Census Project. Under this project, the USAID provided funds for the rental of statistical equipment and the purchase of necessary cards and paper for the machines. Prior to the negotiation of the agreement obligating funds for this project, the USAID provided the services of a short-term consultant to assist the United Arab Republic Department of Statistics in planning for the use of the machines and equipment ("A Report on the 1960 Population Census of the United Arab Republic," by Lawrence A. Marzetti) and, under the fiscal year 1959 program, the USAID provided training in the United States for six United Arab Republic statisticians in Census Operations and Population Analysis. The participants completed their training and returned to the United Arab Republic to participate in the preparation of the data collected during 1960 prior to actual machines punching and tabulation.

The first census was carried out in the Egyptian Region in 1882 and the second was in 1887. Thereafter, it was carried out every 10 years up until 1957. The eighth census was to be carried out in 1957 but was delayed until 1960. One important defect in past censuses was that the information collected was seldom published before the lapse of about 5 years, a fact which defeated the purpose of such an operation. For this reason it was hoped that all necessary information concerning the 1960 census would be published 1 year after its collection. Therefore, training in the use of the most up-to-date electronic equipment and the subsequent rental of such equipment was needed for processing the information obtained in the shortest possible time.

The population census in the United Arab Republic was carried out in 1960, and the Project was completed in March 1962.

(*b*) Total cost of project: U.S. dollars plus equivalent U.S. dollars.... $366,000
(*c*) U.S. contribution:
U.S. dollar funds..... $239,000
U.S.-owned local currency (in equivalent U.S. dollars)..... .....
(*d*) Local Government contribution—
(i) From country budget (in equivalent U.S. dollars)..... $122,000
(ii) From counterpart funds (in equivalent U.S. dollars)... $5,000
(*e*) Percent U.S. contribution to total cost..... 68.8
(*f*) Project completed..... Fiscal year 1962

263–98–260—Atomic Energy Training

(*a*) Brief description and justification of project:

The Government of the United Arab Republic, through the Egyptian Atomic Energy Commission, has established a Reactor and Nuclear Center at Inshass village, which is about 40 miles from Cairo, where a light water reactor has been built. A Nuclear Physics laboratory comprising a Van De Graff two-men

unit and an Isotope production plant was planned to be constructed at Inshass. This Nuclear Reactor Project and Isotope Center was planned to employ around 250 to 350 technicians and other personnel. During fiscal year 1961 the United States provided training for one participant under this project.

The present light water reactor at the Nuclear Center at Inshass is only an experimental type for further development and it is anticipated that different kinds of reactors such as heavy water and power reactors might be developed in the future.

(*b*) Total cost of project: U.S. dollars plus equivalent U.S. dollars	$32,000
(*c*) U.S. contribution:	
U.S. dollar funds	$24,000
U.S.-owned local currency (in equivalent U.S. dollars)	-------
(*d*) Local Government contribution—	
(i) From country budget (in equivalent U.S. dollars)	$6,000
(ii) From counterpart funds (in equivalent U.S. dollars)	$2,000
(*e*) Percent U.S. contribution to total cost	75
(*f*) Project terminated	Fiscal year 1961

263–R–79–AA—National Economic Planning

(*a*) Brief description and justification of project:

Under this project high level technical assistance in national planning and management is provided by the United States to the Institute of National Planning and other governmental departments concerned with national planning. The Institute was established in 1960 as an independent public agency attached to the Presidency of the Republic. The institute among other things encourages national planning research and studies related to the formulation and execution of the National Development Plan; and conducts, supervises, and direct studies, and research in fields of planning, economy, statistics, technology, and social services. The program of assistance developed with the Institute encompasses exploration of techniques of national planning and management from a technical, theoretical, and philosophical viewpoints.

(*b*) Total cost of project: U.S. dollars plus equivalent U.S. dollars	$2,153,000
(*c*) U.S. contribution:	
U.S. dollar funds	$758,000
U.S.-owned local currency (in equivalent U.S. dollars)	----------
(*d*) Local Government contribution—	
(i) From country budget (in equivalent U.S. dollars)	$1,314,000
(ii) From counterpart funds (in equivalent U.S. dollars)	$81,000
(*e*) Percent U.S. contribution to total cost	35.2
(*f*) Estimated completion date	Fiscal year 1966

263–Z–99–AA—Technical Support

(*a*) Brief description and justification of project:

This project supports technician costs, commodities, rents, utilities, vehicles, local travel, house furnishings not chargeable to a single project or field of activity.

(*b*) Total cost of project: U.S. dollars plus equivalent U.S. dollars	[1] $2,482,000
(*c*) U.S. contribution:	
U.S. dollar funds	$1,878,000
U.S.-owned local currency (in equivalent U.S. dollars)	----------
(*d*) Local Government contribution—	
(i) From country budget (in equivalent U.S. dollars)	----------
(ii) From counterpart funds (in equivalent U.S. dollars)	$404,000

[1] Cost through fiscal year 1962 (estimate) only—future years costs are not determinable due to unpredictable changes in projects and cost elements.

(*e*) Percent U.S. contribution to total cost 75.7
(*f*) Estimated completion date ..... ----------

LOANS

(*a*) Loan Agency: DLF (No. 115).
Project: Edfina Canning and Freezing Plant.
Borrower: Edfina Pour L'Exporation et La Fabrication des produits Agricoles (SAE).
Amount: $200,000.
Date: October 7, 1960.
Terms: 5¾ percent interest; repayable over 10-year period in Egyptian currency.
Purpose of Loan: To assist the Borrower in carrying out a project of expansion and diversification of their canning and freezing facilities.

(*b*[1]) Loan Agency: DLF (No. 116).
Project: Bagasse Mill.
Borrower: Al Nasr Co. for Bagasse Pulp Industries.
Amount: $6.7 million.
Date: November 1, 1960 and November 22, 1960.[1]
Terms: 5¾ percent; repayable within 13 years in Egyptian currency.
Purpose of Loan: To establish a bagasse pulpmill in conjunction with the Edfu Sugar mill to process pulp from sugarcane bagasse, which is then used in the production of various kinds of paper and paper products.
Comments: Project underwritten initially by G/United Arab Republic. Stock to be offered for general public.

(*c*) Loan Agency: DLF (No. 123).
Project: Industrial Bank.
Borrower: Industrial Bank, SAE, Cairo, Egypt, United Arab Republic.
Amount: $7 million.
Date: August 31, 1960.
Terms: 5 percent interest; repayable over 10-year period in Egyptian currency.
Purpose of Loan: To assist the Borrower in carrying out a program of making intermediate and long-term loans for development projects to private industrial enterprises in the Egyptian Region of the United Arab Republic falling in industrial categories acceptable to DLF.
Comment: Loan guaranteed by G/United Arab Republic.

(*d*) Loan Agency: DLF (No. 142).
Project: Telecommunications Scatter System.
Borrower: Telecommunications Organization, Government of the United Arab Republic.
Amount: $1.3 million.
Date: January 19, 1961.
Terms: 3½ percent interest; repayable over 15-year period in Egyptian currency.
Purpose of Loan: To assist the Borrower in carrying out a project for the establishment of a 24-channel telephone and telegraph tropospheric scatter system link from Damietta in the Egyptian Region to Saroukhia in the Syrian Region of the United Arab Republic, a line-of-eight ultrahigh frequency link from the scatter terminal at Saroukhia to Damascus and a line-of-eight ultrahigh frequency link from Damietta to Mansoura, and related facilities.
Comments: Loan to be guaranteed by G/United Arab Republic. Implementation of this loan has been suspended since the withdrawal of Syria from the United Arab Republic.

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[1] Signed in United Arab Republic, Nov. 1; in Washington, Nov. 22.

(*e*) Loan Agency: IBRO.
Project: Suez Canal Improvement.
Borrower: Suez Canal Authority.
Amount: $56.5 million.
Date: December 22, 1959.
Terms: 6 percent interest; repayable over 12 year period beginning March 15, 1962 with final payment September 15, 1974 in US$.
Purpose of Loan: To deepen Port Said; enlarge entrance to canal; deepen and widen the canal by removing 100 million cubic meters of sand; build quays and other port handling facilities; purchase tugs, dredges and other equipment.
Comment: Guaranteed by Government of the United Arab Republic.

(*f*) Loan Agency: ICA.
Project: Railway Improvement.
Borrower: Egyptian State Railways.[2]
Amount: $7.5 million.
Date: February 7, 1955.
Terms: 4 percent interest if repaid in Egyptian pounds, 3 percent if repaid in U.S.-dollars; repayable over period of 40 years—first interest payment September 30, 1958; first principal payment March 31, 1959.
Purpose of Loan: To purchase machine tools, railroad ties, locomotives, and coaches.
Comments: Originally ICA grant in the total amount of $15,583,175.04 of which $7.5 million made available on basis of a U.S.-dollar loan.

(*g*) Loan Agency: Ex-Im Bank.
Project: Diesel Electric Locomotives.
Borrower: Egyptian State Railways.[3]
Amount: $12 million.[4]
Date: Fiscal year 1960.
Terms: 5¾ percent interest.
Purpose of Loan: To purchase 16—1,000 horsepower units; 42—1,900 units.
Comments: Guaranteed by Government of the United Arab Republic.

(*h*) Loan Agency: Ex-Im Bank.
Project: Diesel Electric Locomotives.
Borrower: Egyptian State Railways.
Amount: $22.5 million.[5]
Date: September 1960.
Terms: 5½ percent interest; delayed payoff system of 5 percent first 2 years; 10 percent next 3 years; 20 percent remaining 3 years; repayable over 8-year period in U.S. dollars, commencing May 1962.
Purpose of Loan: To purchase 100 diesel locomotives from General Motors.
Comments: Guaranteed by Government of the United Arab Republic. Along with the orders from Henschel of West Germany and Hatchi of Japan, the Egyptian State Railways probably will be able to completely dieselize main-line passenger and freight traffic. The majority of these units have been received and it is expected that all deliveries will be completed by 1963.

(*i*) Loan Agency: Ex-Im Bank.
Project: Nitrogenous Fertilizer Plant.
Borrower: Societe Egyptienne d'Engrais et d'Industries Chimiques, SAE.
Amount: $5 million.
Date: September 1958.
Terms: 5 percent interest repayable over 5-year period in 10 equal installments; repayable in U.S. dollars.
Purpose of Loan: For expansion of ammonia plant; construction of sulfur plant and ammonia sulfate plant and procurement of necessary equipment in connection therewith.

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[2] Semiautonomous government agency.
[3] Semiautonomous government agency.
[4] An additional $3,000,000 or ⅓ of the total is financed by General Motors.
[5] An additional $5,000,000 is financed by General Motors.

(*j*) Loan Agency: AID–Loan No. 18.
Project: Grain Handling Facilities.
Borrower: General Organization for Storage Affairs (Agency of United Arab Republic Government).
Amount: $17 million.
Date: April 26, 1962.
Terms: Currency of Repayment—U.S. dollars.
Interest Rate: Three-fourths of 1 percent per annum, payable semiannually, first payment due no later than 6 months after the first disbursement.
Amortization: Grace period 10 years. Loan payable in equal semiannual installments over a period of 30 years.
Purpose of Loan: To finance purchase and installment of a system of grain storage and distribution facilities planned to serve all of Egypt.
Comment: To finance the local currency costs of this project the U.S. Government is making a grant of 7.52 million Egyptian pounds from funds available under Public Law 480, section 104(e).

(*k*) Loan Agency: AID–Loan No. 17.
Project: Misrayon Cellophane Plant.
Borrower: Societe Misr pour La Rayonne.
Amount: $3 million.
Dates: April 26, 1962 (Loan Agreement), and June 27, 1962 (Amendatory Agreement).
Terms: Currency of Repayment—U.S. dollars.
Interest Rate: Three-fourths of 1 percent per annum, payable semiannually, first payment due no later than 6 months after the first disbursement.
Amortization: Grace period of 2½ years. Loan payable in equal semiannual installments over a period of 9 years.
Purpose of Loan: Assist the Borrower expand its production of Viscose slurry and Cellophane at Kafr-El-Dawar, Egypt.
Comment: The Government of the United Arab Republic is the Guarantor.

(*l*) Loan Agency: AID–Loan No. 17.
Project: Economic Stabilization Loan.
Borrower: Government of the United Arab Republic.
Amount: $20 million.
Date: June 1, 1962.
Terms: Currency of Repayment—U.S. dollars.
Interest rate: 2½ percent per annum, payable semiannually, first payment due no later than 6 months after the first disbursement.
Amortization: Grace period 2½ years. Loan payable in equal semiannual installments over a period of 7 years.
Purpose of Loan: To provide the Borrower with foreign exchange for the acquisition and importation into the United Arab Republic of commodities in certain categories as approved by AID.

(*m*) Loan Agency: AID
Description: A portion of Egyptian pounds, generated as a result of U.S. agricultural commodity sale under title I of Public Law 480 section 104(e), are made available as "Cooley Loan" funds for (*a*) loans to U.S. firms or their branches, subsidiaries, or affiliates for business development and trade expansion in the United Arab Republic or (*b*) either U.S. firms or firms of the United Arab Republic for expanding markets for, and consumption of U.S. agricultural products abroad.

Two loans as described below have been negotiated under this arrangement:

1. Borrower: Pfizer, Egypt, SAE.
Guarantor: Charles Pfizer Co., Inc., United States.
Amount: E£107,400 (Equivalent to $242,372).
Date: August 17, 1962.
Terms: Currency of Repayment—Egyptian Pounds.
Credit fee: 5½ percent per annum on the unpaid principal payable semiannually, first payment due 6 months after disbursement to the Borrower.

Amortization: Grace period of 1 year. Principal repayable in 20 installments over a period of 9½ years.

Purpose of Loan: To finance the local currency cost of a new pharmaceutical manufacturing plant.

2. Borrower: National Bottling Co. of Egypt, SAE.
Guarantor: Pepsi-Cola Co., United States.
Amount: E£350,000 (Equivalent to $789,854).
Date: January 7, 1961.
Terms: Currency of Repayment—Egyptian Pounds.
Credit fee: 5½ per annum on disbursements under Credit Agreement.
Amortization: Grace period of 1½ years from date of the loan agreement. Principal repayable in 10 approximately equal semi-annual installments over a 4½-year period commencing June 15, 1962.
Purpose of Loan: To assist the Borrower in financing of local currency expenditures in the United Arab Republic in connection with the reorganization and expansion of its plant in the United Arab Republic and repayment of any outstanding debts to banks operating in the United Arab Republic.
Comment: At the time this loan was negotiated funds generated by Public Law No. 480 were handled by the Export-Import Bank of Washington but have since been placed under auspices of the Agency for International Development.

PUBLIC LAW 480—LOCAL CURRENCY

Grants

Fiscal year	Amount (Egyptian pounds)	Brief description
1962	100,000	Funds provided for construction costs of buildings, access roads, and power connections for installation of air navigation equipment provided under Special Assistance.
1963	7,520,000	Local construction cost of grain silo project for which foreign exchange obtained under Development Loan (fiscal year 1962).
	228,000	Additional funds required for construction costs of buildings, access roads, and power connections for installation of air navigation equipment provided under Special Assistance.

Loans

[All loans to date at 4 percent for 30 years]

Fiscal year	Amount (Egyptian pounds)	Brief description
1960	4,500,000	Equivalent to total cost of (1) TV network in Egypt and Syria, (2) electronic equipment assembly and manufacturing plant in Egypt (equipment supplied by U.S. firm), and (3) TV receiver sets for assembly.
	15,000,000	Production (development) Budget Support for investment.
1961	15,000,000	Production (development) Budget Support for investment under Five Year Plan.
1962	22,000,000	Do.
1963	[1] 30,000,000	Unified Budget Support for investment under the Five Year Plan.
	[1] 4,166,784	Local costs of civil works for Cairo West Power Station (dollar cost provided as Development Loan).
	[1] 4,000,000	Local currency cost of housing construction in urban and rural areas (excludes cost of land).

[1] Planned.

Special note should be made of project No. 263–A–15AE for the construction of grain handling facilities. According to the project description, the 54 silos to be constructed at a cost of $66 million will

have a combined capacity, with associated facilities, of 837,000 metric tons. This should be compared with Egypt's consumption of:

Egypt's consumption of main grains and quantities received from the United States, 1959–62

[1,000 metric tons]

Commodity	Year	Total consumption	Quantity received from the United States
Corn	1959	1,801	50
	1960	1,612	62
	1961	1,730	103
	1962	1,982	390
Wheat flour	1959	450	244
	1960	483	408
	1961	402	401
	1962	517	497
Wheat	1959	1,932	368
	1960	2,185	608
	1961	2,122	496
	1962	2,681	825

Source: U.S. Department of Commerce Bureau of Census—U.S. Trade Data. Consumption data—Attaché reports and Egyptian food balance sheets.

The grain facilities being built with U.S. AID funds will permit Egypt to store more than 75 percent of its 1962 receipts of Public Law 480 corn and wheat from the United States.

As a result of our economic assistance, where does Egypt stand now economically?

As Arnold Hottinger has written in the article before cited:

Definite accomplishments are present in the—not very extensive—agrarian reform, the beginnings of industrialization; the expansion of education and of rural welfare; the improvement of the lot of certain groups of the working classes; the abolition of privileges for the rich and for foreigners and the increase of the average Egyptian's self-consciousness. Opposed to these achievements are the crippling of private initiative; the emergence of a new class of governing officers and bureaucrats; creeping inflation; an inflated, inefficient civil service machinery; a decline of educational standards in schools and universities; the chronic misery of 20 million slum dwellers, destruction of all the beginnings of a parliamentary system of government, of freedom of opinion, and of the independence of judges; a police state system; a privileged and expensive professional army and a mentality of unrealistic self-conceit.

Carl Leiden in his previously cited article in the National Review sums up the situation as follows:

What Nasser has done is to gamble his place in history and the future of Egypt on the assumption that Titoist communism—call it Arab socialism—will dissolve the effects of extreme poverty, and overgenerous birthrate and a cultural backwardness. He is a man of action * * * and so it is action only that counts. * * * It has not been an intelligent gamble. He has destroyed every source of indigenous capital * * * and has created an atmosphere in which foreign capital is well advised to stay away. He has compromised his reservoir of talent. * * * The tragedy is that there is no turning back. Millions of Egyptians have lived like animals for centuries. Once aroused, they will continue to demand those things that will prolong the contemporary political and economic chaos. Until the ravages of overpopulation are met, literally nothing can be done that will solve the basic economic problems of Egypt. Nasser's socialism left to itself is rather inexorably doomed to failure. But he has made his task much greater by ruthlessly extinguishing what drives, energies, and abilities the old Egypt had. Neither he nor his followers realize that he has already failed as they play out the game that can lead only to disaster.

There is grave danger to the Free World in this situation. Much has been made of the great hope for agriculture in the completion of the Aswan Dam. However, most experts agree that, because of the great population increase in Egypt, the completion of the Aswan Dam will enable Egypt only to remain even. It is when this realization strikes the people—and Nasser—that the world must guard against another irresponsible action such as Nasser took in 1956.

The cost of Nasser's misadventure in Yemen with its 28,000 Egyptian troops there has been estimated to cost him $500,000 per day. He has been engaged in that misadventure since September 26, 1962. It would be safe to say, therefore, that his Yemen project has cost him over $150 million. There is no accurate estimate as to what Nasser's missile adventure has cost him, although estimates place it as high as $1 billion. The United States cannot afford to continue to support Egypt to the tune of over $200 million a year while he fritters it away in an arms race and in wars of conquest.

On July 30, 1963, the distinguished senior Senator from Iowa, Mr. Hickenlooper, the ranking minority member on the Senate Foreign Relations Committee, on the floor of the Senate, expressed his concern about the situation in Yemen. At that time he said in part:

> Seven months have gone by. The Egyptians have not withdrawn their forces. If anything, they have stepped up their activities in the Yemen against the tribesmen, against the former government.
>
> Saudi Arabia and Jordan have in substantial degree done exactly what they said they would do. They have withdrawn their participation with the former government. Egypt has failed in every detail to keep its agreements and understandings, upon which recognition was based.
>
> I have been considerably concerned about this matter because I had some firsthand exposure to it late last fall at the time of recognition, in the countries of Egypt and Saudi Arabia.
>
> On July 16 I wrote a letter to the Secretary of State. I shall not read the letter in full, but I shall ask unanimous consent to have it printed in the Record at the conclusion of my remarks.
>
> Briefly, in the letter I recited the events, and I said that the Egyptians had not carried out their commitments. I said that, among other things, they had stepped up their military activities and had increased their use of napalm bombs.
>
> I quote one sentence from the letter:
>
> "From all available reports there is strong evidence that the Egyptian forces have enlarged the area of attack and have used increasing patterns of aerial bombardment with napalm bombs and other weapons and have on occasions used gas with poisonous and lethal capability."
>
> These things have been established. In other words, the situation is growing worse rather than better.
>
> I suggest to the Secretary of State and to the administration that, unless the situation is corrected immediately and the Egyptian troops withdrawn according to the agreement, we should seriously consider withdrawing the recognition which we granted to that Government in December.
>
> I go further and say that, so far as I am personally concerned, unless we do something to correct the operation, which, up to now, has been a mistaken operation, I shall consider the advisability of submitting a resolution for consideration by the Senate, which would state that it is the sense of the Senate that the United States should withdraw recognition.

Egypt's aggressive attitude continues to keep the already troubled Middle East in a constant turmoil, as witness his warlike speech on

August 11, 1963, reported by Jay Walz in the New York Times as follows:

NASSER CHARGES ISRAEL IS THREAT

HE TELLS TROOPS HOME FROM YEMEN TO PREPARE FOR ACTION IN PALESTINE

(By Jay Walz)

Special to the New York Times

ALEXANDRIA, UNITED ARAB REPUBLIC, August 11.—President Gamal Abdel Nasser greeted troops returning from Yemen today as a fighting force ready and able "to defend Arab nationalist principles."

The United Arab Republic's President said there could be no disarmament in the Middle East until the rights of the "Palestinian people" had been restored in Israel. The armed forces must stand as a "national shield" against Israel, he declared.

"We must prepare ourselves to face Israel and the imperialists," President Nasser said. "So long as the situation in Israel exists, any call for disarmament in the Middle East would be a bluff.

"The entire Arab nation thanks you for what you have done," the United Arab Republic President told the veterans.

SIGNED TEST BAN TREATY

"We work for peace and we have signed the treaty to ban nuclear tests," he declared, "but we cannot reduce our army as long as we are threatened by Israeli attack.

"The Arab peoples feel safer because of you."

Two transports, carrying 3,000 soldiers and officers, were escorted into Alexandria's new marine terminal by naval units and the harbor's commercial and fishing craft, all with whistles open.

The returning troops were not the first contingent to come back from Yemen, but they were the first to be received at Alexandria and the authorities took every measure to make it a noisy welcome.

In his 45-minute address, President Nasser made only oblique references to the military and civil situation in Yemen. He congratulated the troops on "bringing triumph to the revolution in Yemen" but did not disclose plans for withdrawing the armed forces still there.

United Arab Republic forces numbering up to 28,000 men have been in Yemen for most of the last year, supporting the revolutionary government of Abdullah al-Salal. The United Nations is now trying to disengage the United Arab Republic on one side and Saudi Arabia on the other. The Saudi Arabians have been supplying arms and ammunition to tribesmen fighting to restore Imam Mohamad al-Badr to his throne.

Last Wednesday Field Marshal Abdul Hakim Amer, deputy commander of Cairo's armed forces, reported, "Military operations in Yemen are over."

President Nasser said several times that his forces had fought in Yemen for all Arabs.

"Our responsibility was to the entire Arab world, not just to the artificial borders of one country," he declared. "Our forces were created to defend the whole Arab world. When we cheer for Arab unity, we mean what we say. You have offered your blood and your lives to back up our slogans. Ours is a free nationalist army that wants to liberate Arabs."

President Nasser rejected any suggestion that Egypt might join the Baath party leaders, who now control Syria and Iraq, in Arab unity.

"We wanted unity with the Syrian and Iraqi people," he said, "not with the Baath Party, which rules through blood and Fascism."

Nasser's charges on their face are unbelievable when the area and population of Israel and the Arab League are compared:

	Area in square miles	Population		Area in square miles	Population
Arab League:			Arab League—Cont.		
Algeria	852,600	10,200,000	Tunisia	48,313	3,783,000
Iraq	172,000	6,590,000	United Arab Republic (Egypt)	386,198	26,065,000
Jordan	37,500	1,690,000	Yemen	75,000	4,500,000
Lebanon	4,000	1,626,000			
Morocco	172,104	11,600,000			
Saudi Arabia	870,000	6,500,000	Total, Arab League	3,657,449	89,139,000
Sudan	967,500	11,928,000	Israel	7,993	2,106,000
Syria	72,234	4,657,000			

On August 7, 1963, Nasser pledged $30 million for the Inter-African Bank. If the U.S. AID funds are to be diverted by Nasser to the Inter-African Bank, then it does seem to me that the United States should make the payment directly so that the people of Africa can give credit where credit is due. I cannot understand why we should permit Nasser to make political capital in Africa with our money.

[From the New York Times, Aug. 8, 1963]

CAIRO PLEDGES $30 MILLION FOR INTER-AFRICAN BANK

WILL BE BIGGEST CONTRIBUTOR TO PROJECT PLANNED BY 32 INDEPENDENT COUNTRIES

Special to the New York Times

CAIRO, August 7.—The United Arab Republic committed itself today to make the largest contribution to the capitalization of the projected African Development Bank.

Ahmed Zendo, Minister of Economy, said the Government was prepared to buy $30 million in shares. He said Algeria would be the second largest backer with an investment of $24 million.

A total capitalization of $250 million is planned.

Mr. Zendo made the statement on his return from Khartoum, the Sudan, where 32 independent African states signed an agreement yesterday establishing the bank. Economy ministers met to discuss the economic and social development of emerging African countries.

If the agreement is carried out, the bank will be the first product of Organization for African Unity formed at the conference of African heads of state in Addis Ababa, Ethiopia, last May.

The bank is designed to promote development by making loans to individual countries and guaranteeing projects undertaken by regional groups of countries.

Mr. Zendo said that the conference had unanimously accepted an Egyptian proposal to set the capitalization at $250 million instead of the projected $200 million so that countries becoming independent soon might participate. Shares valued at $10,000 each are to be made available to participants.

The aggregate capital will be divided into two equal parts—subscribed capital and capital to be made available on request.

Terms of the Khartoum agreement stipulate that 5 percent of each member's share should be paid before ratification documents are submitted. The remainder will be paid in five installments beginning with one of 35 percent, followed by four of 15 percent each.

Mr. Zendo spoke of the bank's capitalization in dollar terms. It was not made clear immediately what local currencies, if any, would be acceptable.

All independent African countries, including the United Arab Republic, are hard pressed for dollars and other convertible foreign currencies to finance their own development programs.

Mr. Zendo said that the bank would elect a council of governors when ratification procedures are completed and that the governors would choose the site of the bank's headquarters.

IV. Findings and Recommendations

FINDINGS

While professing to be genuinely devoted to the economic development of his country, President Nasser of Egypt has involved his country in a costly war in Yemen at a time when his own country faced no threat at all from events taking place in Yemen. Egypt committed approximately 28,000 troops to that war in Yemen in September 1962 at an estimated annual cost of $150 million. Our AID program for fiscal year 1962 was $224.1 million. The United States is pouring its dollars into Egypt to help its economy while Egypt is pouring it out in foreign war.

In addition, Egypt is spending untold millions in preaching, through all possible propaganda media, the violent overthrow of the Governments of Jordan and Saudi Arabia.

In addition, Egypt is spending additional untold millions on arms, including the development of missiles, for the publicly avowed purpose of waging an aggressive war against Israel, which has made no such threats but which, because of the Egyptian arms buildup, has been forced to divert much needed resources from its own economic development.

It can rightly be said that U.S. dollars are enabling Egypt to wage war in Yemen, to foment trouble in Jordan and Saudi Arabia, and to arm to attack Israel just as surely as though they were spent directly for that purpose.

In addition, U.S. AID dollars are being used to build a police state with the Government owning and operating everything through nationalization of industries and businesses. U.S. AID dollars are therefore being used to prove that such totally Socialist type of police state can work economically. (See ch. III–J.)

IT IS THEREFORE RECOMMENDED THAT

The continuance of the U.S. financial aid program to Egypt be conditioned upon—

(1) Egypt's prompt compliance with the terms of the United Nations settlement of the Yemen dispute; and

(2) Egypt's reversal of policy so as to cease production of missiles, warplanes, submarines, and other implements of war clearly designed for aggressive purposes.

IV. COMMODITY IMPORTS

When U.S. foreign economic assistance dollars are used to purchase commodities, it is essential that there be no diversion of those commodities to nonproject uses which will not aid in the economic development of the nation aided.

In his report of July 1958 of the economic and technical assistance program for Turkey, the Comptroller General of the United States said:

> Investigations by the Mission Controller's Office to ascertain that commodities and services financed by ICA were used in accordance with approved program objectives, and Mission audits of the use of released counterpart funds were insufficient in scope and coverage.

While in Turkey, I made inquiry as to how much AID money was being used to finance imports of equipment by the Turkish Highway Directorate. The response (exhibit IV–A) indicates to me that there is still inadequate control over end use to assure that the products imported are in fact being used for the economic development of Turkey. One paragraph in particular from this response of Paul H. Lindner dated December 5, 1962 (exhibit IV–A) is worth quoting at this point:

> While such a review, by either method, would identify the Highway Directorate's direct imports with AID funds, it is understood that a good portion of their imports have been for Provincial authorities for construction and maintenance of provincial and local roads not in the national system under some sort of cooperative arrangement. Further, while the Highway Directorate directly imports some of their major requirements against competitive bidding, they and other Government agencies make substantial purchases on the local market from commercial importers/distributors/manufacturers' agents, some of which undoubtedly were originally financed by AID, but it would be impossible to identify them. For example a tire importer/distributor will have in stock intermingled tires some of which were financed by AID and some with other funds. We know of other cases where GOT [Government of Turkey] agencies have turned over their import licenses to local exclusive manufacturers' representatives to import for them.

This response raises several interesting questions:

If, as seems indicated, there is no knowledge of the end use of products purchased with the use of AID funds, how do we distinguish such a program from out-and-out budget support?

How do we know that the products are in fact not being used for projects which should be given low priority or, in view of economic conditions, no priority at all? We have apparently transferred to the Government of Turkey the decision as to which projects will be supported with AID funds and which will not.

If, in fact, this lack of end-use control is tantamount to budget support, it is essential that the level of support be set at a figure commensurate with the ability and willingness of the Turkish Government to adopt and implement effective self-help measures to avoid a calamitous repetition of events occurring during the Menderes regime.

If, on the other hand, this is not budget support but the use of aid funds to purchase commodities for economically justified produc-

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tive projects, then it is apparent that our AID mission should have a much more accurate knowledge of where the commodities purchased with AID funds finally are utilized.

This is especially important in view of the activities of the Turkish Development Loan Bank (discussed in another aspect, below, in ch. VI) in financing the purchase and importation of a wide variety of items for an even wider variety of industries, the economic feasibility of which seems to have been justified solely on the amount of foreign exchange saved rather than the economics of producing the particular articles in Turkey.

There is reason to believe that what was found in Turkey is also true with respect to the other nations studied or even with respect to all nations receiving foreign economic assistance.

Findings and Recommendations

FINDINGS

AID dollars are loaned or granted to aid in a particular country's economic development. To prevent those dollars from being diverted into meeting that country's budget deficit or for the importation of luxury goods, it is essential that firm controls be exercised by AID to "follow the dollar" and see to it that it is in fact being used for the economic development of the country to which it is loaned or granted. This study indicated that such firm controls are not being exercised.

IT IS THEREFORE RECOMMENDED THAT

AID, with the assistance of the Comptroller General, immediately adopt proper controls over commodities purchased with U.S. AID dollars.

Exhibit IV–A

U.S. Government Memorandum

December 5, 1962.

To: Mr. Alexis E. Lachman, Program Officer.
From: Paul H. Lindner, Supply Adviser.
Subject: AID Financing of Highway Directorate Equipment Imports.

It is understood that Senator Gruening and his staff asked a question as to how much AID funds are being utilized at present to finance imports of equipment by the Highway Directorate. Since it is considered impractical to attempt to produce any accurate or reliable figures in this respect, I feel we have no choice but to answer it in general terms similar to our response to questions raised by the GAO team earlier this year relative to other Turkish Government agencies.

I understand that you have a rough figure representing AID financing of equipment until the time our Highways project was phased out. During that period the Government of Turkey import system was such that at least most of the AID financing for Highways could be identified as such, including Supporting Assistance (then Defense Support) funds provided by PA's issued especially for Highway Directorate requirements. Even then, however, there undoubtedly was some AID money which could not be easily so identified.

As you know, there was an AID/Cento regional project concerning road connections to Iran and Iraq which included several million dollars of AID financing for equipment. I don't have much information on it and suspect it has now phased out, but if needed you could obtain the timing and figures from Mr. McDonald's office.

In earlier years, for some of the larger Government of Turkey agencies, including the Highway Directorate, Supporting Assistance (Defense Support) PA's were issued, for capital project and for nonproject use, specifically identified as for a particular Government of Turkey agency. However, this practice was discontinued in 1958 when the Government of Turkey stabilization program was established and the first of the current series of Government of Turkey Import Programs was published (October 1958).

Since that time, Government of Turkey has regularly published Import Programs each 6 months (January and July) which contain applicable procedure regulations and lists of specific commodity groups, import of which is authorized, many of them with dollar import quotas. For illustration, there is attached a copy of our English translation of the current ninth Import Program covering July to December 1962. By agreement with the Government of Turkey, certain commodity categories are programed for partial or exclusive AID financing, as specified in the attached package.

All Government of Turkey agencies, industrial users, and commercial importers apply for import licenses against this import regulation and program, and receive allocations of foreign exchange from the Central Bank which in any particular case might be AID funds, free foreign exchange, or reservation against a bilateral agreement, depending upon the commodity, anticipated source and circumstances. Although import licenses issued against AID funds are specially identified and stamped "AID," and are separately recorded for each AID PA, those issued for the Highway Directorate and other Government of Turkey agencies and State Enterprises are intermingled with those issued for industrial users and commercial importers.

Consequently to determine how much AID money was allocated to the Highway Directorate for equipment during a particular time period, we would have to spend considerable time examining long lists of all import licenses issued under each PA, identify each license with the applicable Import Program (usage of PA's commonly overlap from one program to the next), and examine each import license issued to the Highway Directorate to determine whether it covered equipment as such, or spare parts, and maintenance supplies. For the latter separation in many cases we would need to seek further information since many import licenses contain only a very brief indication of commodity and would not differentiate between major equipment and spare parts. As an illustration of the magnitude of this task, there are now 109 currently valid PA's still open, 60 of which are within the contracting period, and for the eighth Import Program there were something like 3,300 import licenses issued for AID funds. If considered essential, we could obtain and tabulate the desired figures, but only with appreciable delay, and considering our current heavy workload, considerable overtime work would be necessary.

It might be possible to obtain this information from the Highway Directorate itself, if they were willing to apply the necessary staff time which seems very doubtful, but in any event this would also be appreciably delayed. Although in this case it would be necessary to review only the Highway Directorate imports, rather than all licenses, for the eighth Import Program AID financed only 12 percent of all licenses.

While such a review, by either method, would identify the Highway Directorate's direct imports with AID funds, it is understood that a good portion of their imports have been for Provincial authorities for construction and maintenance of provincial and local roads not in the national system under some sort of cooperative arrangement. Further, while the Highway Directorate directly imports some of their major requirements against competitive bidding, they and other Government agencies make substantial purchases on the local market from commercial importers/distributors/manufacturers' agents, some of which undoubtedly were originally financed by AID, but it would be impossible to identify them. For example a tire importer/distributor will have in stock intermingled tires some of which were financed by AID and some with other funds. We know of other cases where Government of Turkey agencies have turned over their import licenses to local exclusive manufacturers' representatives to import for them.

It is understood that the GAO team spent some time exploring the possibility of determining how much AID financing had been provided to the Zonguldak coal operation in recent years, but that the matter was dropped because of these complications. The Mission took the position that recent AID financing of current operational and maintenance requirements bore no significant relationship to financing under the project which was phased out, and presumably could take the same position in relation to Highway operations.

For whatever it may be worth, and based only on my impression/recollection of what I have seen, I would "guesstimate" that out of the total of about $85 million in import licenses reportedly issued for the sixth and seventh Import Programs (calendar year 1961) with AID funds, perhaps $2 million was for the Highway Directorate, the large majority of which was used for spare parts and replacement components.

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V. TECHNICAL ASSISTANCE

Over the years we have spent on technical assistance in the 10 countries studied the total sum of $227.4 million. This represents about one-eighth of the total U.S. technical assistance program of $1,645 million since 1946 for the entire world.

Our world program has been rising steadily:

	Million		Million		Million
1949–52	$85	1956	$130	1960	$181
1953	68	1957	119	1961	175
1954	133	1958	142	1962	339
1955	111	1959	162		

In most of the 10 countries studied, except Jordan and Tunisia, the levels of technical assistance have tended to remain about the same. In fiscal year 1962, technical assistance to Jordan jumped from $1.6 million to $6.9 million and in Tunisia it rose from $2 to $5.8 million.

Technical Assistance on Too Wide a Variety of Subjects

The Clay committee has stated:

> **Experience makes us doubt AID's ability to mobilize the high-quality manpower necessary to implement well and supervise properly all of the current technical assistance programs amounting to approximately $380 million annually.**

This conclusion is amply supported by the study which I conducted in the 10 Middle East and African countries. Technical assistance is being offered and given in too wide a variety of fields for adequate supervision.

Thus in fiscal year 1962, in the 10 countries studied, $26.9 million was spent on technical assistance for at least 218 separate projects.

Some idea of the almost limitless diversity of subjects covered by these many projects can be obtained by a more detailed analysis of the technical assistance programs during fiscal year 1962 in some of the countries studied. Similar detail could be given for all the 10 countries but would merely be repetitious of what is here given for 4 of the countries.

TURKEY

In fiscal year 1962, AID has underway in Turkey 54 separate and distinct projects. (See ch. III–A.) The projects underway in Turkey with U.S. technical assistance and U.S. dollars included the establishment of an export promotion center, a standards institute, an industrial districts survey, special police training, a merchant marine academy, grass crops and forage development, a symposium on industrial rocks and minerals, a conference on national scientific councils, etc.

Over 200 U.S. technicians were devoting their full time and efforts to providing the necessary advice on these 54 projects. In addition, many part-time technical consultants came and went for varying lengths of time. Their technical skills came from a wide variety of

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fields: investment promotion, electronics, civil aviation administration, organization of a merchant marine academy, research in economics and public and business administration, industrial management, mining, customhouse warehousing, marketing of fruits, vegetables and livestock, agriculture research, land and water use, etc.

IRAN

In the same fiscal year—1962—in Iran, 36 projects were receiving U.S. technical assistance. (See ch. III–B.) These projects included improvement of crop production, pest control, armed forces vocational training, hospital administration, improvement of law-enforcement services, water resource development, lumbering, public statistics, etc.

At least 184 U.S. technicians were swarming over Iran during fiscal year 1962 giving the Iranians technical assistance. (Of course, there were many other U.S. technicians in Iran during that fiscal year under other U.S. programs, under the USIA, the Export-Import Bank, etc. This section relates only to technical assistance under AID.)

The technicians came from a wide variety of fields: home economics, business education, vocational agricultural education, labor standards, management relations, statistics, communications, traffic control, forestry, agriculture, medical education, nursing, livestock disease control, hospital administration, audiovisual training, etc.

JORDAN

In fiscal year 1962, 21 separate and distinct projects were going on in Jordan for which we were providing technical assistance. (See ch. III–E.) There projects ranged from agricultural research to highway maintenance, from malaria eradication to tourism development, for municipal loan funds to railway technical assistance.

These various projects required the full-time services of over 55 U.S. technicians from such fields as agricultural extension, home economics, community development, public health, sanitary engineering, public health sanitation, business loan adviser, general engineering, ground water geology, well drilling, etc.

TUNISIA

There were 25 technical assistance projects in Tunisia in fiscal year 1962. (See ch. III–H.) Among other things, these projects concerned themselves with teacher training, strengthening animal production, training in public administration, civil aviation improvement, industrial management training, public safety programs, industrial loan fund, etc.

In that year over 85 U.S. technicians were working on these 25 Tunisian projects. Their skills ranged from teaching to industrial loan fund adviser, from crop production improvement advisers to civil aviation experts to industrial consultative specialists in insurance, sawmill operations, kenaf growing and tourism, etc.

* * *

In considering the immensely complex task expected to be performed by the AID Director and his staff in a particular country in supervising experts in so many highly varied fields as those illustrated

above, it should be borne in mind that the technical assistance program may be a very small part of the total AID program in a particular nation. Thus in Iran in fiscal year 1962 with 36 technical assistance programs and over 184 technical assistance technicians working in the country at the same time, the technical assistance program was only $4.2 million for that year. The total AID program in Iran for fiscal 1962 was $71.3 million. In addition, therefore, to exercising direction and control over 184 U.S. technicians roaming the highways and byways of Iran giving advice right and left on a multitude of highly technical subjects and setting the direction to be taken on 36 equally technical projects, the AID Director was expected during that year to pass on the economic feasibility and soundness of $19.7 million in AID loans and $5.7 million in Development Loans. In addition he was required to pass on $33.3 million in AID grants and administer a Public Law 480 program dispensing $17.9 million in commodities.

In those countries in which U.S. local currencies have been generated, the AID Director would also have responsibility for many more projects. Thus in Turkey while there were 54 technical assistance projects receiving U.S. dollars there were an additional 40 projects underway using U.S.-controlled local currencies. In addition there were in Turkey as of December 31, 1962, 22 CENTO projects involving Turkey and 15 more projects in process of termination.

It is strongly recommended that all project assistance be immediately reviewed with a view to cutting drastically the number underway at one time. More importantly, however, these projects should be reviewed with the aim of bringing about more cohesiveness and direction. The United States does not achieve its foreign assistance objectives if it sets out in all directions at the same time. One could not but arrive at the conclusion that some of these projects were foisted on the people by the American technicians. Thus in Isfahan, Iran, the country's ancient capital, we were shown a workers' clubhouse which had been a point 4 project. It had been built near a privately owned factory for the purpose of giving the workers someplace to gather socially, recreate, and exercise. Yet it was not being used. Either gathering of workers is not encouraged there or the workers themselves were not attracted. This obviously was an attempt to adapt Iranian industrial customs to those of the United States. The money to construct this project was wasted.

Projects Continued Too Long

I concur in the Clay Committee recommendation that—

> Projects should be undertaken only if deemed of sufficient value to be accepted and continued by the recipient country out of its own resources within a reasonable period of time. Such programs should be of specific and limited duration, *fixed as they are started* and scheduled for completion and turnover to the recipient country. Three years may be the average period for such programs, and 7 years would seem the maximum. [Emphasis added.]

An examination of the projects funded during fiscal year 1962 in the 10 countries studied showed that the Committee's statement is all too true.

Thus of the 29 projects in Libya for fiscal year 1962, 23 had been begun in 1957 or earlier; 12 had been begun 7 years before; and 6, 10 years before.

Again, in Turkey, of the 33 projects, 12 had been begun in 1957 or earlier; 2 had been begun 10 years earlier.

In Iran, of the 35 projects, 19 were more than 7 years old and 3 were over 10 years old.

The technical assistance program in Tunisia began in 1957. The 1962 fiscal year presentation for Tunisia showed the following 20 projects and their beginning dates:

Year:	*Number of projects*	Year—Continued	*Number of projects*
1957	6	1960	3
1958	5	1961	2
1959	4		

The same situation exists in the other countries studied, although in some the onset of our technical assistance program is so recent that there has been insufficient time to judge the longevity of the projects. But even in those countries there is every indication that, unless corrective action is taken, the same situation will be permitted to develop.

Several possible interpretations can be placed upon the length of time some of these projects have been continued.

It could well be a matter of self-perpetuation—the workings of Parkinson's law.

It could be a question of providing 2 years or less of pleasant work-travel abroad.

Or it could be that the projects were poorly conceived in the first place and the country receiving the technical assistance was not ready for the project in the beginning, does not now believe in it, and will not in the future be willing to take it over.

It is interesting to study some typical "aged" projects to see how they mushroomed and were continued ad infinitum. I have limited the number of examples cited not because there were no others to be studied in the 10 countries involved but to avoid redundancy.

Example A

Thus consider Technical Assistance Project No. 77–211 in Turkey. This project had as its purpose the establishment of a new university in Eastern Turkey to be known as "Ataturk University" patterned after our own land-grant colleges.

To that end, a contract was entered into on August 23, 1954, between the United States and the University of Nebraska. Under the terms of that contract the university would provide a delegation of Turkish educators an opportunity to study land-grant colleges in the United States and would send a team of six to eight members of the university's staff to Turkey to do an intensive study of the need for a new university in Eastern Turkey.

The contract called for the reimbursement to the University of Nebraska of salaries, travel expenses, etc. In addition, the University of Nebraska was to receive "indirect costs" of 10 percent of "off campus" salaries of personnel assigned directly to contract work and 25 percent of the salaries of "on campus" personnel. A maximum of $17,000 was set aside on the contract in addition to the equivalent of $12,500 to be provided in local currency by the Turkish Government.

The University of Nebraska's study of conditions in Turkey, of course, recommended the establishment of a new university there.

The contract was then amended to provide for the University of Nebraska to assist in establishing and manning a new university in Turkey. The amount to be spent under the contract was increased from time to time until on June 27, 1962, it was again amended to extend it to June 30, 1964—10 years after the original contract—with the maximum amount to be spent on the entire project (from its inception) raised to $2,919,000. The contract authorizes the University of Nebraska to send 26 people to Turkey for the calendar year 1958, 21 in 1959, and 19 in 1960 and thereafter.

For the fiscal year 1964, the sum of $146,434 is provided in the revised contract for salaries. Travel and indirect costs are also provided for in the revised contract making a total provided for in the contract for that fiscal year of $286,000. The original contract in 1954 was for a maximum of $17,000.

Example B

Project 265-11-009 in Iran was initiated on June 26, 1951, when the TCA signed an agreement with the Utah State Agricultural College reciting that the Government of Iran had requested assistance in the development of the agricultural economy of that nation and agreeing that Utah Agricultural College would provide that technical assistance. The contract had a terminal date of December 31, 1951, and a maximum limit of $100,000. It was extraordinarily deficient as to terms and conditions. (See exhibit V-A.) It was amended February 27, 1952—2 months after it had expired—to increase the maximum amount by $266,300 to $366,300, to give the Utah College 8 percent of whatever was expended as administrative expenses, and to extend the term of the contract to June 30, 1952.

On June 16, 1952, the TCA signed a project agreement with the Agriculture Minister of Iran and Karaj Agriculture College in Iran under which $130,000 was made available for the purchase of farm machinery in the United States and an additional $125,000 for the purchase of farm machinery in or out of the United States. Technical assistance to the college was also to be provided. The Ministry of Agriculture of Iran agreed to grant the college 17,875,000 Iranian Rials to renovate and expand buildings. This agreement was amended on November 26, 1952, to permit the local currencies to be used for training personnel. It was further amended on July 8, 1953, to allot 5 million additional Rials out of a jointly controlled trust fund for the purpose of paying the costs of installing the machinery purchased.

Meanwhile the contract with Utah Agricultural College had been amended on January 23, 1953, to increase the total amount by $204,772 to a grand total of $681,072 and to extend its concluding date to June 30, 1953. And the agency was still working under the simplest form of contract.

On September 11, 1953, the project agreement with the Iranian Government was amended to grant the Karaj Agricultural College the sum of $26,000 for the construction of a heating plant; $15,000 of this sum came from technical assistance funds and $11,000 from special economic assistance funds.

On November 18, 1953, the Iranian contract was again amended to grant an additional $65,500.

The contract with the Utah Agricultural College had been amended on July 31, 1953—a month after it had expired—to grant the college an additional $15,000.

New contracts, amendments, new contracts, and amendments were entered into between the ICA and its successor, Agency for International Development, and Utah Agricultural College until the latest amendment, dated December 11, 1962, to extend the contract termination date to July 31, 1964, and to increase the total dollar expenditure to $967,078.

And what had the agency been telling the Congress about this project?

In its presentation to the Congress for the fiscal year 1959, the agency told the Congress:

> 2. *Duration of Project—Cost to United States after 1959.*—Project was initiated in 1952 and is planned for completion in 1960. No additional funds are contemplated for this project beyond fiscal year 1959.

Yet, in its presentation to the Congress for fiscal year 1963 the agency had this to say about the work to be done:

> Work remaining to be done includes:
>
> (*a*) Completion of the second phase of the construction program which will include buildings for biological and agricultural sciences, dairy industry and food technology, another dormitory, and 18 faculty residences.
>
> (*b*) Completion curriculum revision and integration to produce an effective and balanced program.
>
> (*c*) Further development of a practical training program to give students better training in practical problem solving.
>
> (*d*) Establishment of an office of Extension Education and greater participation in the inservice extension training program in cooperation with the Ministry of Agriculture.
>
> (*e*) Strengthening of the research program.

Thus, 12 years after the first informal contract with the Utah Agricultural College was signed, it has been extended into 1964 with ever increasingly ambitious plans for the years ahead.

Perhaps prophetically the presentation to the Congress for fiscal year 1963 was at variance with the project agreement concluded January 6, 1962. In addition to the above, mention was made in that agreement under the same heading of "Work To Be Done" of the following:

> Three urgent needs not included in the second phase of construction are housing for women students, a home economics building, and cafeteria facilities for an expanded student body.
>
> Future curriculum should include a home economics training program for women.
>
> Preparation of subject matter outlines and improving teaching methods for various new courses added in the new curriculum.
>
> Recruiting, reassignment, training, and taking other steps prerequisite to establishment of a complete staff of full-time faculty members. Participant training grants are necessary to provide specialized training for selected faculty members.

Findings and Recommendations

FINDINGS

In the 10 countries studied, in the fiscal year 1962 there were 218 separate technical assistance projects on an almost unlimited number of subjects. There were, in addition, projects for which development

loans were made, as well as local currency loans. Since they involve so many diverse subjects, it is a physical impossibility to make certain that their execution is efficiently carried out. We are thus scattering our aid as though from a shotgun rather than concentrating more effort on the fewer projects that need more aid now.

IT IS THEREFORE RECOMMENDED THAT

All projects for which technical assistance is provided be immediately reexamined to cut back drastically on the number underway in any one country, with a view to bringing about more cohesiveness and direction in our technical assistance program and to weed out those projects which have been continued too long and which the host country should long before this have taken over.

EXHIBIT V–A

AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND UTAH STATE AGRICULTURAL COLLEGE

Whereas the Government of Iran has indicated the desire to cooperate with the Government of the United States in improving and developing the agricultural economy of its people; and

Whereas the Government of the United States, through the Technical Cooperation Administration of the Department of State and the Office of Foreign Agricultural Relations of the Department of Agriculture, recognize the need for technical knowledge and skill in developing a progressive economy in Iran; and

Whereas the problems of education, sanitation, and sound agricultural practices require the services of technicians, specialists, instructors, and administrators in the particular agricultural fields; and

Whereas the Utah State Agricultural College has the staff and facilities necessary to assist in furthering the efforts of the United States of America in the fields of agriculture in Iran; and

Whereas the Utah State Agricultural College desires to participate in cooperative agricultural program undertaken in Iran;

Now, therefore, the determination has been made that a project identified as "Iranian Rural Improvement Program" will further the policy of the United States declared in the Act for International Development. In execution of this determination the Utah State Agricultural College, a nonprofit organization (hereinafter called the "College"), and the Government of the United States of America, by the Administrator of the Technical Cooperation Administration of the Department of State, and by the Director of the Office of Foreign Agricultural Relations of the Department of Agriculture mutually agree as follows:

ARTICLE I

SECTION 1. The College will make available in Iran qualified persons in the various fields of agricultural development, education, research, and extension such as agronomy, forestry and range management, horticulture, irrigation, animal, dairy and poultry industry, agricultural engineering and mechanic arts, agricultural economics and related social sciences, and home economics as may be required in connection with plans of work approved under the provisions of Article I, Section 3, of this Agreement.

SEC. 2. The College shall be exclusively responsible for the payment of all expenses incident to fulfilling its obligations under Section 1.

SEC. 3. The College shall make available such qualified persons as may be required under plans of work agreed to by the College and the Director of the Office of Foreign Agricultural Relations of the United States Department of Agriculture and approved by the Administrator of the Technical Cooperation Administration of the United States Department of State.

SEC. 4. The College will submit to the Administrator, Technical Cooperation Administration, through the Office of Foreign Agricultural Relations, such reports as may be required by the Government, including the obligation and expenditure of funds connected with the project.

SEC. 5. The College will render such additional assistance as may be mutually agreed upon.

ARTICLE II

SECTION 1. The Government of the United States, through the Technical Cooperation Administration of the Department of State approves a grant, subject to the applicable terms and conditions of this agreement, to the College of $100,000, to assist in the financing of the project.

SEC. 2. The Administrator of the Technical Cooperation Administration upon approval of a plan of work shall advance to the College such part of the Grant referred to in Section 1 of this Article as he deems appropriate, taking into account the estimated cost of all services to be performed by the College pursuant to this Agreement.

ARTICLE III

SECTION. 1. The Government of the United States will cooperate with the College and such other agencies as may be deemed necessary in the preparation of plans of work.

SEC. 2. The Office of Foreign Agricultural Relations will be responsible for technical supervision and assistance in executing the approved plans of work. The performance of services by the College under this Agreement will be subject to technical guidance of the office of the Director of the Office of Foreign Agricultural Relations.

ARTICLE IV

This agreement shall enter force when signed by the appropriate representatives of the College and the Government of the United States of America. It shall remain in force until December 31, 1951, or until prior termination by the College or the Government provided that such termination shall be effective 60 days after receipt by one party of the other's notice of intention to terminate. On or before March 31, 1952, the College will submit to the TCA an account setting forth all expenses incurred by it in carrying out the activities outlined in Article I hereof. Upon expiration or termination of the agreement the College shall return, on or before March 31, 1952, to the Administrator of the TCA any balance of funds received under this agreement which is not obligated by the College in execution of this agreement, provided that the College may retain such portion of the balance of the funds as may be required to prepare reports which may be requested by the Government.

ARTICLE V

No member of or Delegate to Congress, or Resident Commissioner, shall be admitted to any share or part of this contract or to any benefit that may arise therefrom, unless it be made with a corporation for its general benefit.

For the Utah State Agricultural College:

LOUIS L. MADSEN,
President.

JUNE 23, 1951.

RUSSELL E. BRONTSON,
Executive Secretary-Treasurer.

For the United States of America:

HENRY G. BENNETT,
Administrator, Technical Cooperation Administration.

JUNE 26, 1951.

R. E. MOORE,
Director, OFAR, USDA.

JUNE 26, 1951.

VI. FOREIGN ECONOMIC ASSISTANCE LOANS

Over the years in our foreign economic assistance program we have made loans for a wide variety of purposes and pursuant to many grants of statutory authority. As of December 31, 1962, the United States had outstanding loans in the dollar amount of $9,836,083,-425.65 as follows:

	Billion
232 loans repayable in dollars	$3.8
291 loans repayable in local currency with maintenance of value	3.8
265 loans repayable in local currency without maintenance of value	2.1

In the 10 countries studied, on the same date, the United States had outstanding loans in the dollar amount of $1,590.3 million—approximately one-sixth of the total world amount. (See exhibit VI–A.) In terms of type of repayment, this $1,590.3 million was divided as follows:

	Million
Repayable in U.S. dollars	$512.6
Repayable in local currencies with maintenance of value	596.0
Repayable in local currencies without maintenance of value	481.7

Excluding Public Law 480 loans, loans to the 10 nations studied as of December 31, 1962, totaled $1,108.6 million.

Sources of Loans

A. LOANS MADE IN DOLLARS

1. Loans made under the former Development Loan Fund

The Development Loan Fund was established by the Mutual Security Act of 1957 as part of our mutual security program. In 1958 it was established as a separate corporate body. In 1961 it was made a part of the Department of State. For comments on the present organizational weaknesses in the administration of the Development Loan Fund see chapter X, "Program Organization and Administration." The Fund is prohibited from making grants to the countries assisted. In making loans, credits or guarantees the statute requires the following to be taken into account:

> (1) Whether financing could be obtained in whole or in part from other free world sources on reasonable terms.
>
> (2) The economic and technical soundness of the activity to be financed.
>
> (3) Whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this part.
>
> (4) The possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus of the activity and the financing operation or transaction involved.[1]

Loans made under the Development Loan Fund were repayable as to interest and principal in dollars, in local currencies, or in both. In the 10 countries studied, there seemd to be no discernible pattern. Thus all

[1] Added in 1958.

loans made to Lebanon were repayable in dollars; all loans made to Jordan were repayable in local currencies. The distinction is apparently because Lebanon's prospects for dollar repayment were brighter than Jordan's.

Where loans are repayable in foreign currencies it is actually misleading to call them loans. True there is an obligation upon the borrowing country to repay, but the repayment of the principal and interest is in local currencies, which can be used only for the further development of the country aided. None of it is or ever will be available to diminsh the public debt incurred by the taxpayers of the United States to furnish the dollars to make these so-called loans. Thus, in the 10 countries studied, the former Development Loan Fund made "loans" totaling $430.5 million of which only $120.6 million was repayable in dollars. The remaining $309.9 million is repayable in local currencies. (See exhibits VI–B, VI–C, and VI–D.) It is thus costing the American taxpayers over $12.3 million annually to pay the interest on the money they had to borrow to make these so-called loans.

The loans repayable in dollars have been lent at interest rates which about average out to the amount of interest the United States must pay to borrow money so, at least as to this $120.6 million of the total, it will not be costing the U.S. taxpayers money for having made these loans—*provided* they are repaid.

2. Loans in dollars authorized by AID's predecessor agencies (other than the Development Loan Fund)

These loans were made under a variety of authorizations and on a wide variety of terms and conditions. They were, however, dollar loans repayable either in dollars or in local currencies. (See exhibit VI–E.) Most of the loans were for project and commodity assistance. However, two budget support loans were made to Iran and a loan was made to Libya for an electric powerplant. Most of these loans were for 40 years, with a 4- or 5-year grace period and interest rate from 3 to 4 percent.

3. AID Development Loans under chapter 2, title I, of the Foreign Assistance Act of 1961

In 1961, when the Development Loan Fund was transferred administratively to the Department of State four additional conditions were added to the three imposed in the original act and the one added by the 1958 act:

(*a*) Consideration was required to be given to the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives;

(*b*) A determination was also required with respect to the extent to which the recipient country was showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures;

(*c*) The President was specifically prohibited from making any loan unless he had previously found that there were "reasonable prospects of repayment";

(*d*) The 1961 amendments required that the principal and interest on Development Loans thereafter made were to be repaid in U.S. dollars.

The change in the Development Loan Fund program made by the Foreign Assistance Act of 1961 to require the repayment of the principal and interest on the loans granted in dollars rather than in local currencies or in dollars was hailed as a great step forward in our foreign economic assistance program.

In some ways it was. However, because of the terms on which these loans were made it was not as great an advance as it might have been.

Since the Development Loan Fund program was transferred to the administration of the AID, loans in the amount of $1,068.4 million have been approved. However, as of December 31, 1962, only $274.9 million had been disbursed leaving $793.5 million in committed loans still to be disbursed.

Almost 14 percent of all the loans made ($147 million) during this period have been made to the 10 countries studied. (See exhibit VI–H.)

These $147 million in development loans will all be repaid—if they are repaid at all—in U.S. dollars as to both principal and interest. Of course, as of December 31, 1962, only $21.9 million of the $147 million loans approved had been disbursed. Some of these loans have 5- or 10-year-grace periods during which no repayment on account of principal is required. Thus the test of repayment lies far in the future. Those U.S. officials who authorized the loans will no longer be around.

Of the $147 million in approved loans, $86 million were on terms of three-fourths of 1 percent interest (service charge) per year with repayment of principal spread over a 40-year period. (See exhibit VI–G.) In order to make these loans, the United States has had to borrow the money. Four percent per annum interest is a conservative figure for the cost of money borrowed by the Government. Figuring even more conservatively, let us assume a figure of 3¾ percent interest as the cost to the United States of the money borrowed to enable it to make these loans. Not figuring interest on interest, it will cost the United States over the next 40 years approximately $52 million to make these loans in the sum of $86 million.

It can be said, therefore that each Development Loan contains a hidden grant depending in size on the lowness of the interest rate and the repayment terms. Thus the $17 million loan to Egypt for grain storage facilities was made for three-fourths of 1 percent interest repayable in 40 years with the initial amortization rate set at more than 10 years after the date of the loan agreement. By the year 2002—when this loan is supposed to be paid up—even if the loan is paid in full as to principal and interest it will have cost the U.S. taxpayers more than $12.5 million to make the $17 million loan—or almost 80 percent of the face value of the loan.

On August 23, 1963, the House of Representatives adopted an amendment establishing a minimum rate of interest of 2 percent per annum on Development Loans. While this compromise will save the U.S. taxpayers money, it is still illogical and continues the previous deception by coupling a grant to each loan. For every $1 million loaned at 2 percent for 40 years it will cost the U.S. taxpayer at least an additional $300,000. If we believe the program should be on a grant basis, then let us make it a loan program and call it

that. But it is unfair to the U.S. taxpayer to proclaim that this is a loan program and at the same time provide for a concealed grant of about $1 for every $3 loaned.

No further loans should be made under the Development Loan Fund at interest rates lower than the cost to the United States of borrowing the money. I have introduced an amendment to the Foreign Assistance Act of 1961 to achieve this objective.

When I was in Cairo, I witnessed the signing of the loan agreement for $30 million to build the West Cairo Power Plant. This too was for 40 years, 10-year grace period, ⅗ of 1 percent interest. This "loan" will cost the U.S. taxpayers over $22.5 million. Thus, while presumably we "loaned" Egypt $30 million we at the same time gave Egypt a grant of over $22.5 million. Moreover, this is a moneymaking proposition for the Egyptian Government. It can charge the public whatever rates for electricity it pleases. There was no justification whatever for not making such a loan on a businesslike basis. One may wonder why the World Bank was not given an opportunity. The answer may lie in the fact that our Development Loan Administration sought to give the contract to an American firm which secured it. But why should the American taxpayer be asked to pay $22.5 million for this objective.

Serious question can also be raised as to the economic justification for many of the development loans made, and as to the adequacy of the controls exercised by the AID to assure that the funds are used for the purposes for which they were granted. These questions will be discussed at the end of this chapter since they relate not only to the administration of the Development Loan Fund by the AID but also to its administration as an independent agency.

We are not dealing with small sums of money. Of the $1,068.4 million in loan agreements signed since the Development Loan Fund was transferred to AID and up to December 31, 1962, $627.9 million in loans—well over half the loans—were of the 40-year, three-quarter percent variety. (See exhibit VI–H.) This will cost the U.S. taxpayers over $377 million (not including grace periods and interest on interest).

It is time to stop fooling the American people. These are not loans—they are combination loans and grants—with the grant portion coming close to equaling the amount of the loan.

4. AID Supporting Assistance Loans under chapter IV of the Foreign Assistance Act of 1961

This authorizes the President "to furnish assistance to friendly countries, organizations, and bodies eligible to receive assistance under this part on such terms and conditions as he may determine, in order to support or promote economic or political stability."

This is the old category of assistance previously known as "Defense Support." Senate Report 612 of July 24, 1961, accompanying the bill which became the Foreign Assistance Act of 1961, had this to say about this category of assistance:

> Supporting assistance joins together in a single category those programs which, in the existing legislation, have been labeled "defense support," and some of the principal programs that are presently known as special assistance. In effect, the supporting assistance program will supersede these two categories and perform most of their principal function.

In general, defense support has consisted primarily of nonproject aid given to countries carrying a necessarily heavy military burden. Special assistance has consisted mainly of budgetary and other nonproject assistance given to countries like Jordan, which would face economic collapse in the absence of such assistance.

Supporting assistance programs are planned for 22 countries. * * * About three-fourths of the funds available for the program will be concentrated in seven countries. Most of these are on the rim of the Sino-Soviet empire. They include Greece, Turkey, Pakistan, Korea, and Vietnam. These countries all carry the burden of larger military establishments than they can support. These military forces are considered essential to their security. *As such, they are essential elements in our forward strategy, which is aimed at containing the spread of communism.* [Emphasis added.]

The Senate Report on the Foreign Assistance Act of 1962 had pretty much the same thing to say concerning Supporting Assistance:

The committee believes that this year's supporting assistance program represents an absolute minimum; that further cuts would compel the executive branch to compensate by transferring other funds into the supporting assistance account. Historically, grant aid for commodity imports and budgetary support has not been popular with the Congress. However, the continuance of such programs in certain countries is absolutely essential to the purposes of U.S. security and overall policy. More than three-fourths of the funds will be used in countries on the border of the Sino-Soviet bloc; most of these maintain large military establishments, which are essential not only to their own defense, but in regional terms as well.

Most of the rest of the supporting assistance account will be used in very poor countries. Some would collapse, politically as well as economically, without this assistance. Others must have it if they are to develop the degree of stability that will enable them to move ahead toward the development stage.

As the Senate Committee on Foreign Relations pointed out, this type of assistance could take the form of grants or loans. For the fiscal year 1963, the sum of $395 million was appropriated.

Annual justifications for supporting assistance in the form of grants are security classified.

However, AID has published a declassified summary of supporting assistance in the form of loans. Three of the ten countries studied received supporting assistance loans as of December 31, 1962. These countries were Iran, Syria, and Egypt. The loans totaled $53 million, or about 15 percent of the total amount appropriated for this type of assistance. Almost 10 percent went for loans to Egypt. (See exhibit VI–I.)

The loans of $30 million to Egypt are hard to justify in the light of the words used in the committee report on the Supporting Assistance program. The purpose of the loan was listed as "Economic Stabilization"—apparently another term for budget support. The first Supporting Assistance loan to Egypt was granted on June 1, 1962, in the amount of $20 million. The second loan, in the amount of $10 million, was granted on September 25, 1962—the day after the revolution broke out in Yemen and Egypt embarked on its international—to date $150 million—adventure.

It is difficult to see how these loans, granted at the time they were, would enable Egypt to "move ahead to the development stage."

The loan of $9 million to Syria was also made for budget support.

The loan of $14 million to Iran was for the Plan Organization which is the governmental organization responsible for the economic development of the country. It is difficult to see why this particular spigot was used. At about the same time this generalized loan was

being made to Iran, a loan of $10 million was being made to Israel for its "Development Program"; the Israel loan, however, came out of Development Loan Funds.

If the Supporting Assistance program is to be continued, then much more careful limitations must be contained in the authorizing legislation as to how it can be used.

In any event, a second look should be taken by the Congress as to the need for Supporting Assistance.

When Supporting Assistance is used for budget support, it means only that the United States is making up in dollars the difference between a particular government's income and outgo. We must then make certain that outgo is kept at a minimum and that income is kept at a maximum consistent with the economic growth of the nation assisted. This is not interference in the internal affairs of another nation. It is merely indicating for and under what circumstances our dollars will be made available to that nation.

To underwrite the deficit of a profligate nation—as the United States has been doing in Brazil—is to waste the tax dollars of the United States. To underwrite the budget deficit of a nation which builds numerous, showy palaces for national morale, or big, ornate airports, or engages in military interventions in the affairs of another nation would not only be a waste of American taxpayers' dollars, but would demoralize the efforts of other countries pursuing a frugal and not a profligate policy.

When supporting assistance is used to underwrite the purchase, with dollars, of products, we must be certain what products are purchased with our dollars and be equally certain that the products are ultimately used for the productive purposes stated. We should institute far closer end use controls. The example cited with respect to Turkey (see ch. IV) is an excellent example of how we have lost control over end product use.

Income is also an important factor. When we agree to support the budget of a country without insisting on adequate tax collections and an equitable tax system we are again wasting American tax dollars, and by perpetuating and sanctioning an abuse, doing that country a disservice.

These suggestions should not be interpreted as any lessening of the desire of the United States to aid the underdeveloped countries. It is only normal prudence which should be respected by the nations aided. We lose rather than gain the respect of other nations by loose fiscal policies. We also fail to give them assistance that is most meaningful if we do not require a tightening of their economic belts and the practicing of frugality as a means to their economic development. We cannot gain their respect, nor aid them to the fullest, by saying: here is our money to buy things abroad but we will leave it up to you to make certain it is spent on things which will aid your economic development, and we do not care if our money is dissipated on luxuries, or if the poor bear the entire inadequate tax burden, or if tax collecting is honored only in the breach, or if our dollars are used for the establishment of luxury, nonproductive industries.

There are two other sources of foreign economic assistance loans payable in U.S. dollars. These are AID Development Credits under

chapter 2, title II, of the Foreign Assistance Act of 1961 and Alliance for Progress Loans. The former were not granted to any of the 10 countries studied. On the other hand, recipient nations under the Alliance for Progress Program are limited to Latin American nations.

B. LOANS MADE IN LOCAL CURRENCIES

1. Loans from Public Law 480 generated local currencies

Title I of Public Law 480 (The Agricultural Trade Development and Assistance Act of 1954, as amended) authorizes the President to carry out a program for the "sale" of U.S. surplus agricultural commodities for foreign currencies under agreements with friendly nations or organizations of friendly nations. The "purchase agreements" negotiated with each country stipulate, within certain statutorily and administratively established limits, the uses to which the local currencies generated by the purchases of commodities under Public Law 480 can be put.

These transactions are sales only in the sense that title to the commodities passes to the nation benefited and that nation pays local currencies to the account of the United States. However, except under section 104(s), the funds are not converted into dollars and paid into the Treasury of the United States. Most of the funds in the form of local currencies remain under the control of the nation benefited, since, with respect to many of the uses to which these currencies may be put, that nation's consent must first be obtained.

The uses to which these local currencies can be put, according to the statute, are as follows:

Section 104(a): Development of markets for U.S. agricultural commodities by cooperative programs with trade and agricultural groups, trade fair activities, and utilization and marketing research grants to foreign institutions;

Section 104(b): Purchase of strategic and other materials for the supplemental stockpile;

Section 104(c): Procurement of military supplies, facilities, and services for the common defense:

Section 104(d): Purchase of goods or services for other friendly nations;

Section 104(e): Grants to foreign governments for economic development; loans to private business firms: to U.S. firms for business development and trade expansion, and to U.S. firms and firms of host country for the establishment of facilities for aiding in the consumption and marketing of U.S. agricultural products;

Section 104(f): Payment of U.S. obligations abroad (this includes military dependent housing);

Section 104(g): Loans to promote economic development in the participating country;

Section 104(h): International exchange of persons;

Section 104(i): Translation, publication, and distribution of U.S. and U.S. related textbooks and periodicals abroad;

Section 104(j): Assisting U.S. sponsored schools and community centers abroad;

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Section 104(k): Translation and dissemination of scientific publications and programs of scientific, agricultural, medical, cultural, and educational cooperation;

Section 104(l): Acquisition of sites and buildings for U.S. Government use abroad;

Section 104(m): Participation in agricultural and horticultural fairs and trade fairs abroad;

Section 104(n): Acquisition, indexing, and dissemination of foreign publications;

Section 104(o): Expansion of U.S. educational studies;

Section 104(p): Supporting workshops and chairs in U.S. studies;

Section 104(q): Purchase of nonfood items for emergency relief purposes;

Section 104(r): Audiovisual informational and educational materials; and

Section 104(s): Sales of currencies for dollars to American tourists.

According to AID records, loans have been made only under section 104(c) (purchase of goods and services for other friendly nations), section 104(e) (so-called Cooley loans to private business firms), and section 104(g) (loans to promote economic development in the participating country).

In the 10 countries studied, over 96 percent of the loans of Public Law 480 locally generated currencies were made under section 104 (g)—loans to promote the economic development of the participating country. Seven of the ten countries studied were given such loans in the principal sum of $568.9 million. (See exhibit VI–J.)

Section 104(d) loans—loans for the purchase of goods or services for other friendly countries—were made only to Israel in the amount of $2.4 million.

Section 104(e) loans—loans to private business firms—were made to 5 of the 10 countries in the total amount of $35.1 million. (See exhibit VI–K.)

Loans under section 104(g)—to promote the economic development of the participating country—were made only for "Project Assistance" in Turkey, Syria, Tunisia, Greece, and Egypt. Loans were made to Iran for both "Project Assistance" and "Commodity Assistance." Loans were made to Israel for "Project Assistance," Building Program at the Weizmann Institute (repayable in dollars), Economic Research (repayable in dollars), Industrial Development Bank and Airport Construction. Loans under this section were made at interest rates of 3½ to 4 percent.

In contrast, Cooley loans for the development of business have widely varying interest rates: Israel, generally 5½ percent although in the early part of the Cooley loan program in Israel some loans were made at the interest rate of 7½ percent; Iran, 8 percent; Greece, 6 percent; Egypt, 5½ percent. Every effort should be made to keep these interest rates on these loans as low as possible as a means of stimulating, to the greatest extent possible, the growth of the private sector of the economy.

Here, too, as in the program of dollar loans under the Development Loan Fund, Cooley loans—where made on any large scale—

have been made for a wide variety of businesses. For example, in Greece, Cooley loans were made for petroleum storage facilities, sewing machines, cotton industry, soap manufacturing, gasoline service stations and storage facilities, appliance manufacturing, and fiber board manufacturing.

In Israel, as of December 31, 1962, 37 Cooley loans had been made for such purposes as grain storage facilities, pharmaceutical manufacturing, chrome ore facilities, hotel construction, macaroni manufacturing plant, chemical plant, precast concrete plant, tire and rubber plant, zinc oxide manufacturing plant, textile plant facilities, papermill facilities, cotton spin mill facilities.

In Turkey, Cooley loans were made for pharmaceutical manufacturing, soap manufacturing, chrome ore facilities, "Jeep" auto facilities, sewing machine production, and manufacturing rubber tires and tubes.

The question, of course, is raised as to the effects upon our own export trade of this wide diversification of industries established with Public Law 480 proceeds. Are we in effect either developing competition for ourselves at home or for our own foreign trade?

Findings and Recommendations

FINDINGS

Every time the United States makes a Development Loan at interest rate of three-fourths of 1 percent repayable in 40 years, it is at the same time making an outright grant of from 50 to 75 percent of the face value of the loan. It costs the United States about 4 percent to borrow that money. It is a deception practiced upon the U.S. taxpayers to tell them the program is being changed over to one of loans repayable in dollars when in fact the low interest rates charged mean that the grant program is continued.

IT IS THEREFORE RECOMMENDED THAT

Development Loans become loans in fact as well as in name and that interest rates on such loans be raised to the interest rate paid by the United States to borrow money.

FINDINGS

An example of the interchangeability of the various categories of AID was found in the situation in Iran where a loan from Supporting Assistance was made to the government organization responsible for economic development while a loan to Israel for the same purpose from Development Loan Funds.

IT IS THEREFORE RECOMMENDED THAT

Clear limitations be placed on the uses of Supporting Assistance so that it can no longer be used at the whim of the AID Administrator for unlimited, undefined purposes.

FINDINGS

The Development Loan Fund program was originally administered by an independent agency. In 1961 it was placed in the Department of State and subjected to the supervision of the AID Administrator. The integration of the DLF program with the remainder of the AID program is still only on paper and is not a fact. DLF administrators in Washington make all the decisions as to which country will get what loans and on what terms, even though similar decisions for similar projects in the remainder of the AID program are made, at least in the first instance, by the AID mission in the country.

IT IS THEREFORE RECOMMENDED THAT

The Development Loan Fund program be decentralized—at least to a regional level—and that ways be found to bring AID personnel into closer affinity with the DLF program personnel.

EXHIBIT VI–A

Loans outstanding as of Dec. 31, 1962

	Millions		*Millions*
Turkey	$492.2	Libya	$8.5
Iran	222.8	Tunisia	72.3
Syria	53.4	Greece	146.4
Lebanon	5.4	Egypt	290.9
Jordan	2.7		
Israel	295.4	Total	1,590.0

Source: Prepared in the office of Senator Ernest Gruening.

EXHIBIT VI–B

Loans from former Development Loan Fund to 10 countries studied repayable in dollars

[In millions of dollars]

	Amount of loan agreement	Disbursed	Balance outstanding	Available for disbursement
Turkey	33.0			33.0
Iran	114.5	106.6	105.0	7.9
Syria	.7	.7	.7	
Lebanon	5.4	2.8	2.8	2.6
Jordan				
Israel				
Libya				
Tunisia				
Greece				
Egypt				
Total	153.6	110.1	108.5	43.5

Source: Prepared in the office of Senator Ernest Gruening.

EXHIBIT VI–C

Loans from former Development Loan Fund to 10 countries studied repayable in local currencies with maintenance value

[In millions of dollars]

	Amount of loan agreement	Disbursed	Balance outstanding	Available for disbursement
Turkey	137.8	66.8	65.1	71.0
Iran				
Syria	7.5	.1	.1	7.4
Lebanon				
Jordan	2.7	2.0	1.9	.7
Israel	56.0	44.2	41.2	11.8
Libya	5.0	4.6	4.6	.4
Tunisia	42.0	11.5	11.5	30.5
Greece	43.0	12.5	11.1	30.5
Egypt	15.2	6.0	6.0	9.2
Total	309.2	147.7	141.5	161.5

Source: Prepared in the office of Senator Ernest Gruening.

EXHIBIT VI–D

Loans from former Development Loan Fund to 10 countries studied repayable in local currencies without maintenance of value

[In millions of dollars]

	Amount of loan agreement	Disbursed	Balance outstanding	Available for disbursement
Turkey				
Iran				
Syria				
Lebanon				
Jordan				
Israel	0.7			0.7
Libya				
Tunisia				
Greece				
Egypt				
Total	0.7			0.7

Source: Prepared in the office of Senator Ernest Gruening.

EXHIBIT VI–E

Loans by AID predecessor agencies other than Development Loans

[In millions of dollars]

	Amount of loan	Repayable in dollars	Repayable in local currency
Turkey	155.0	85.0	70.0
Iran	65.0	65.0	
Syria			
Lebanon			
Jordan			
Israel	39.9		39.9
Libya	3.5	3.5	
Tunisia	3.5		3.5
Greece	35.0		35.0
Egypt	7.5		7.5
Total	309.4	153.5	155.9

Source: Prepared in the office of Senator Ernest Gruening.

EXHIBIT VI–F

Development Loan Fund loans made since transfer to Department of State

[In millions of dollars]

	Amount of loan	Disbursed	Balance outstanding	Available for disbursement
Turkey	41.3			41.3
Iran	6.0	1.0	1.0	5.0
Syria	14.7			14.7
Lebanon				
Jordan				
Israel	45.0	20.1	20.1	24.9
Libya				
Tunisia	10.0			10.0
Greece	10.0			10.0
Egypt	20.0	0.8	0.8	19.2
Total	147.0	21.9	21.9	125.1

Source: Prepared in the office of Senator Ernest Gruening.

EXHIBIT VI–G

AID development loans made since transfer to Department of State under chapter 2, title I, at three-fourths of 1 percent for 40 years

	Millions		*Millions*
Turkey	$41.3	Libya	----
Iran	----	Tunisia	$10.0
Syria	14.7	Greece	----
Lebanon	----	Egypt	20.0
Jordan	----		
Israel	----	Total	86.0

Source: Prepared in the office of Senator Ernest Gruening.

EXHIBIT VI–H

Three-quarters percent Development Loan Fund loans outstanding as of Dec. 31, 1962

Date of loan agreement	Country	Amount (millions)	Term	Grace	Purpose
Nov. 27, 1962	Tunisia	$10	40	0	Commodity Imports.
Apr. 26, 1962	Egypt	3	40	0	Cellophane Plant.
Do	do	17	40	10 years 5 months 1 day.	Grain Storage Program.
Mar. 21, 1962	Israel	10	35	5 years 1 month 19 days.	Development Program.
Aug. 3, 1962	do	35	20	5 years 1 month 23 days.	Second Development Program.
Dec. 19, 1962	Syria	14.7	40	0	Grain Storage Project.
Nov. 23, 1962	Turkey	10	40	0	Diesel Locomotives.
Dec. 7, 1962	do	31.3	40	0	Thermal Power Project.
Feb. 26, 1962	India	33.6	40	10 years 1 month 11 days.	Cambay Thermal Power.
June 21, 1962	do	200	40	10 years 2 months 7 days.	Nonproject Imports.
Do	do	38	30	0	Bandel Thermal Power.
Do	do	4.2	30	0	Patherdih Coal Washery.
Do	do	43	30	0	Fourth Railways.
June 28, 1962	do	3	13	0	Second Premier Auto Loan.
Do	do	9.8	10	0	Rayon Tire Cord.
Do	do	20.2	30	0	Pamba-Kakki Hydroelectric.
Do	do	20	15	0	Development Bank.
Do	do	17.9	18	0	Trombay Thermal Power.
Sept. 25, 1962	do	13.7	10	0	Truck Plant Expansion.
July 27, 1962	do	2.3	10	0	Precision Gear Plant.
Nov. 8, 1962	do	15.8	10	0	Truck Plant.
May 11, 1962	Pakistan	90	30	10 years 1 month 3 days.	Iron and Steel Imports.
Sept. 10, 1962	do	31	40	0	Fourth Railways Project.

Three-quarter percent Development Loan Fund loans outstanding as of Dec. 31, 1962—Continued

Date of loan agreement	Country	Amount (millions)	Term	Grace	Purpose
Aug. 31, 1962	Pakistan	42	40	0	General Commodities Imports.
Oct. 22, 1962	do	8.6	40	0	Expansion of Power Systems.
Nov. 2, 1962	do	26	40	0	Thermal Electric Power. Generating Station.
June 29, 1962	China	5.2	40	0	Taiwan Telecommunications.
July 19, 1962	do	20	40	10 years 10 months 7 days.	Nonproject Industrial Imports.
Apr. 4, 1962	Korea	20.9	40	10 years 11 months 23 days.	Pusan Thermal Electric Power.
July 13, 1962	do	4.25	40	0	Cement Project.
Oct. 29, 1962	do	8.3	40	0	Procurement of Diesel. Locomotives.
May 7, 1962	Bolivia	0.4	40	0	Highway Maintenance.
June 28, 1962	do	6	40	0	Do.
Sept. 2, 1962	do	1.2	40	8 years 4 months	El Alto Airport.
Nov. 20, 1961	Brazil	74.5	40	10 years 11 days	Procurement of Imports
Sept. 24, 1962	do	3.4	10	2 years 9 months 6 days.	Synthetic Rubber Plant
Aug. 15, 1962	Chile	40	40	10 years 13 days	Development Bank.
July 20, 1962	Ecuador	5	20	0	Industrialized Credit.
June 30, 1962	Mexico	20	40	0	Supervised Agricultural Credit.
Sept 14, 1962	Venezuela	10	20	0	Do.
		969.25			

EXHIBIT VI–I

Supporting assistance loans as of Dec. 31, 1962

	Millions		*Millions*
Turkey		Libya	
Iran	$14	Tunisia	
Syria	9	Greece	
Lebanon		Egypt	$30
Jordan			
Israel		Total	53

Source: Prepared in the office of Senator Ernest Gruening.

EXHIBIT VI–J

Loans under sec. 104(g) of Public Law 480—Loans to promote the economic development of the country

	Millions		*Millions*
Turkey	$110.2	Libya	
Iran	23.2	Tunisia	$6.8
Syria	21.5	Greece	53.4
Lebanon		Egypt	217.1
Jordan			
Israel	136.7	Total	568.9

Source: Prepared in the office of Senator Ernest Gruening.

EXHIBIT VI–K

Loans under sec. 104(e) of Public Law 480—Cooley loans

	Millions		*Millions*
Turkey	$14.8	Libya	
Iran	($98,684.21)	Tunisia	
Syria		Greece	$4.9
Lebanon		Egypt	1.0
Jordan			
Israel	14.7	Total	35.1

Source: Prepared in the office of Senator Ernest Gruening.

VII. FUTURE USES OF U.S. OWNED LOCAL CURRENCIES

Consideration should be given by the Congress, at the earliest opportunity, to the establishment of clear policies with respect to future uses of the very large amounts of foreign currencies accumulated in the 10 countries studied. There is no reason to believe that the same problems foreseen in these countries will not also arise in other countries receiving economic assistance from the United States.

In the past, we have made many loans to these countries repayable in local currencies. In addition, Public Law 480 products have been "sold" to these countries in exchange for local currencies. These currencies are controlled by the United States, with a major portion of them being restricted to expenditure for the economic development of the country generating the currency. Repayment of these loans will continue for many years to come. As they are repaid, the funds will again be available for further loans. Because the loans bear interest, the local currencies available for loan by the United States will be constantly increasing.

In countries currently receiving economic aid from the United States, no special administrative or organizational problems arise in administering the local currency loan program. It can be made an integral part of the total AID program.

However, where the AID program has ended in a particular country, and the AID mission has been withdrawn, it can be expected that serious administrative problems will arise as the loans continue to be repaid.

As of December 31, 1962, in the 10 countries studied, there were outstanding loans totaling approximately $1.109 billion. Of this amount, $655.1 million has been disbursed, leaving $454.5 million to be disbursed. (See exhibit VII–A.) Assuming an interest rate of 4 percent per annum on the funds already disbursed and a constant reloan rate, the local currency loan fund is increasing in these 10 countries at the rate of approximately $26.2 million per year. When the full $1.109 billion is out on loan, the fund will increase at the rate of $44.3 million a year. To this must be added the annual interest on the interest paid and reloaned.

Lebanon has no outstanding loans repayable in local currencies so that, when its outstanding obligations, repayable in dollars, have been met, there will be neither dollars nor Lebanese pounds in Lebanon for economic development of the country. Our diplomatic mission in Lebanon will revert to normal, and our Ambassador and his staff there will have to rely upon their diplomatic skills to maintain the U.S. "presence" in that country. This is as it should be.

But what of Greece and Israel, the other countries of those 10 studied where economic assistance has supposedly ended?

Our Embassy in Israel, despite the end of our economic assistance to that country and the withdrawal of our AID mission, has a poten-

tial loan fund in Israeli pounds of $247.2 million and an actual loan fund of $209.3 million.

Thus, during the next 10 years, for example, repayments on account of principal will approximate $15 million, and interest payments will approximate $10 million per year. Our Embassy in Israel will thus be responsible for the operation of a loan program in Israel of approximately $25 million per year. New loans (in Israeli pounds) which the Embassy will negotiate during that period will total a quarter of a billion dollars.

Greece is in a similar position. Here, too, our AID program has supposedly ended.

Outstanding loans to Greece, as of December 31, 1962, totaled $136.3 million, of which $73.5 million has been disbursed. And because of interest charged, when full disbursement has been made, the total loanable fund will increase at the rate of $5.4 million a year. This fund also will continue to increase indefinitely at approximately this rate, depending on the interest charged.

The repayment rate will be approximately the same as in the case of Israel, so that our Embassy in Greece will also face the task of operating a substantial loan program.

These figures should be compared to our loan program in the past to Greece and Israel:

[In millions of dollars]

Fiscal year	Greece	Israel	Fiscal year	Greece	Israel
1946–48	111.3		1958	24.8	75.9
1949–52		135.0	1959		44.0
1953			1960	35.1	43.6
1954			1961	11.9	65.6
1955	14.2	30.8	1962	18.7	75.1
1956	19.3	35.1			
1957	27.9	21.9	Total	263.0	527.0

With the AID missions withdrawn from both Greece and Israel, are the normal staffs of our Embassies in those countries geared to administer intelligently these ever-growing loan programs?

And whoever administers them, there is an added and continuing expense to the American taxpayer.

Little attention seems to have been given to this problem or to its implications for the future.

In 1961, the Gross National Product of Greece was $3.2 billion, while that of Israel was $2.7 billion. Loans outstanding as of December 31, 1962, are to be finally repaid by Israel in the year 2001 and by Greece in the year 2003. At that time the loan funds, without compounding interest, will exceed $800 million in Israel and $335 million in Greece. Loan funds of this magnitude could have considerable effect upon the economies of both these countries unless properly administered.

An excellent example of the confused state of our local currency accounts was furnished by the confusion over aid to the stricken Yugoslavian city of Skoplje. The New York Times account of August 18, 1963, described how our own officials were in doubt as to just how much was in the account and the Yugoslav officials were fearful over the effect of the drawdown of such a vast sum of money upon the entire country's banking system.

It follows and makes interesting reading:

[From the New York Times, Aug. 18, 1963]

U.S. SKOPLJE AID CREATES PROBLEM

$50 MILLION FUND IS CAUSING BOOKKEEPING CONFUSION

(By David Binder)

Special to the New York Times

BELGRADE, YUGOSLAVIA, August 16.—The U.S. Government's authorization of $50 million of aid in local currency for the earthquake-stricken city of Skoplje has created some bookkeeping problems for Yugoslav and American officials.

The grants announced last Sunday are to consist of $25 million in direct aid and $25 million in long-term loans.

They are to be drawn from special funds accumulated from the sale to Yugoslavia of American wheat and other agricultural goods. These funds are registered as dinars, the Yugoslav currency, in the Peoples Bank.

As explained today by U.S. Embassy officials, the grants are to come out of a dinar fund marked "for U.S. use." The fund represents 10 percent of the total accumulation from wheat sales since 1954.

The remaining 90 percent of the accumulation is available for Yugoslav projects such as dams, power plants, roads, and canals following specific agreement between the two countries.

AT WASHINGTON'S DISPOSAL

But the U.S. use fund is at the disposal of Washington for paying costs of the Embassy in Belgrade, cultural exchange programs and the purchase of goods for U.S. Armed Forces stationed in Europe. One-fifth of this fund is also earmarked for conversion into dollars for use by the U.S. Agricultural Department.

No one in the Embassy appeared to know today just how large the dinar accumulation in the U.S. use fund had grown. Last Sunday someone picked the figure of $93 million.

But a second look disclosed that the dinars had been acquired over a period of years in which the exchange rate had varied widely. Estimates of the dollar-dinar total now range between $63 and $97 million.

As for the Yugoslav side, one Belgrade official said that the Skoplje aid authorization had caused some double-takes in the Peoples Bank, where authorities had become accustomed to annual U.S. expenditures of $8 to $10 million worth of dinars.

BELGRADE SURPRISED

He implied that while the Yugoslavs recognized the U.S. use fund as an ultimate liability, no one had expected Washington to use so much of it.

Two officials of the Agency for International Development, Richard Knight and Edgar Zimmerman, said they were convinced that the availability of local currency would help the U.S. aid program in Skoplje.

They noted that in countries where local currency was not available to the United States through surplus wheat sales, the Agency's programs encountered much greater financing difficulties.

However, they suggested that the Skoplje disaster was of such magnitude that U.S. aid in hard currency would also be useful. It is understood that several proposals along this line are to be made by the U.S. Government in the near future.

Unless we are prepared to say that the Ambassador in each of these countries should "rubberstamp" applications for loans from these local currency funds, then we must face up to the fact that, unless some device is found, there will be need for ever-increasing technical staffs at the Embassies to service these ever-increasing loan funds in an intelligent manner.

Attention should also be given to the long run effect upon the relations of the United States to each of these countries of our continued interference in a sizable segment of their economies.

The power to reject a loan application is the power to direct. Determining which projects we will or will not support is tantamount to having a hand in how their economies will develop.

It is a disturbing thought that in the year 2003 in Greece our Embassy will still be passing on loan agreements for petroleum storage facilities, service stations, appliance manufacturing facilities, and the like. Consider the wide variety of experts who will have to be attached to our Embassy to pass on the economic feasibility of loan applications in every conceivable field. Is this the kind of activity the Congress believes should be carried on in perpetuity by our Embassy in Greece? Or indeed in any other of the numerous countries with accumulated local currencies derived from our foreign aid program. If it is, then the Congress should proceed without delay to establish guidelines for the types of loans which can be made and to make plans now for the proper type and quantity of staff and the organization of such a permanent program. The fiscal implications of such a policy should also be thoroughly explored.

Some will take the position that such a state of affairs is desirable. They will say that it is good to have a strong U.S. "presence" in these countries for years into the future. It should be noted that we are not here dealing with "years into the future"—we are dealing with perpetuity.

It has been repeatedly said to me, as one reason for continuing U.S. economic aid to this country or to that country, that such aid was necessary to assure a "U.S. presence" in those countries.

Obtaining a precise definition of the term "presence" is extremely difficult.

Obviously it means more than the stationing in a country of the customary diplomatic mission. It seems to mean the stationing of additional U.S. personnel in the country to dispense technical assistance and money. Apparently mere diplomatic missions are no longer considered sufficient to express our friendly intentions to the friendly nations to which they are accredited.

It is difficult to imagine that U.S. Foreign policy can be effective in a country only if it is buttressed by technical assistance and money.

We now face the danger, because of the accumulation of local currencies, of rebuilding in a different guise in our diplomatic missions an entirely new cadre of technicians who will be administering an entirely new and ever-growing AID program with U.S. owned local currencies. It might be productive of more ill will than good will for the United States. Who wants a foreign controller permanently stationed to determine how you are to spend what you had, rightly or wrongly, come to assume was your money?

A way must be found out of this dilemma.

I put forth a few possibilities:

1. The loan agreements with Greece and Israel should be renegotiated to provide a real incentive for the repayment of some or all of these loans in dollars. I fully appreciate that in these countries, as in many others, foreign exchange—or the lack of it—is a continuously pressing

problem. I am also aware of the fact that these loan agreements are binding agreements and can be changed only by mutual consent. However, in order for the United States to get off the treadmill on which it finds itself, it would be well worth our while to offer the countries involved substantial inducements to make the necessary change. We could offer substantial reductions in interest rates or in repayment rate. For example, interest at 4 percent per annum on a $10 million loan repayable in equal payments in 30 years amounts to $6 million. That is a sizable amount. I have noted that a program along these lines was in effect with respect to the early loans made to Greece and Israel giving them the option of repaying certain loans in dollars at 3 percent interest or in local currency at 4 percent interest. In addition, loans repayable in 10 years could be made repayable in 20 or 30 years.

2. Similar renegotiation talks should be undertaken with the other countries studied.

3. Consideration should be given to the establishment of a trust fund, jointly administered by the U.S. Ambassador and the country's Minister of Education, to be used for educational scholarships, fellowships, and other educational purposes. Such a device will require a minimum of administration and will avoid to the maximum extent possible U.S. interference in the economic affairs of the countries involved. A necessary concomitant of such a program would be orderly phasing out of new loans of local currencies so that ultimately all local currency owned by the United States will be centralized in the trust fund.

Findings and Recommendations

FINDINGS

The United States has outstanding many loans to many countries which call for their repayment in the future in local currencies. As the money is repaid, it, together with the interest it earns, is to be reloaned by the United States for projects designed to aid the economic development of the country repaying the loans. In the 10 countries studied, loans repayable in local currencies of $1,109 billion had been made as of December 31, 1962. Because of interest payments, the local currency fund in those 10 countries is increasing at the rate of $26.2 million each year.

Someone will have to administer these funds.

Our AID program in Israel is at an end and the AID mission withdrawn. However, during the next 10 years, our Embassy in Israel will be called upon to negotiate new loans in Israeli pounds in the amount of $250 million. Our total AID program to Israel in the 10 years 1953–62 was $392 million.

The problem in Greece, where our program is also ending will likewise be great. It is a disturbing thought that in the year 2003 (when the last loan already made will be repaid in local currency) our Embassy in Athens will be passing on loan applications from the Greek Government. Will not the interference of the United States in the local economic development of a nation be resented so long after the original loan has been made and when we are loaning not dollars but local currencies. This problem faces the United States in the future to an ever greater extent as its formal AID programs come to "an

end." Unless Congress lays down guidelines as to how such local currencies should be spent in the future, the United States will never be able to get off the treadmill, will never be able to end its aid program in any country, and will be forced to maintain, at the expense of the U.S. taxpayers, staffs to administer these funds of local currencies which will be constantly increasing.

IT IS THEREFORE RECOMMENDED THAT

a. Loan agreements calling for repayment in local currencies be renegotiated, wherever possible, with great inducements for the repayment in dollars;

b. Consideration be given to the establishment of educational trust funds, jointly administered by our Ambassador and the Education Minister, into which fund local currencies can be repaid as the loans are repaid.

EXHIBIT VII–A

U.S. loans as of Dec. 31, 1962

[In millions of dollars]

	Total loaned repayable in local currencies	Total disbursed	Potentially available for disbursement		Total loaned repayable in local currencies	Total disbursed	Potentially available for disbursement
Turkey	365.8	136.8	229.0	Libya	5.0	4.6	.4
Iran	20.8	10.3	10.5	Tunisia	62.0	19.2	42.8
Syria	29.0	2.1	26.9	Greece	136.3	73.5	62.8
Lebanon				Egypt	240.8	197.3	43.5
Jordan	2.7	2.0	.7				
Israel	247.2	209.3	37.9	Total	1,109.6	655.1	454.5

Source: Prepared in the office of Senator Ernest Gruening.

VIII. AID TO EDUCATION ABROAD

Aid to education abroad from U.S. sources flows in large quantities from a large number of spigots under the jurisdiction of different Federal agencies.

During the course of the preparation of this report, I had occasion to testify on the various education bills before the Senate Subcommittee on Education of the Committee on Labor and Public Welfare. The able and distinguished senior Senator from Oregon, Mr. Morse, is chairman of that subcommittee and, when I testified merely from AID's own figures, he sent an inquiry to all agencies which might possibly be involved requesting data. A copy of Senator Morse's letter appears as exhibit VIII–A.

Senator Morse very graciously made the replies available to me for inclusion in my report so that I could compare them with the data I had collected during my study of the 10 countries involved in this report. Included are the letters transmitting the data to Senator Morse.

EXHIBIT VIII–A

JUNE 3, 1963.

Hon. EDWARD R. MURROW,[1]
Director, U.S. Information Agency,
Washington, D.C.

DEAR MR. MURROW: As chairman of the Education Subcommittee of the Senate Committee on Labor and Public Welfare, I wish to advise you that in open hearing on S. 580 and related bills, Wednesday, May 15, 1963, the subcommittee received testimony from Hon. Ernest Gruening concerning educational assistance provided by the Government of the United States to oversea areas.

A transcript of the hearings record containing my colloquy with Senator Gruening on that occasion is forwarded as attachment 1 for your information.

Please provide the Education Subcommittee with the requested information insofar as the operations of your agency, and any predecessor organization, is concerned. For the purpose of the report the information transmitted by your memorandum should be accompanied by tabular appendixes detailing for each year of your operations since 1945, in each country or oversea area in which your agency operates, the desired breakdown of dollar expenditures for educational purposes.

It may be that financing in these areas has been provided by counterpart currencies. If this is the case, please indicate that fact, including in parentheses the dollar equivalents of the foreign currencies expended for each object classification.

Attachment 2 may be helpful to you as a model for the arrayed data. The exact form, however, is provided only as an indication of the minutia breakdown desired by the subcommittee. You are perfectly free to modify it to suit your convenience provided that the information in the detail desired is made available.

For each country, in each year, I desire the amounts expended for each educational purpose. I further request that these figures be broken down by dollar amount (or dollar equivalent amount) categories which will clearly differentiate between educational funds provided organizations with religious affiliations and those without such affiliations.

[1] Similar letters were written to the Secretary of State, the Secretary of Defense, and the Administrator of the Agency for International Development. In the letter to the forces schools maintained on bases abroad, and contracts with U.S. institutions of higher education providing contract services to U.S. forces in the education of American military personnel.

Please specify when naming the organizations to which funds were advanced whether the organizations are publicly or privately controlled. In the event that public institutions in a particular country are by domestic law of that country placed under the administration of a church or an organization with religious affiliations, please indicate that fact.

The appendixes should include a summary tabulation, by year, for each of the object expenditures and grand totals of all dollars and dollar equivalents which were disbursed, or have been obligated for disbursement.

The subcommittee regrets to advise you that it has need of this information not later than Thursday, June 27, 1963. I therefore respectfully urge that the desired data, where not immediately available, be obtained by cable, telegraph, or radio from field headquarters.

With kindest regards.

Sincerely,

WAYNE MORSE,
Chairman, Education Subcommittee.

A small spigot of educational funds abroad is that of the U.S. Information Agency—an independent Federal agency. The USIA translates, prints and distributes teaching books and materials, conducts and gives financial assistance to seminars, supports lectureships in 95 countries throughout the world. Its total expenditure for these purposes has been $2,429,704. (See exhibit VIII–B.)

EXHIBIT VIII–B

U.S. INFORMATION AGENCY,
Washington, June 27, 1963.

Hon. WAYNE MORSE,
Chairman, Education Subcommittee, Committee on Labor and Public Welfare, U.S. Senate.

DEAR MR. CHAIRMAN: I am attaching the detailed information requested in your letter of June 3, 1963, to Mr. Murrow concerning assistance to educational institutions abroad provided by this Agency.

As you may know, the U.S. Information Agency does not conduct educational assistance programs as such. Rather, our mission is to further U.S. foreign policy objectives through information and cultural programs. In this effort, educational institutions abroad do receive subsidiary benefits from some of our programs. These programs are (1) the books presentation program, (2) the textbook publication program conducted in cooperation with the Ministry of Education in the countries concerned, and (3) the program to establish and maintain chairs and conduct seminars in American studies through the making of cash grants to some European universities.

We have done our best to give you complete information, considering the time factor and availability of records from which the information could be abstracted. Under our records retirement system, it is usual to retire records which are older than 3 years. The essential documents are microfilmed and placed in a central Government records repository, and those subsidiary materials considered to have no permanent record value are destroyed. Unfortunately, much of the detailed data required for this study was contained in materials having no permanent record value, and which have been destroyed. Consequently, I regret to say that in most instances, we have been unable to provide information prior to 1958, and in no instance have we been able to obtain information prior to 1954.

I sincerely hope that you will find that the attached material meets your requirements.

Sincerely,

G. LEWIS SCHMIDT,
Assistant Director (Administration).

U.S. Information Agency, educational assistance

AFGHANISTAN

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and/materials	1960	College, university, and public libraries, Government and key officials in Afghanistan, public.	None		$1,250	$1,250
	1959	Ministry of Education, public	None		500	500
	1958	Teachers Training School, Kabul, public	None		136	136
		Total			1,886	1,886

ARGENTINA

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and/materials	1962	20 university centers, public	None		$1,350	$1,350
		Catholic University Technical School, private	Catholic	$26		26
		Catholic Institute Teachers College, private	Catholic	50		50
		Office of Education, Province of Cordoba, public	None		100	100
		University of Cuyo	None		32	32
		Police Officers Training School, public	None		60	60
		School of Architecture, Museum of Fine Arts, B.A	None		44	44
		University of Cordoba	None		58	58
		Law school libraries	None		185	185
		Total		76	1,829	1,905
	1961	Schools, public	None		200	200
		National University of Cordoba, public	None		33	33
		School of Social Work, University of Cordoba, public	None		65	65
		Total			298	298
	1960	Ministry of Public Education of Federal Government, public	None		70	70
		Ministry of Education of Provinca of Buenos Aires, public	None		28	28
		Universities of Buenos Aires, Mendoza, Tucaman, and Cordoba, public.	None		35	35
		Total			133	133

	1959	University of Buenos Aires, public	None		164	164
		Ministry of Education, public	None		287	287
		Total			451	451
	1958	Educational institutions, public	None		37	37
AUSTRALIA						
Presentation of books and/materials	1962	Monash University, Melbourne	None		$382	$382
		New South Wales State Department of Education	None		45	45
		Total			427	427
	1961	Newcastle Teachers College, public	None		25	25
		Universities and libraries, public	None		80	80
		University of New South Wales, public	None		725	725
		University libraries, public	None		120	120
		Total			950	950
	1960	Secondary school teachers, public	None		45	45
		University of Adelaide, public	None		110	110
		Total			155	155
	1958	National Art School, public	None		57	57
AUSTRIA						
Presentation of books and/materials	1959	High schools, Public	None		$40	$40
		Geography Institute, public	None		57	57
		Total			97	97
	1958	Universities, public	None		71	71
		School libraries, public	None		30	30
		University libraries of education	None		57	57
		Libraries of universities, museums, Amerika Institutes, research institutes, public.	None		3,953	3,953
		Total			4,111	4,111

U.S. Information Agency, educational assistance—Continued

BELGIUM

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
Presentation of books and/materials	1962	National library, universities, institutions, and organizations, public	None		$63	$63
	1960	Belgian and Luxembourg schools, public	None		450	450
	1959	College of Europe and Bologna Center, public	None		92	92
	1958	Educators, universities, Ministry of Education, public	None		75	75

BOLIVIA

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
Presentation of books and/materials	1960	University of La Paz and scientists of the Interior of Bolivia, public	None		$91	$91
	1959	Institute of Physical Education, La Paz, public	None		30	30
		Centro Medico, University Medical Center, public	None		32	32
		Total			62	62
	1958	University of San Andres, public	None		35	35
		Universities, public	None		65	65
		Pedagogical Congress, Sucre, public	None		62	62
		Total			162	162

BRAZIL

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
Presentation of books and/materials	1962	University of Minas Gerais, public	None		$71	$71
		University of Brasilia	None		44	44
		University of Marilia	None		47	47
		University of Sao Paulo, agronomy	None		84	84
		University of Sao Paulo, philosophy	None		119	119
		University of Brazil School of Journalism	None		52	52
		Total			417	417
	1961	Centro de Estudos Panamericanos, and educational center in Rio de Janeiro, public.	None		52	52
		Catholic University of Sao Paulo, private	Catholic	$29		29
		10 principal universities in Brazil	2 Catholic	487		487
			8 none		1,949	1,949

	University of Sao Paulo, public	None		35	35
	University of Minas Gerais, public	None		38	38
	Faculty of Philosophy, Science, and Letters of Sao Jose do Rio Prato, public.	None		57	57
	University of Brazil, public	None		58	58
	Total		516	2,189	2,705
1960	8 major universities, public	None		1,537	1,537
	2 major universities, private	Catholic	384		384
	Faculty of Medical Sciences of Pernambuco, public	None		32	32
	School of Library Science of Minas Gerais, public	None		30	30
	Faculty of Philosophy, Catholic University of Rio Grande do Sul, private.	Catholic	42		42
	Faculty of Philosophy, Science, and Letters of Mariliá, public	None		38	38
	Total		426	1,637	2,063
1959	Champagnat Institute, public	None		30	30
	University of Brazil, public	None		35	35
	Universidade Catolica of Sao Paulo, private	Catholic	40		40
	University of Minas Gerais, public	None		67	67
	Journalism School in Joao Pessoa, public	None		240	240
	University of São Paulo, public	None		219	219
	Catholic University of Rio de Janeiro and Catholic University of São Paulo, private.	Catholic	2,225		2,225
	Brazilian universities, public	None		3,580	3,580
	Total		2,265	4,171	6,436
1958	Escola Superice de Guerra, public	None		43	43
	University of Brazil, public	None		60	60
	7 major universities, public	None		1,155	1,155
	University of Nova Friburgo, public	None		35	35
	Total			1,293	1,293

U.S. Information Agency, educational assistance—Continued

BURMA

Type of assistance	Year	To whom provided	Religious affiliation	Amount: Religious affiliated	Amount: Nonaffiliated	Amount: Total
A. Presentation of books and materials	1962	State Training College for Teachers, public	None		$436	$436
		Rangoon and Mandalay Universities Libraries, public	None		119	119
		Total			555	555
	1961	Burmese State High Schools	None		1,653	1,653
	1960	Moulmein Intermediate College, public	None		30	30
		Mandalay State Teachers' College; Mandalay High School for Armed Forces Children in Meiktila; School for Armed Forces Children in Maymyo, public	None		980	980
		University of Rangoon Defense Services Academy, Mandalay University, public.	None		35	35
		Total			1,045	1,045
	1959	Academy, public	None		35	35
		Law School of Rangoon University, public	None		70	70
		Total			105	105
	1958	University students, public	None		497	497
		Naval and Air Force training centers, public	None		35	35
		Schools and libraries, public	None		1,555	1,555
		Universities of Rangoon, Mandalay, and Moulmein, public	None		1,533	1,533
		Key officials in the field of education	None		35	35
		Institutions such as Directorate of Military Training Psychological Warfare Department.	None		129	129
		Total			3,784	3,784

CAMBODIA

Type of assistance	Year	To whom provided	Religious affiliation	Amount: Religious affiliated	Amount: Nonaffiliated	Amount: Total
A. Presentation of books and/materials	1961	Teacher Training Center, public	None		$100	$100
		Library of Royal School of Medicine, public	None		40	40
		Total			140	140
	1959	School of Nursing, public	None		104	104
	1958	National School of Commerce, public	None		47	47

CANADA						
A. Presentation of books and/materials	1960	Elementary schools throughout Canada, public	None		$750	$750
	1959	University of Montreal, library, public	None		413	413
CEYLON						
A. Presentation of books and/materials	1962	University of Ceylon, public	None		$44	$44
	1960	University of Ceylon, public	None		356	356
	1959	Vidodaya and Vidyalankara Universities, public	None		294	294
		Government Training College at Maharagama, public	None		84	84
		Total			378	378
	1958	University of Ceylon, public	None		45	45
		College of Fine Arts, Colombo, public	None		131	131
		Total			176	176
CHILE						
A. Presentation of books and/materials	1962	University officials, public	None		$47	$47
	1960	Student libraries and professors of art in universities of Santiago, Valparaiso, and Concepcion, public.	None		50	50
	1959	School of Fine Arts, public	None		67	67
		University art departments, public	None		28	28
		University theater groups, public	None		40	40
		Four universities, public	None		303	303
		University of Chile, public	None		462	462
		University libraries and professors, public	None		110	110
		Total			1,010	1,010
	1958	Santiago high schools, public	None		373	373
		Catholic University, Santiago, private	Catholic	$63		63
		University of Chile, public	None		275	275
		University of Concepcion, public	None		48	48
		University Austral, public	None		97	97
		School of Fine Arts, public	None		49	49
		Total		63	842	905

U.S. Information Agency, educational assistance—Continued

COLOMBIA

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and/materials	1962	Javeriana University, Bogotá, private	Catholic	$92		$92
		University of the Andes, Bogotá, public	None		$112	112
		Total		92	112	204
	1961	Universities, schools, public	None		55	55
	1960	University libraries in Bucaramanga and Cali; National Library in Bogotá, public.	None		477	477

COSTA RICA

A. Presentation of books and/materials	1962	University of Costa Rica Library, public	None		$60	$60
	1960	University of Costa Rica, normal schools, secondary schools, public	None		53	53
		University Library Faculty of Science and Letters, public	None		54	54
		Total			107	107
	1958	University of Costa Rica; American School of San Jose, public	None		32	32

CUBA

A. Presentation of books and/materials	1960	Cuban school system, public	None		$98	$98
		University of Oriente, public	None		86	86
		University of Santa Clara, public	None		35	35
		Total			219	219
	1958	University of Oriente; University of Santa Clara; University of Villanueva; School of Journalism, public.	None		40	40

CYPRUS

A. Presentation of books and/materials	1962	High school libraries, public	None		$263	$263
	1961	Public school libraries, public	None		63	63
	1960	Educational institutions, public	None		95	95

DENMARK

A. Presentation of books and/materials	1961	Elementary and secondary schools, public	None		$110	$110
		Elementary and secondary schools, public	None		75	75
		Total			185	185
	1960	Danish high schools, public	None		396	396
	1959	The Pedagogical Institute, Copenhagen, public	None		550	550
		High schools, public	None		480	480
		Total			1,030	1,030

DOMINICAN REPUBLIC

A. Presentation of books and/materials	1960	University of Santo Domingo, public	None		$158	$158

ECUADOR

A. Presentation of books and/materials	1962	Schools, public	None		$100	$100
		Library of Catholic University, private	Catholic	$47		47
		Total		47	100	147
	1960	School of Chemical Engineering, Central University, Quito, public	None		33	33
		Colegio Americano, Quito, public	None		104	104
		Police School, Quito, public	None		60	60
		Institute of Languages, Central University, Quito, public	None		101	101
		School of Diplomacy, University of Guayquil, public	None		78	78
		Total			376	376
	1959	Universities and schools, public	None		205	205
	1958	Central University, Quito, public	None		60	60

EL SALVADOR

A. Presentation of books and/materials	1958	Ministry of Education, public	None		$25	$25
		University of El Salvador, public	None		150	150
		Total			175	175

U.S. Information Agency, educational assistance—Continued

ETHIOPIA

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and/materials	1961	Theological College, Ethiopian Orthodox Church, private	Ethiopian Orthodox.	171		171
	1960	College of Engineering, Addis Ababa, public	None		47	47
		Haile Selassie I Military Academy, Hazar, public	None		180	180
		Libraries and schools in Ethiopia, public	None		74	74
		Total			301	301
	1959	Library of French Lycee for students learning English, public	None		45	45
		Eritrean Government Library, public	None		69	69
		Total			114	114
	1958	Secondary and technical schools, public	None		69	69

FEDERATION OF RHODESIA AND NYASALAND

A. Presentation of books and/materials	1961	University College, Salisbury, public	None		$54	$54
	1960	University College of Rhodesia and Nyasaland, public	None		56	56
	1959	School for Mentally Handicapped Children, public	None		170	170
		University College of Rhodesia and Nyasaland, public	None		105	105
		Total			275	275
	1958	Secondary schools; teacher training colleges; leading libraries, public	None		525	525

FINLAND

A. Presentation of books and/materials	1960	Selected faculty members of universities and chapters of the Finnish-American Society, public.	None		$210	$210
	1959	English Language Institute, public	None		31	31
	1958	Jyvaskyla Pedagogical University, public	None		27	27

FRANCE

B. Support of seminars in American studies	1963	The Institute of American Studies, private	None		$6,000	$6,000
A. Presentation of books and/materials	1962	University of Aix, public	None		418	418
		University of Caen, public	None		42	42
		Institutes of Political Science and International Relations, public	None		294	294
		University of Grenoble, public	None		27	27
		Centre de Documentation Pedagogique of Marseilles, public	None		219	219
		International Center for European Studies, public	None		40	40
		Subtotal			1,040	1,040
B. Support of seminars in American studies	1962	The Institute of American Studies, private	None		7,000	7,000
		Total, 1962			8,040	8,040
A. Presentation of books and/materials	1961	College Universitaire d'Etudes Federalistes, public	None		43	43
B. Support of seminars in American studies	1961	The Institute of American Studies, private	None		11,000	11,000
		Atlantic Institute, private	None		10,000	10,000
		Subtotal			21,000	21,000
		Total, 1961			21,043	21,043
A. Presentation of books and/materials	1960	10 student centers, public	None		263	263
		Political science institutes and libraries of international affairs, public	None		336	336
		Centre International d'Enseignement Superieur du Journalisme, Strasbourg, public.	None		45	45
		Universities in Tours: Caen, Rennes, Poitiers, and Angers, public	None		28	28
		Subtotal			672	672
B. Support of seminars in American studies	1960	The Institute of American Studies, private	None		19,650	19,650
		Total, 1960			20,322	20,322
A. Presentation of books and/materials	1959	French Universities, public	None		979	979
		University collections, teachers, public	None		44	44
		University of Aix-Marseille, public	None		47	47
		Political science graduate schools, public	None		245	245
		Total			1,315	1,315

U.S. Information Agency, educational assistance—Continued

FRANCE—Continued

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and/materials—Con.	1958	Centre d'Etudes de Politique Estrangere, public	None		30	30
		Centre de Formation des Journalistes, public	None		63	63
		Bordeaux University, public	None		53	53
		Universities of Aix, Montpellier, Besancon, Nancy, Strasbourg, and Ecoles Normales Supericures at Saint-Cloud and Fontenay, public.	None		61	61
		University of Aix Marseille, public	None		180	180
		Centre d'Entrainement aux Methodes d'Education Active, public	None		54	54
		University of Rennes, public	None		80	80
		Schools of commerce, public	None		312	312
		Universities in the Lyon and Bordeaux areas, public	None		149	149
		University of Poitiers, public	None		46	46
		American civilization faculties of various universities, public	None		1,739	1,739
		English departments in universities, public	None		45	45
		Residence Universitaire Jean Zay, public	None		99	99
		Lycee students, public	None		4,475	4,475
		Universite Lyon, public	None		90	90
		Total			7,476	7,476
FRENCH WEST AFRICA						
A. Presentation of books and/materials	1958	School of Medicine, public	None		$48	$48
GABON						
A. Presentation of books and/materials	1962	Schools of Gabon, public	None		$120	$120
GERMANY						
B. Support of chairs in American studies	1963	University of the Saarland, public	None		$15,500	$15,500
		University Munich, public	None		1,450	1,450
		Subtotal			16,950	16,950

C. Support of seminars in American studies	1963	German Association for American Studies, private	None		6,750	6,750
		Total, 1963			23,700	23,700
A. Presentation of books and/materials	1962	Institute fuer Politische Wissenschaften, Technische, public	None		49	49
		Ahlfeld/Leine Pedagogic Academy, public	None		460	460
		University of Heidelberg, public	None		897	897
		Free University, Berlin, public	None		49	49
		Subtotal			1,455	1,455
B. Support of chairs in American studies	1962	University Munich, public	None		1,450	1,450
		University of the Saarland, public	None		4,500	4,500
		Subtotal			5,950	5,950
C. Support of seminars in American studies	1962	German Association for American Studies, private	None		6,767	6,767
		Total, 1962			14,172	14,172
A. Presentation of books and/materials	1961	University of Saarbrucken, public	None		50	50
		Educational institutions in Stuttgart area, public	None		75	75
		Otto Juhr Institute Free University, public	None		125	125
		Subtotal			250	250
B. Support of chairs in American studies	1961	University of Munich, public	None		1,450	1,450
		University of the Saarland, public	None		7,250	7,250
		Subtotal			8,700	8,700
C. Support of seminars in American studies	1961	German Association for American Studies, private	None		6,429	6,429
		Total, 1961			15,379	15,379
A. Presentation of books and/materials	1960	3 institutions devoted to the study of East European and Soviet Affairs, public.	None		134	134
		10 scientific and technical schools in Germany, public	None		240	240
		University of Saarbrucken, public	None		50	50
		The Central Educational Library for Rhineland Palatinate, public	None		35	35
		Educational officials and teachers, public	None		653	653
		Universities of Munich, Frankfurt, Mainz, and Saarbrucken, public	None		28	28
		Subtotal			1,140	1,140
B. Support of chairs in American studies	1960	University of Frankfurt, public	None		9,524	9,524
C. Support of seminars in American studies	1960	German Association for American Studies, private	None		13,095	13,095
		Total, 1960			23,759	23,759

U.S. Information Agency, educational assistance—Continued

GERMANY—Continued

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and/materials	1959	University of Cologne, public	None		778	778
		Offices of higher education, public	None		100	100
		Selected universities, public	None		35	36
		Frieburg University, public	None		40	40
		Universities of Bonn and Muenster, public	None		16	16
		Hochschule fuer Sozialwissenschaften and the University of Berlin, public.	None		105	105
		Marburg University, public	None		100	100
		Educational institutions, public	None		150	150
		Subtotal			1,324	1,324
B. Support of seminars in American studies	1959	German Association for American Studies, private	None		12,143	12,143
		Europa Haus Marianberg, public	None		4,500	4,500
		Subtotal			16,643	16,643
		Total, 1959			17,967	17,967
A. Presentation of books and/materials	1958	German universities, public	None		258	258
		Teachers of English, public	None		910	910
		American institutes in German universities, public	None		850	850
		University of Saarland, public	None		157	157
		German learned societies and American institutes, public	None		75	75
		American institutes and English seminars in 11 German universities, public.	None		60	60
		University of Saarland, public	None		29	29
		Subtotal			2,339	2,339
B. Support of seminars in American studies	1958	German Association for American Studies, private	None		595	595
		Total, 1958			2,934	2,934
A. Support of seminars in American studies	1957	University of Hamburg, public	None		3,000	3,000
		University of Goettingen, public	None		2,500	2,500
		University of Mainz, public	None		357	357
		University of Freiburg, public	None		5,000	5,000
		German Association for American Studies, private	None		10,952	10,952
		Total, 1957			21,809	21,809

A Support of chairs in American studies	1956	German Association for American Studies, private	None		276	276
	1955	Free University of Berlin, public	None		100,000	100,000
	1954	University Munich, public	None		1,648	1,648
I. Support of seminars in American studies	1954	University of Freiburg, public	None		238	238
		University of Muenster, public	None		262	262
		University of Cologne, public	None		286	286
		University of Bonn, public	None		286	286
		German Association for American Studies, private	None		2,857	2,857
		Subtotal			3,929	3,929
		Total, 1954			5,577	5,577

GHANA

A. Presentation of books and materials	1962	Secondary schools, public	None		$113	$113
	1961	University and college common rooms in Ghana, public	None		450	450
		National Council for Higher Education and Research, Accra, public	None		27	27
		Total			477	477
	1960	University College, public	None		100	100
		Adisadel College, public	None		114	114
		University College of Ghana, public	None		130	130
		Total			344	344
	1959	University College for Adult Education, public	None		35	35
		University College, public	None		63	63
		3 technical institutes, public	None		91	91
		Library of School of Journalism, public	None		38	38
		Ghana School of Journalism, public	None		199	199
		Total			426	426
	1958	Secondary schools, public	None		1,243	1,243
		University College, public	None		490	490
		University College Library; Kumasi College of Technology 38 secondary schools, public.	None		478	478
		School of Social Welfare, public	None		163	163
		Total			2,374	2,374

U.S. Information Agency, educational assistance—Continued

GREECE

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and materials	1962	Agricultural schools, public	None		$40	$40
	1960	Ministry of Education, public	None		46	46
	1958	Athens School of Hygiene, public	None		59	59

GUATEMALA

A. Presentation of books and/materials	1961	School of Social Service, public	None		$35	$35
	1960	School of Journalism, University of San Marcos, Guatemala City, public.	None		133	133
	1959	University of San Carlos, public	None		25	25
	1958	University of San Carlos, public	None		235	235
		National School of Drama, University Theatre, public	None		43	43
		Total			278	278

GUINEA

A. Presentation of books and/materials	1960	Leading educators	None		$28	$28

HAITI

A. Presentation of books and/materials	1961	School of Dentistry of University of Haiti, public	None		$196	$196
	1960	National School of Higher International Studies, Port-au-Prince (Diplomatic Academy), public.	None		31	31
		University of Haiti, public	None		29	29
		Total			60	60
	1959	University of Haiti, public	None		35	35

HONDURAS

A. Presentation of books and/materials	1960	Economists and educational institutions, public	None		$34	$34
		Medical School, University of Honduras, public	None		151	151
		Total			185	185
	1958	American School, Tegucigalpa, public	None		10	10

HONG KONG

A. Presentation of books and/materials	1960	Colleges and secondary schools, public	None		$46	$46
		College professors and students	None		134	134
		Department of Education, Hong Kong University, Chung Chi College, New Asia College, United Colleges, Queen's College, public.	None		42	42
		Hong Kong Baptist College	Baptist	$7		7
		Total		7	222	229
	1959	New Asia College, public	None		88	88

ICELAND

A. Presentation of books and/materials	1962	University of Iceland, Library, public	None		$28	$28
	1960	Law faculty, University of Iceland, public	None		76	76
		Laugarvatn Junior College, public	None		463	463
		University of Iceland, public	None		8	8
		Total			547	547

U.S. Information Agency, educational assistance—Continued

INDIA

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and/materials	1962	Universities, Madras, public	None		$269	$269
		Colleges, universities, Bombay, public	None		2,000	2,000
		Universities and colleges, Calcutta, public	None		490	490
		Osmania University, public	None		33	33
		Madya Pradesh Police College, Bombay, public	None		39	39
		College of Commerce and Economics, public	None		63	63
		College of Agriculture in Jabalpur, public	None		29	29
		Total			2,923	2,923
	1961	Schools, colleges, government libraries in the Delhi area, public	None		2,834	2,834
		University of Bombay, public	None		60	60
		Universities and libraries in Madras, public	None		498	498
		Colleges in Calcutta Consular District, public	None		1,520	1,520
		Director of Education and Publicity, Government of Bhutan, public	None		25	25
		Delegates of seminar and professors of political science, public	None		82	82
		Universities, colleges, selected schools, public libraries, public	None		70	70
		Total			5,089	5,089
	1960	Universities in the Bombay district, public	None		1,483	1,483
		Government, public and college libraries in Delhi area, public	None		352	352
		College libraries in the Calcutta area, public	None		145	145
		2 workers' education centers in Calcutta, public	None		153	153
		Government officials and college teachers, public	None		890	890
		Universities and colleges in Madras area, public	None		2,231	2,231
		English departments of universities, public	None		27	27
		University vice chancellors and educators, public	None		150	150
		Calcutta, Patna, and Jadavpur Universities, public	None		28	28
		Judavpur University, public	None		225	225
		Universities giving courses in American history and literature, public	None		28	28
		Total			5,712	5,712
	1959	Indian Institution of Economics, Hyderabad, public	None		58	58
		Osmania University, public	None		846	846
		Colleges and universities in Calcutta area, public	None		100	100
		College and university libraries in Delhi area, public	None		2,549	2,549

	College libraries in Madras area, public	None		1,734	1,734
	Indian Institute Technology, Bengal Engineering College, Bihar Institute of Technology Engineering College, Jadaupar, public.	None		31	31
	Elphinstone College, Jaihind College, Wilson College, Ajwani National College (Bombay District), public.	None		48	48
	University history departments (Bombay District), public	None		37	37
	College and university libraries, selected college professors, public	None		665	665
	Bihar University, Calcutta University, Gauhate University, Utkal University, public.	None		54	54
	All Indian Institute of Medical Sciences, New Delhi, public	None		133	133
	Wilson College of Bombay University, public	None		923	923
	25 universities represented at seminar on America, public	None		625	625
	Prince of Wales Medical College, Patna, public	None		48	48
	Education Division, Government of India Planning Commission, public.	None		25	25
	College libraries, lecturers in political science, history and philosophy, public.	None		700	700
	Educators in India, public	None		90	90
	All-India Signal and Telecommunication School, public	None		125	125
	Total			8,791	8,791
1958	University vice chancellors, public	None		70	70
	Institute of Science, Bangalore, public	None		60	60
	University of Nepal, public	None		357	357
	Pokhara High School, public	None		212	212
	Institute of Economics, Hyderabad, public	None		46	46
	College professors, public	None		685	685
	Jadavpur University, public	None		90	90
	University and college libraries, public	None		1,426	1,426
	Andhra University, public	None		69	69
	Indian Science Congress and Delhi University, public	None		250	250
	Jadavpur University, public	None		169	169
	Institute of Technology, Bombay, public	None		150	150
	Ranchi College, Calcutta, public	None		33	33
	Ranchi College, public	None		182	182
	St. Xavier's College, public	Catholic	360		360
	Central College, public	None		674	674
	University professors, Bombay, public	None		464	464
	Schools in South India, public	None		125	125
	Indian educators and students, public	None		555	555
	Total		360	5,617	5,977

U.S. Information Agency, educational assistance—Continued

INDONESIA

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and/materials	1962	University of Indonesia, public	None		$537	$537
	1961	University of Indonesia, public	None		25	25
		Physical Education Institutes in Djakarta, Bandung and Jogjakarta, public.	None		55	25
		Music School, Jogjakarta	None		225	225
		Music Conservatory in Solo				
		Music Academy, Medan, public				
		Libraries of Medical Schools, public	None		213	213
		Gadjah Mada University, public	None		1,013	1,013
		Total			1,531	1,531
	1960	Faculty of Law, University of Indonesia, public	None		567	567
		School of Journalism in Medan, public	None		43	43
		University of Indonesia, Gadjah Mada University, public	None		51	51
		Indonesian Library School, public	None		34	34
		Total			695	695
	1959	University of Ambon, public	None		152	152
	1958	Solo University, public	None		37	37
		University of Ambon, public	None		152	152
		Total			189	189

IRAN

A. Presentation of books and/materials	1961	Universities of Isfahan and Shiraz, public	None		$95	$95
		University and libraries in Tehran area, public	None		127	127
		Total			222	222
	1960	University of Tehran and University of Shiraz, public	None		93	93
		Universities, public libraries, Government officials and research institutes, public.	None		879	879
		Total			972	972

	1959	University of Isfahan, public	None		131	131
		Universities and research institutes, public	None		800	800
		Director General of Education, public	None		60	60
		Total			991	991
	1958	University of Tehran, public	None		35	35
		Forestry school and medical school libraries, public	None		229	229
		Total			264	264
IRAQ						
A. Presentation of books and/materials	1962	Schools, public	None		$31	$31
		Library of Al Hikma University	Catholic	$264		264
		Ministry of Education, public	None		192	
		Total		264	223	487
	1961	Al-Hikima University, Baghdad, private	Catholic	265		265
		Baghdad University, public	None		45	45
		Al-Tahrir College, University of Baghdad, public	None		46	46
		Total		265	91	356
	1959	Al-Hikma University, Baghdad, private	Catholic	250		250
	1958	Baghdad College, public	None		407	407
		School libraries, public	None		304	304
		Baghdad University, public	None		460	460
		Total			1,171	1,171
ISRAEL						
A. Presentation of books and materials	1962	Tel Aviv University, public	None		$42	$42
		Zoology Department, Hebrew University, public	Hebrew	103		103
		Secondary schools, public	None		300	300
		Total		103	342	445
	1961	Tel Aviv University, public	None		78	78
	1959	Bar-Ilan University, public	None		93	93
		Pontifical Biblical Institute, Jerusalem, private	Catholic	40		40
		Total		40	93	133
	1958	Hebrew University	Hebrew	110		110

U.S. Information Agency, educational assistance—Continued

ITALY

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
B. Support of lectureships in American studies	1963	University of Florence, public	None		$3,059	$3,059
		University of Rome, public	None		6,457	6,547
		University of Bari, public	None		815	815
		University of Urbino, public	None		2,251	2,251
		University of Milan, public	None		885	885
		Subtotal			13,467	13,467
C. Support of seminars in American studies	1963	Council on American Studies, private	None		4,283	4,283
		Institute of History of Treaties and International Relations, Florence, private.	None		1,497	1,497
		Johns Hopkins Institute, Bologna, private	None		950	950
		Subtotal			6,730	6,730
		Total, 1963			20,197	20,197
A. Presentation of books and materials	1962	University of Rome, public	None		79	79
		University of Pisa, public	None		49	49
		Biblioteca, Centra Italiano Studi Americani, public	None		31	31
		Instituto di Studi di Politica Internazionale, public	None		49	49
		Subtotal			208	208
B. Support of lectureships in American studies.	1962	University of Florence, public	None		1,475	1,457
		University of Rome, public	None		5,809	5,809
		University of Bari, public	None		805	805
		University of Urbino, public	None		1,568	1,568
		University of Milan, public	None		885	885
		Subtotal			10,542	10,542
C. Support of seminars in American studies	1962	Council on American Studies, private	None		3,800	3,800
		University of Florence, public	None		1,497	1,497
		Johns Hopkins Institute, Bologna, private	None		950	950
		Subtotal			6,247	6,247
		Total, 1962			16,997	16,997

A. Presentation of books and materials	1961	Institute of Fine Arts, University of Pisa, public	None		390	390
		Teachers College, Rome, public	None		50	50
		University of Rome, public	None		35	35
		Ministry of Public Education, public	None		39	39
		Subtotal			514	514
B. Support of lectureships in American studies.	1961	University of Florence, public	None		1,820	1,820
		University of Rome, public	None		3,624	3,624
		University of Bari, public	None		805	805
		University of Milan, public	None		885	885
		Subtotal			7,134	7,134
C. Support of seminars in American studies	1961	Council on American Studies, private	None		2,500	2,500
		University of Parma, public	None		1,012	1,012
		University of Florence, public	None		2,992	2,992
		Centro di Studi Sociali, private	None		1,993	1,993
		Subtotal			8,497	8,497
		Total, 1961			16,145	16,145
A. Presentation of books and materials	1960	Libraries, university professors, public	None		200	200
		Instituto di Studi di Politica Internazionale, public	None		44	44
		Teachers College, Rome, public	None		46	46
		Institute of History of Treaties at the Faculty of Political Sciences in Florence, public.	None		175	175
		Instituto di Storia dell'Arte University of Pisa, public	None		28	28
		Ministry of Public Education, public	None		40	40
		University of Rome, public	None		36	36
		Subtotal			569	569
B. Support of lectureships in American studies	1960	University of Rome, public	None		3,477	3,477
		University of Florence, public	None		1,026	1,026
		University of Trieste, public	None		785	785
		Johns Hopkins Institute of Bologna, private	None		450	450
		Subtotal			5,738	5,738
C. Support of seminars in American Studies	1960	Council on American Studies, private	None		3,711	3,711
		University of Florence, public	None		4,000	4,000
		Johns Hopkins Institute	None		4,750	
		Catholic University of Milan, private	Catholic	1,610		1,610
		Subtotal		1,610	12,461	14,071
		Total, 1960		1,610	18,768	20,378

U.S. Information Agency, educational assistance—Continued

ITALY—Continued

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and/materials	1959	High schools, public	None		48	48
		University of Perugia, public	None		115	115
		University of Camerino, public	None		110	110
		University of Pisa, public	None		403	403
		Center of Social Studies, Palermo, public	None		30	30
		Instituto Universitario Orientale of Naples, public	None		200	200
		Facolta 'di Lingue e Letterature Moderne of Bari University, public	None		59	59
		University of Rome, public	None		219	219
		University of Florence, public	None		88	88
		Universities of Trieste and Venice, public	None		82	82
		Instituto Universitario di Studi Europei, public	None		73	73
		Istituto Universitario Orientale, public	None		26	26
		Instituto Superiore per Imprenditori e Dirigenti d'Azienda in Palermo, public.	None		54	54
		University of Naples, public	None		594	594
		Universities, professors, public	None		288	288
		Subtotal			2,389	2,389
B. Support of lectureships in American studies	1959	University of Florence, public	None		780	780
		University of Rome, public	None		576	576
		University of Trieste, public	None		780	780
		University of Bari, public	None		1,600	1,600
		Johns Hopkins Institute, Bologna, private	None		448	448
		Subtotal			4,184	4,184
C. Support of seminars in American studies	1959	Council on American Studies, private	None		1,500	1,500
		Instituto Superiore Imprenditori e Dirigenti d'Azienda, Palermo, private.	None		1,328	1,328
		University of Turin, public	None		1,610	1,610
		Bocconi University, private	None		1,605	1,605
		University of Florence, public	None		1,562	1,562
		Subtotal			7,605	7,605
		Total, 1959			14,178	14,178

A. Presentation of books and/materials	1958	University of Rome, public	None		385	385
		Accademia di Santa Cecila, Rome, public	None		676	676
		Universita Bocconi of Cecila, Milan, public	None		226	226
		Instituto Orientale of Naples, public	None		226	226
		Centro di Studi del Lavaro Sociali del Comune di Genova, public	None		113	113
		University of Bologna, public	None		45	45
		Facolta' di Magistero, Via delle Terme 10, Rome, public	None		53	53
		Conservatories of Music, Trieste, public	None		26	26
		Instituto Superiore per Imprenditori e Dirigenti d' Azienda Palermo, public.	None		30	30
		Istituto di Studi Storici, Naples, public	None		40	40
		Ministry of Public Instruction, Rome, public	None		34	34
		Universita' di Firenze, public	None		53	53
		University Libraries, public	None		178	178
		University of Florence, public	None		316	316
		Instituto Luigi Sturzo, public	None		97	97
		American Studies Center of Naples, public	None		25	25
		Professors of history, public	None		40	40
		University of Milan, public	None		54	54
		University of Genoa, public	None		205	205
		University of Turin, public	None		396	396
		Subtotal			3,218	3,218
B. Support of lectureship in American studies	1958	University of Florence, public	None		1,350	1,350
		University of Rome, public	None		1,356	1,356
		University of Trieste, public	None		1,984	1,984
		University of Bari, public	None		800	800
		Subtotal			5,490	5,490
C. Support of seminars in American studies	1958	Council on American studies, private	None		5,072	5,072
		University of Pavia, public	None		1,600	1,600
		Italo-American Association, Rome, private	None		6,812	6,812
		Subtotal			13,484	13,484
		Total, 1958			22,192	22,192
A. Support of lectureships in American studies	1957	University of Florence, public	None		5,000	5,000
		University of Rome, public	None		780	780
		Subtotal			5,780	5,780
B. Support of seminars in American studies	1957	Council on American studies, private	None		5,293	5,293
		Oberdan Association, Milan, private	None		892	892
		Subtotal			6,185	6,185
		Total, 1957			11,965	11,965

U.S. Information Agency, educational assistance—Continued

ITALY—Continued

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Support of seminars in American studies	1954	Centro Italiano Femminile, Pesaro, private	None		2,500	2,500
A. Support of lectureships in American studies	1955	University of Rome, public	None		740	740
		University of Florence, public	None		5,800	5,800
		Subtotal			6,540	6,540
B. Support of seminars in American studies	1955	Incontri di Cultura Politica, Pesaro, private	None		1,250	1,250
		Total, 1955			7,790	7,790
A. Support of lectureships in American studies	1956	University of Florence, public	None		5,800	5,800
		University of Rome, public	None		979	979
		Total, 1956			6,779	6,779
IVORY COAST						
A. Presentation of books and/materials	1962	Schools, public	None		$134	$134
JAPAN						
A. Presentation of books and/materials	1962	Hiroshima University, public	None		$81	$81
		Kyoto University, public	None		125	125
		Doshisha University, public	None		216	216
		Tohaku University, public	None		1,733	1,733
		Kyoto University, public	None		132	132
		Doshisha University, public	None		132	132
		University professors, instructors	None		298	298
		University libraries, public	None		112	112
		Total			2,829	2,829

	1961	19 institutions of higher education, public	None		133	133
		180 university students of Tohoku University	None		63	63
		Niigata University, public	None		71	71
		Total			267	267
	1960	Professors of economics, English, history, philosophy, political science, and psychology.	None		221	221
	1959	University of Kansai and Kinki, public	None		214	214
		Colleges in the Matsuyama and Kyoto area, public	None		32	32
		Total			246	246
	1958	National Police Academy, public	None		63	63
		Ehime University, public	None		86	86
		Kochi University, public	None		50	50
		Kyushu University, public	None		225	225
		Architectural institutes, public	None		95	95
		University professors in international law and politics	None		51	51
		Schools in Yokohama, Niigata, and Kobe areas, public	None		60	60
		Total			630	630
JORDAN						
A. Presentation of books and/materials	1962	Ministries of Education, public	None		54	54
		University of Jordan, public	None		36	36
		Total			90	90
	1960	Schools, teachers colleges, public	None		1,219	1,219
		Schools, public	None		65	65
		Teacher training colleges at Ramallah and Nablus, public	None		115	115
		Total			1,399	1,399
	1959	Ministry of Education, public	None		35	35
	1958	Training colleges, secondary schools, public	None		50	50

U.S. Information Agency, educational assistance—Continued

KENYA

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and/materials	1961	College, public school libraries in Kenya, public	None		$228	$228
		College of Social Studies at Kikuyu, public	None		377	377
		Total			605	605
	1960	District educational officers, public	None		100	100
		Teachers of Makerere College, Kampala, public	None		51	51
		Total			151	151
	1959	Seif Bin Salim Public Library and Free Reading Room, public	None		27	27
		Macmillian Library, public	None		199	199
		Makerere College Library, public	None		250	250
		Farm institutes and agricultural training centers run by Kenya Department of Agriculture.	None		417	417
		Kamwanja Teacher Training Center, public	None		41	41
		Total			934	934
	1958	Makerere College, public	None		124	124

KOREA

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and/materials	1961	Kyungbuk University, public	None		$145	$145
		College and university libraries, public	None		610	610
		Total			755	755
	1960	65 students organizations in Korean colleges and universities	None		227	227
		University professors and students	None		1,466	1,466
		Total			1,693	1,693
	1959	Colleges and universities, public	None		141	141
	1958	Counselors in larger universities	None		360	360
		Seoul University National, public	None		142	142
		Total			502	502

LAOS

A. Presentation of books and/materials	1961	Ecole de Beaux Arts in Vientiane	None		$501	$501
	1960	Library of National Center of Political, Administrative, and Juridical Studies, public.	None		46	46
		School of Fine Arts, public	None		41	41
		Total			87	87
	1959	Center of Political, Administrative, and Juridical Studies	None		61	61
		Local schools, public	None		100	100
		Total			161	161

LEBANON

A. Presentation of books and/materials	1962	Libraries, schools, and colleges, public	None		$183	$183
		Library, American University of Beirut, public	Methodist	$48		48
		Total		48	183	231
	1961	Schools, colleges, universities, public	None		308	308
		American University of Beirut, public	Methodist	43		43
		University and school libraries, public	None		512	512
		Total		43	820	863
	1960	Schools, colleges, and professional associations, public	None		552	552
		University and college libraries, government officials, public	None		636	636
		American University of Beirut Library, public	Methodist	48		48
		Military School of Aviation Library, Beirut, public	None		193	193
		Total		48	1,381	1,429
	1959	Schools and colleges, public	None		300	300
		University and college libraries in Beirut, Tripoli, and Sidon, public	None		55	55
		Total			355	355
	1958	American University at Beirut, public	Methodist	65		65
		Makasser College, Beirut, public	None		63	63
		Schools and colleges, public	None		150	
		Total		65	213	278

U.S. Information Agency, educational assistance—Continued

LIBERIA

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and/materials	1961	University of Liberia Library, public	None		$88	$88
		6 schools and colleges in Liberia	None		74	74
		Episcopal school	Episcopal	14		14
		Total		14	162	176

LIBYA

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and/materials	1962	University of Libya, public	None		$309	$309
		Libyan University, public	None		35	35
		Total			344	344
	1961	University of Libya, public	None		270	270
	1960	University of Libya, Benghazi, public	None		125	125
		Libyan University, public	None		225	225
		Total			350	350
	1958	University of Libya, public	None		77	77
		Tripoli School of Nursing, public	None		37	37
		Total			114	114

MALAGASY REPUBLIC

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and/materials	1962	Ministry of Education, public	None		$77	$77
		University of Madagascar Library, public	None		77	77
		Total			154	154

MALAYA

A. Presentation of books and/materials	1962	Ministry of Education	None		$101	$101
		University of Malaya, public	None		284	284
		Teachers' colleges and training institutes, public	None		398	398
		Technical College, Kuala Lumpur, public	None		28	28
		Secondary schools, public	None		225	225
		Malayan School Library Workshop, public	None		33	33
		Malayan Vocational Guidance Coordinating Body, public	None		44	44
		Total			1,113	1,113
	1961	Ministry of Education, Kuala Lumpur	None		43	43
		Malayan Language and Literary Agency (Dewan Bahasa dan Pustaka), public.	None		564	564
		University of Malaya, Teachers' College and training institutes, public	None		2,003	2,003
		Police College, public	None		49	49
		Total			2,659	2,659
	1960	University of Malaya, public	None		1,417	1,417
		Malayan Teachers' College, Penang, public	None		21	21
		State Education Officers of Malaya, public	None		144	144
		University of Malaya, Kuala Lumpur, public	None		26	26
		Secondary schools and colleges; university libraries, public	None		453	453
		Education office, Negri Sembilan, Malaya, public	None		59	59
		Total			2,120	2,120
	1959	Vocational Teachers Training Center, public	None		36	36
		Technical College, Kuala Lumpur, public	None		30	30
		Sultan Idris Training College, public	None		43	43
		Teachers Training College, public	None		116	116
		University of Malaya, public	None		31	31
		Public schools	None		230	230
		Total			486	486
	1958	Malayan Teachers' College, public	None		40	40
		College Library, Alor Star, public	None		35	35
		School Library, Alor Star, public	None		30	30
		Secondary School, Ipoh, Perak, public	None		126	126
		Ministry of Education	None		1,237	1,237
		Teachers' Training College, Kota Bahru, public	None		166	166
		Penang Teacher Training, public	None		80	80
		Teachers Colleges, Kelatan, public	None		185	185
		Schools in Penang, public	None		65	65
		Women's Training Institute, public	None		48	48
		Malayan Teachers College, Penang; and Teachers Training College, Kelantan, public.	None		92	92
		Total			2,104	2,104

U.S. Information Agency, educational assistance—Continued

MALI

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and/materials	1962	Mali National Library and high school libraries, public	None		$83	$83

MEXICO

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and/materials	1962	Schools and universities, public	None		$117	$117
	1961	University of Nuevo Leon, Monterrey, public	None		719	719
		National University of Mexico, public	None		668	668
		Schools, public	None		112	112
		National University of Mexico, public	None		120	120
		Total			1,619	1,619
	1960	Schools and colleges, public	None		55	55
		National Institute of Fine Arts; San Carlos Museum; Department of Fine Arts and university libraries throughout Mexico, public.	None		896	896
		Total			951	951
	1959	Educational and cultural institutions, public	None		155	155
	1958	University libraries, public	None		300	300
		University of Guadalajara, public	None		117	117
		Ministry of Education, public	None		103	103
		Medical School, San Luis Potosi, public	None		145	145
		Total			665	665

MOROCCO

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and/materials	1962	School libraries, public	None		$68	$68
		University of Rabat, public	None		64	64
		Total			132	132
	1961	Schools, public	None		100	100
	1959	American School of Tangier, public	None		55	55
	1958	American School of Tangier, public	None		225	225

NEPAL

A. Presentation of books and/materials	1962	Colleges and institutions, public	None		$358	$358
	1961	Colleges in Kathmandu area, public	None		754	754
	1960	Dhankula College, Institute of Public Administration, Radio Nepal, public.	None		768	768
	1959	Nepal Institute of Public Administration, public	None		164	164

NETHERLANDS

B. Support of seminars in American studies	1963	U.S. Educational Foundation, Netherlands, public	None		$495	$492
A. Presentation of books and materials	1962	Benelux Teachers Conference of American Studies, public	None		223	223
		University of Nijmegen, private	Catholic	81		81
		Subtotal		81	223	304
B. Support of seminars in American studies	1962	U.S. Educational Foundation, Netherlands, public	None		757	757
		Total, 1962		81	980	1,061
A. Presentation of books and/materials	1961	Da Costa Kweek-School, Bloemendaal, public	None		70	70
		University Libraries, public	None		78	78
		University of Nijmegen, private	Catholic	65		65
		Subtotal		65	148	213
B. Support of seminars in American studies	1961	U.S. Educational Foundation, Netherlands, public	None		520	520
		Total, 1961		65	668	733
A. Presentation of books and/materials	1960	Library University of Nijmegen, private	Catholic	41		41
B. Support of seminars in American studies	1960	U.S. Educational Foundation, Netherlands, public	None		475	475
		Total, 1960		41	475	516
A. Presentation of books and/materials	1959	University Library of Nijmegen, private	Catholic	37		37
B. Support of seminars in American studies	1959	U.S. Educational Foundation, Netherlands, public	None		461	461
		Total, 1959		37	461	498
A. Presentation of books and materials	1958	Universiteit van Schaeck, private	Catholic	45		45
B. Support of seminars in American studies	1958	U.S. Educational Foundation, Netherlands, public	None		463	463
		Total, 1958		45	463	508
	1957	U.S. Educational Foundation, Netherlands, public	None		325	325
	1956	U.S. Educational Foundation, Netherlands, public	None		337	337

U.S. Information Agency, educational assistance—Continued

NEW ZEALAND

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and/materials	1962	University study groups	None		$39	$39
	1960	University of New Zealand, public	None		230	230
	1958	Adult education services, public	None		47	47

NICARAGUA

A. Presentation of books and/materials	1958	Secondary schools, public	None		$265	$265

NIGERIA

A. Presentation of books and/or materials	1962	University College, Ibadan, public	None		$138	$138
		Educators, Government officials, students	None		44	44
		Total			182	182
	1959	Educators and professional leaders, public	None		143	143
	1958	University College, Ibadab, public	None		7	7

NORWAY

A. Presentation of books and/materials	1960	Library, University of Oslo, public	None		$44	$44
		Teacher's College, Hamar, public	None		40	40
		University of Bergen, public	None		203	203
		Total			287	287
	1959	University of Oslo, public	None		35	35
	1958	Norwegian Schools, public	None		32	32

PAKISTAN

A. Presentation of books and/materials	1962	Universities and colleges, public	None		$1,119	$1,119
	1961	University, libraries, secondary schools and colleges in East Pakistan, public.	None		1,035	1,035
		Government colleges for women, Punjab University Library, public	None		1,640	1,640
		East Pakistan educational institutions, public	None		63	63
		College, universities, teacher training schools, public	None		1,832	1,832
		Total			4,570	4,570
	1960	Professors of science in colleges in Pakistan, public	None		62	62
		Government College at Quetta, public	None		75	75
		High schools in Dacca area, public	None		69	69
		Total			206	206
	1959	College and university libraries, public	None		918	918
		Dacca University Rajshahi University, public	None		4,375	4,375
		Military College at Jheburn, public	None		172	172
		Libraries of 6 universities and 12 college libraries, public	None		180	180
		Khyber Medical College, National College of Arts, Government College for Women, Punjab University, public.	None		800	800
		Dacca University, public	None		62,602	62,602
		Total			69,047	69,047
	1958	University students, teachers, public	None		4,550	4,550
		Dacca University Central Public; Rajshahi University; Holy Quranic Society, public.	None		18	18
		College and university libraries, public	None		677	677
		University of Karachie, public	None		494	494
		Dacca University, public	None		36,589	36,589
		University student hostels in Karachi, Hyderabad, and Quetta, Dacca, public.	None		736	736
		Chittagong Medical College, public	None		171	171
		Professors of philosophy in Karachi and the Sind, public	None		105	105
		Total			43,340	43,340

PANAMA

A. Presentation of books and/materials	1961	University of Panama, public	None		$62	$62
	1960	Schools in which Ministry of Education has established art centers, public.	None		30	30
	1958	University of Panama, public	None		203	203
		Total			295	295

U.S. Information Agency, educational assistance—Continued

PARAGUAY

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and/materials	1960	National University of Asuncion, public	None		$36	$36
	1959	Secondary schools and English teaching centers, public	None		250	250
		University libraries, public	None		125	125
		Total			375	375

PERU

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and/materials	1962	Psycho-Pedagogical Institute, public	None		$35	$35
		Colegio Nacional de la Independencia Americana, public	None		75	75
		Total			110	110
	1961	Peruvian National School of Social Work, Lima, public	None		98	98
		National University of San Cristobal, Ayacucho, Peru, public	None		30	30
		Total			128	128
	1960	Universities in Ayacucho and Huancayo, Peru, public	None		35	35
		University of Arequipa, public	None		117	117
		University of Trujillo, public	None		99	99
		University of Huancayo public	None		201	201
		Institute of Urbanism and Planning at the University of Engineering, public.	None		100	100
		Total			552	552
	1959	University of San Marcos, public	None		5	5
		Catholic University in Lima, private	Catholic	5		5
		School of Fine Arts, Lima, public	None		9	9
		Universities, normal schools, and public schools, public	None		80	80
		University of Cuzco and University of Arequipa, public	None		700	700
		Total		5	794	799

	1958	Ministry of Education, public	None		112	112
		University of San Marcos, public	None		297	297
		Key educational institutions, public			166	166
		Total			575	575
PHILIPPINES						
A. Presentation of books and/materials	1961	College and university libraries, public	None		$29	$29
	1960	University libraries, public	None		140	140
	1959	Philippine Women's University, public	None		68	68
	1958	Colleges and universities, public	None		442	442
A. Presentation of books and materials	1962	Biblioteca Da Universidade Do Porto, public	None		38	38
		University of Lisbon, public	None		533	533
		Total			571	571
	1961	University libraries, public	None		447	447
		University of Coimbra, public	None		74	74
		Total			521	521
	1960	Universities of Lisbon, Coimbra, and Oporto, public	None		448	448
		University of Coimbra, public	None		107	107
		Total			555	555
	1959	University libraries, public	None		113	113
	1958	University of Coimbra, public	None		138	138
A. Presentation of books and materials	1962	University of Natal, public	None		29	29
		University of Stellenbosch, public	None		78	78
		Total			107	107
	1961	Rhodes University, Pretoria, public	None		35	35
	1960	University professors, educators, and others, public	None		270	270
REPUBLIC OF THE CONGO						
A. Presentation of books and/materials	1959	Secondary schools of French Equatorial Africa, public	None		$247	$247
		University and school libraries, public	None		50	50
		School of Community Development and Social Welfare, Elizabethville, public.	None		98	98
		Total			395	395
	1958	Lovanium University, public	None		197	197

U.S. Information Agency, educational assistance—Continued

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
SAUDIA ARABIA						
A. Presentation of books and/materials	1961	Directorate of Education, Jidda, public	None		$62	$62
SENEGAL						
A. Presentation of books and/materials	1962	Ministry of Foreign Affairs, Faculty of Medicine and Letters, public	None		$89	$89
		Foyer des Etudiants, Lycee of Nouakchott, public	None		67	67
		Total			156	156
SIERRA LEONE						
A. Presentation of books and/materials	1960	Schools in Sierra Leone, public	None		$74	$74
SINGAPORE						
A. Presentation of books and/materials	1962	University and public libraries	None		$85	$85
		University of Singapore, public	None		257	257
		Chung Cheng High School, public	None		60	60
		Total			402	402
	1961	Nanyang University Library, public	None		492	492
	1960	Principals and teachers	None		136	136
		University of Malaya, Nanyang University, Singapore Polytechnic, public.	None		92	92
		Total			228	228
	1959	Ministry of Education, University of Malaya Library, Technical Teachers College, Nanyang University Library, public.	None		60	60
		Universities, teachers' training colleges, public	None		21	21

		Nanyang University, public	None		475	475
		Malaya and Nanyang Universities Teachers Training College, public	None		40	40
		Secondary schools, public	None		50	50
		Total			646	646
	1958	School for Blind, Johore Bahru, public	None		35	35
SOMALI REPUBLIC						
A. Presentation of books and/materials	1961	University Institute, Mogadiscio, public	None		$41	$41
	1960	University Institute, Mogadiscio, public	None		32	32
	1959	Instituto Superiore, public	None		59	59
		Higher Institute of Law and Economics, public	None		45	45
		Total			104	104
	1958	Institute of Law and Economics, Mogadiscio, public	None		29	29
SOUTHERN RHODESIA						
A. Presentation of books and/materials	1959	Seconday schools, public	None		$250	$250
		University College, public	None		60	60
		Total			310	310
SPAIN						
A. Presentation of books and/materials	1962	University libraries and research institutes, public	None		$96	$96
	1961	University libraries and research institutes, public	None		195	195
	1960	University of Salamanca	None		39	39
	1959	Universities of Madrid and Zaragoza, public	None		140	140
		Centro de Estudios Norteamericanos, Barcelona, and Instituto de Estudios Nortamericanos, Valencia, public.	None		177	177
		Total			317	317
	1958	Centro de Estudios Norteamericanos, Valencia, public	None		116	116
		Instituto de Estudios Norteamericanos, Barcelona, public	None		133	133
		Total			249	249

U.S. Information Agency, educational assistance—Continued

SUDAN

Type of assistance	Year	To whom provided	Religious affiliation	Amount: Religious affiliated	Amount: Nonaffiliated	Amount: Total
A. Presentation of books and/materials	1962	University of Khartoum, public	None		$53	$53
		Higher Teacher Training Institute, public	None		76	76
		Schools and libraries, public	None		108	108
		Total			237	237
	1961	University of Khartoum, public	None		138	138
		Bakht er Ruda Institute of Education, public	None		52	52
		Khartoum University, public	None		60	60
		Total			250	250
	1960	Schools and libraries, public	None		90	90
	1959	Institute of Public Administration, Khartoum, public	None		195	195
	1958	Ministry of Education, public	None		310	310
		Schools, public	None		395	395
		Khartoum University, public	None		85	85
		Total			790	790

SWEDEN

A. Presentation of books and/materials	1961	Schools throughout Sweden, public	None		$703	$703
	1959	Technical High School, Linkoping, public	None		25	25
	1958	Larahogskolan, public	None		56	56

SWITZERLAND

A. Support of seminars in American studies	1963	Centre International de Formation Europeane, private	None		$1,425	$1,425
	1961	Centre International de Formation Europeane, private	None		1,000	1,000
	1960	Centre International de Formation Europeane, private	None		12,000	12,000
A. Presentation of books and/materials	1959	Pestalozzianum, Zurich and Schulwarte in Bern, public	None		$32	$32
	1958	8 Swiss universities, public	None		35	35
		University of Geneva, public	None		56	56
		Total			91	91

SYRIAN ARAB REPUBLIC

A. Presentation of books and/materials	1962	Near East Forest Rangers School, public	None		$90	$90

TAIWAN

A. Presentation of books and/materials	1962	National Taiwan University, public	None		$427	$427
	1961	University teachers and students	None		112	112
	1960	University students and teachers	None		2,106	2,106
		Taiwan University, Normal University, public	None		90	90
		Total			2,196	2,196
	1959	National Taiwan University National Music Research Institute; Provincial Taipei Normal School; National Academy of Arts and Crafts, public	None		20	20
		National Chengchi University, public	None		290	290
		Provincial Normal University, Taipei, public	None		274	274
		University and secondary-school teachers	None		40	40
		Air Defense School at Hualien, public	None		63	63
		National Taiwan University, public	None		557	557
		Total			1,244	1,244
A. Presentation of books and/materials	1958	Educational institutions, public	None		$44	$44
		Law departments of 2 universities, public	None		15	15
		National Taiwan University, public	None		320	320
		Shih Chien Institute, public	None		33	33
		Total			412	412

TANGANYIKA

A. Presentation of books and/materials	1962	University College, public	None		$92	$92
		Kivukoni College, public	None		52	52
		Total			144	144
	1961	Kivukoni College, public	None		44	44
		University College of Tanganyika, Dar es Salaam, public	None		88	88
		Total			132	132
	1960	6 secondary schools in Tanganyika, public	None		72	72

U.S. Information Agency, educational assistance—Continued

THAILAND

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of Books and/materials	1962	Universities, public	None		$25	$25
		Thai Library Association, Ministry of Education, and Chulalongkorn Library School, public.	None		83	83
		Total			108	108
	1961	Ministry of Education, provincial education centers, college and university libraries, public.	None		130	130
		Chulalongkorn University, public	None		366	366
		College professors, college students, and public libraries	None		119	119
		Total			615	615
	1960	Teacher training institutions, public	None		38	38
		Thai scholars and students	None		97	97
		Thai public schools	None		850	850
		Total			985	985
	1959	Public libraries and public schools	None		105	105
	1958	Chulalongkorn University, public	None		89	89
		Principal universities and institutes, public	None		135	135
		College of Physical Education, public	None		370	370
		University students	None		66	66
		Total			660	66

TUNISIA

A. Presentation of books and/materials	1961	Centre d'Etudes et de Formation Pedagogique, public	None		$60	$60
		University of Tunis, public	None		41	41
		Total			101	101
	1960	University of Tunis, public	None		155	155
	1958	Tunisian schools, public	None		448	448

TURKEY

A. Presentation of books and/materials	1962	Universities, Public	None		$126	$126
		Ege University, Izmir, public	None		348	348
		University of Ankara, public	None		34	34
		Capa Normal School, public	None		115	115
		American Girls College, public	None		107	107
		Total			731	731
	1961	State Conservatory, Ankara, public	None		273	273
		Middle East Technical University, Ankara, public	None		407	407
		Middle East Technical University, Ankara, public	None		130	130
		Ankara University, Istanbul, American Girls College, Universityof Istanbul, public.	None		42	42
		Orta Degu Tenik University, Ankara, public	None		30	30
		Schools in Ankara, Istanbul and Izmir, public	None		74	74
		Istanbul Technical University Library, public	None		175	175
		Schools in Ankara, Istanbul, and Izmir and Library School in Ankara, public.	None		360	360
		Total			1,491	1,491
	1960	Middle East Technical University Library, Ankara, public	None		250	250
		University of Istanbul, public	None		240	240
		Schools specializing in English language instruction in Ankara, Istanbul, and Izmir, public.	None		300	300
		University of Istanbul, public	None		269	269
		University libraries, professors of English and American literature, public.	None		31	31
		Total			1,090	1,090
	1959	Ankara University, public	None		24	24
		Libraries of Psychological Institute, Ankara University and Middle East Technical University, public.	None		75	75
		Middle East Technical University, public	None		37	37
		University of Ankara, public	None		300	300
		Secondary schools, public	None		240	240
		University of Istanbul, public	None		300	300
		Total			976	976
	1958	American Girls College, Istanbul, public	None		100	100
		Ege University, Izmir, public	None		195	195
		Schools and the Middle East Technical University, public	None		135	135
		Robert College, public	None		481	481
		American College for Girls at Arnavutkay, public	None		640	640
		Total			1,551	1,551

U.S. Information Agency, educational assistance—Continued

UGANDA

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and/materials	1962	Makerere College, public	None		$75	$75
	1961	Makerere College, public	None		170	170

UNITED ARAB REPUBLIC

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
A. Presentation of books and/materials	1962	Council of Universities, public	None		$45	$45
		Universities of Alexandria, Cairo, and Ein Shams, public	None		1,867	1,867
		Educational and research institutions, public	None		105	105
		University of Assuit, public	None		143	143
		Ministries, schools, and universities, public	None		1,514	1,514
		Cairo University, public	None		114	114
		Cairo and Ein Shams University, libraries, public	None		639	639
		Institut d'Egypte, public	None		45	45
		National Institute of Drama, public	None		37	37
		Conservatory of Music, Drama Institute, National Ballet Institute, public.	None		408	408
		Subtotal			4,917	4,917
B. Translation and publication of U.S. textbooks.	1962	Ministry of Education	None		384,458	384,458
		Total			389,375	389,375
A. Presentation of books and/materials	1961	University of Alexandria, public	None		56	56
		Ministry of Education, public	None		646	646
		Cairo University, public	None		324	324
		Subtotal			1,026	1,026
B. Translation and publication of U.S. textbooks.	1961	Ministry of Education	None		370,000	370,000
		Total			371,026	371,026
A. Presentation of books and/materials	1960	Government ministries, universities, libraries, associations, etc., e.g., National Research Council, Cairo University, Aleppo Branch, University of Damascus, public.	None		2,400	2,400
		University of Damascus, public	None		816	816
		Technical Education Department, Egyptian Ministry of Education, public.	None		173	173

		Cairo University Library School, public	None		220	220
		Ministry of Education, public	None		500	500
		UAR educational authorities, public	None		88	88
		University of Syria, public	None		54	54
		Ministry of Education, universities and technical school, public	None		1,908	1,908
		Subtotal			6,159	6,159
B. Translation and publication of U.S. textbooks.	1960	Ministry of Education	None		161,416	161,416
		Total			167,575	167,575
A. Presentation of books and/materials	1959	Ministry of Education, public	None		60	60
		Ministry of Education, public	None		180	180
		Universities and secondary schools, public	None		1,349	1,349
		Syrian University Library, Damascus, public	None		165	165
		Teacher Training Department, Ministry of Education, public	None		27	27
		Alexandria University, public	None		841	841
		Educational Institutions, public	None		225	225
		Total			2,847	2,847
	1958	Higher Institute of Musical Training, public	None		51	51
		UNITED KINGDOM				
B. Support of chairs in American studies	1963	University of Durham, public	None		$16,500	$16,500
		University of Southampton, public	None		16,500	16,500
		Subtotal			33,000	33,000
C. Library grants for American studies materials.	1963	University of Durham, public	None		2,000	2,000
		University of Southampton, public	None		2,000	2,000
		Subtotal			4,000	4,000
		Total, 1963			37,000	37,000
A. Presentation of books and/materials	1962	University College of Wales, public	None		94	94
		Asian and African Student Centers, public	None		914	914
		Schools, public	None		100	100
		Subtotal			1,108	1,108
B. Support of seminars in American studies	1962	British Association for American Studies, public	None		2,240	2,240

U.S. Information Agency, educational assistance—Continued

UNITED KINGDOM—Continued

Type of assistance	Year	To whom provided	Religious affiliation	Amount		
				Religious affiliated	Nonaffiliated	Total
C. Library grants for American studies materials.	1962	University of Southampton, public	None		2,820	2,820
		University of Aberdeen, public	None		1,000	1,000
		University of Edinburgh, public	None		2,820	2,820
		University of Wales, public	None		1,000	1,000
		Subtotal			7,640	7,640
		Total, 1962			10,988	10,988
A. Presentation of books and/materials	1961	Asian and African Student Center, public	None		1,845	1,845
B. Support of seminars in American studies	1961	British Association for American Studies, public	None		20,000	20,000
		European Association for American Studies, private	None		750	750
		Subtotal			20,750	20,750
C. Library grants for American studies materials.	1961	University of Leicester, public	None		1,000	1,000
		University of Bristol, public	None		1,000	1,000
		University of Belfast, public	None		1,000	1,000
		University of Wales, public	None		1,000	1,000
		Subtotal			4,000	4,000
		Total, 1961			26,595	26,595
A. Presentation of books and/materials	1960	University, school, and public libraries, public	None		4,765	4,765
B. Support of chairs in American studies	1960	University College of North Staffordshire, public	None		15,123	15,123
		University of St. Andrews, public	None		16,603	16,603
		Subtotal			31,726	31,726
C. Support of seminars in American studies	1960	European association of American Studies, private	None		500	500
D. Library grants for American studies materials.	1960	University of Hull, public	None		1,000	1,000
		University of Wales, public	None		1,000	1,000
		University of Southampton, public	None		1,000	1,000
		University of Glasgow, public	None		1,000	1,000
		University of Nottingham, public	None		1,000	1,000
		University of Sheffield, public	None		1,000	1,000
		University of Liverpool, public	None		1,000	1,000
		Subtotal			7,000	7,000
		Total, 1960			43,991	43,991

A. Presentation of books and/materials	1959	University and school libraries, and adult education organizations, public.	None		2,935	2,935
B. Support of chairs in American studies	1959	University of Leeds, public	None		25,000	25,000
		University of London, public	None		16,603	16,603
		Subtotal			41,603	41,603
		Total, 1959			44,538	44,538
A. Presentation of books and/materials	1958	Universities and schools, public	None		7,355	7,355
UPPER VOLTA						
A. Presentation of books and/materials	1962	Ministry of Education and other officials, public	None		$25	$25
		Minister of Education, 3 lycees in Ouagadougou and Bobo Dioulasso	None		39	39
		Total			64	64
URUGUAY						
A. Presentation of books and/materials	1962	National Council of Secondary Education, public	None		$29	$29
	1960	University of Uruguay, public	None		81	81
	1959	University of Uruguay, public	None		410	410
		Education officials and teachers, public	None		73	73
		Teacher training institute	None		191	191
		Total			674	674
VENEZUELA						
A. Presentation of books and/materials	1962	Instituto Pedagogico, public	None		$33	$33
	1961	Universidad de Oriente, public	None		506	506
	1960	Venezuelan Ministry of Education, public	None		28	28
		Caracas National Library and Universities in Merida, Cumana Caracas and Maracaibo, public.	None		42	42
		Total			70	70
	1959	Central University in Caracas, public	None		326	326
	1958	5 universities, public	None		137	137
		Centro Interamericano de Educacion Rural, public	None		54	54
		University of Library in Maracaibo, University Library in Merida, public.	None		495	495
		Central University of Caracas, public	None		129	129
		Total			815	815

U.S. Information Agency, educational assistance—Continued

VIETNAM

Type of assistance	Year	To whom provided	Religious affiliation	Amount: Religious affiliated	Amount: Nonaffiliated	Amount: Total
A. Presentation of books and/materials	1961	Universities and secondary schools, public	None		$330	$330
		Universities at Hue, Saigon, and Dalat School of Architecture, Ministry of Education, normal school and school administrators, public.	None		30	30
		University of Saigon, public	None		92	92
		Total			452	452
	1960	University of Saigon, public	None		540	540
		School of Fine Arts, public	None		26	26
		Principal schools in Vietnam, public	None		240	240
		Total			806	806
	1959	Ministry of Education, public	None		48	48
	1958	University of Saigon, public	None		532	532
		University of Hue, public	None		58	58
		Total			590	590

THE WEST INDIES

Type of assistance	Year	To whom provided	Religious affiliation	Amount: Religious affiliated	Amount: Nonaffiliated	Amount: Total
A. Presentation of books and/materials	1962	University of West Indies, public	None		$90	$90
	1961	Girl's School in Port of Spain, public	None		44	44
		University Library, public	None		74	74
		Lycee in Plint-a-Pitre, public	None		259	259
		Total			377	377
	1960	Public Libraries and 2 education departments, public	None		260	260
	1959	Elementary schools, Port of Spain, public	None		100	100
		University College of West Indies, public	None		300	300
		Total			400	400
	1958	Queens College, public	None		503	503
		Courantyne High School Library; Teacher Training College, public	None		30	30
		High schools, colleges, in Jamaica, public	None		198	198
		College (university) of the West Indies; and Institute of Janaica, public.	None		54	54
		Queens College, Georgetown, public	None		81	81

		Ministry of Education	None		243	243
		Total			1,109	1,109
YUGOSLAVIA						
A. Presentation of books and/materials	1962	University of Belgrade, public	None		$135	$135
		Philosophic faculty, Skoplje, public	None		36	36
		University of Ljubljana, public	None		137	137
		University of Zadar, public	None		69	69
		University libraries and historical institutions, public	None		162	162
		Law and university libraries, public	None		160	160
		University of Skoplje, public	None		32	32
		Belgrade, Novi Sad, Skoplje, and Sarajevo University libraries, public	None		324	324
		Institute of Journalism, public	None		30	30
		Music academies and libraries, public	None		263	263
		Academy of Applied Arts and national libraries, public	None		94	94
		Art galleries, university libraries, public	None		188	188
		National and university libraries, public	None		294	294
		Subtotal			1,924	1,924
B. Translation and publication of U.S. textbooks.	1962	Ministry of Education	None		14,900	14,900
		Total			16,824	16,824
A. Presentation of books and/materials	1961	University and libraries, public	None		1,545	1,545
		University, Special and Technical Institutes, public	None		693	693
		Economic Faculties, Institutions, public	None		148	148
		Ljubljana University, public	None		28	28
		Subtotal			2,414	2,414
B. Translation and publication of U.S. textbooks.	1961	Ministry of Education	None		432,384	432,384
		Total			434,798	434,798
A. Presentation of books and/materials	1960	University libraries, public	None		20	20
		Institute of Journalism, Belgrade, public	None		386	386
		Faculties of law and English, Zagreb area, public	None		262	262
		Professors and officials in the field of education, public	None		149	149
		Institute of Journalism, Belgrade, public	None		29	29
		Subtotal			846	846
B. Translation and publication of U.S. textbooks.	1960	Ministry of Education	None		156,954	156,954
		Total			157,800	157,800
ZANZIBAR						
A. Presentation of books and/materials	1962	Primary and secondary schools, public	None		$112	$112

Summary sheet, USIA, educational expenditures

Countries	Religious affiliated	Non-affiliated	Total	Countries	Religious affiliated	Non-affiliated	Total
Afghanistan		$1,886	$1,886	Libya		$1,078	$1,078
Argentina	$76	4,729	4,805	Malagasy		154	154
Australia		1,589	1,589	Malaya		8,482	8,482
Austria		4,208	4,208	Mali		83	83
Belgium		680	680	Mexico		3,507	3,507
Bolivia		315	315	Morocco		512	512
Brazil	3,207	9,707	12,914	Nepal		2,044	2,044
Burma		7,142	7,142	Netherlands	$269	4,204	4,473
Cambodia		291	291	New Zealand		316	316
Canada		1,163	1,163	Nicaragua		265	265
Ceylon		954	954	Nigeria		332	332
Chile	63	1,949	2,012	Norway		354	354
Colombia	92	644	736	Pakistan		118,282	118,282
Costa Rica		199	199	Panama		295	295
Cuba		259	259	Paraguay		411	411
Cyprus		421	421	Peru	5	2,159	2,164
Denmark		1,611	1,611	Philippines		679	679
Dominican Republic		158	158	Portugal		1,898	1,898
Ecuador	47	741	788	Republic of South Africa		412	412
El Salvador		175	175	Republic of the Congo		592	592
Ethiopia	171	484	655	Saudi Arabia		62	62
Federation of Rhodesia and Nyasaland		910	910	Senegal		156	156
Finland		268	268	Sierra Leone		74	74
France		64,196	64,196	Singapore		1,803	1,803
French West Africa		48	48	Somali Republic		206	206
Gabon		120	120	Southern Rhodesia		310	310
Germany		225,573	225,573	Spain		896	896
Ghana		3,735	3,735	Sudan		1,562	1,562
Greece		145	145	Sweden		784	784
Guatemala		471	471	Switzerland		14,548	14,548
Guinea		28	28	Syrian Arab Republic		90	90
Haiti		291	291	Taiwan		4,391	4,391
Honduras		195	195	Tanganyika		348	348
Hong Kong	7	310	317	Thailand		2,473	2,473
Iceland		575	575	Tunisia		704	704
India	360	28,492	28,852	Turkey		5,839	5,839
Indoensia		3,104	3,104	Uganda		245	245
Iran		2,449	2,449	United Arab Republic		930,874	930,874
Iraq	779	1,485	2,264	United Kingdom		170,467	170,467
Israel	253	513	766	Upper Volta		64	64
Italy	1,610	137,511	139,121	Uruguay		784	784
Ivory Coast		134	134	Venezuela		1,750	1,750
Japan		4,193	4,193	Vietnam		1,896	1,896
Jordan		1,574	1,574	West Indies		2,236	2,236
Kenya		1,814	1,814	Yugoslavia		609,422	609,422
Korea		3,091	3,091	Zanzibar		112	112
Laos		749	749				
Lebanon	204	2,952	3,156	Total	7,157	2,422,543	2,429,704
Liberia	14	162	176				

EXHIBIT VIII–C

USIA expenditures for education in the 10 countries studied

Egypt (1958–62)	$930,874	Libya (1958–62)	$ 1,078
Greece (1958–62)	145	Syria (1962)	90
Iran (1958–61)	2,449	Tunisia (1958–61)	704
Israel (1958–62)	766	Turkey (1958–62)	5,839
Jordan (1958–62)	1,574		
Lebanon (1958–62)	3,156	Total	946,675

In the nine countries studied, other than Egypt, USIA has spent only $15,801. In Egypt it has spent $930,874. As a matter of fact, it has spent much more in Egypt than it has in any other country in the world. The next closest country is Yugoslavia, where USIA spent $609,422. It seems strange that out of a total program of $2,429,704 spent by USIA for all educational assistance abroad, USIA should have spent almost 60 percent in one country alone—Egypt—and over 60 percent ($1,540,296) in just two countries—Egypt and Yugoslavia—while spending only $31,609 in all of South America.

This would seem to indicate a serious imbalance in this most important program.

When this situation was called to the attention of Hon. Edward R. Murrow, Director, USIA, he replied as follows:

AUGUST 8, 1963.

DEAR SENATOR GRUENING: The relative imbalance of our programs pertaining to educational institutions demonstrated by a study we made recently for Senator Morse, which you asked me about on Wednesday, results from our use in Egypt and Yugoslavia of substantial sums of Government-owned Egyptian pounds and Yugoslav dinars which the Treasury has determined are not required for normal expenses. Using these "excess" currencies enables us to undertake considerably more significant programs in countries where they are available than is possible in countries where Government-owned currency is in short supply, or where it must be purchased on the market.

The programs in Egypt and Yugoslavia consist of translation and publication of textbooks. Because they are conducted in conjunction with the United Arab Republic Ministry of Education and the Yugoslav Government, they fit the criteria of Senator Morse's study, while comparable programs in other "excess" currency countries, which introduce the books through commercial channels, are excluded.

Still another reason for the apparent "imbalance" arises from the fact that we engage in textbook programs as part of our overall mission of oversea information. This particular route tends to be used where other means may not be available. Hence in most countries of the world we have no such program. General educational aid is not part of our mission.

I trust this answers your questions. If I can provide additional information, I hope you will call me.

Sincerely,

EDWARD R. MURROW, *Director*.

It should be noted that Mr. G. Lewis Schmidt's letter on page 201 contained the following statement:

Unfortunately, much of the detailed data required for this study was contained in materials having no permanent record value, and which have been destroyed.

Mr. Schmidt's statement concerning the *destruction* of records after 3 years should be of concern to the Congress. It is essential that a Federal agency be able to account to the Congress for the Federal funds appropriated for its use. For an agency to destroy after 3 years the records of how it has spent tax dollars is disgraceful. This practice should be stopped.

The Department of State has a number of spigots through which U.S. dollars flow or dribble into educational channels abroad.

First, there is the spigot of the Bureau of Educational and Cultural Affairs of the Department of State. This program operates through the Cultural Attaché of our missions abroad. This program amounted to $20,717,804 (according to figures submitted by the Department of State—exhibit VIII–D). This program derived its funds from four sources:

(*a*) Appropriated funds granted in the form of U.S. dollars;

(*b*) Appropriated funds used to purchase foreign currencies;

(*c*) Foreign currencies derived from sale of Public Law 480 food and fiber;

(*d*) Mutual Security Act section 400(c) funds.

Section 400(c) provides:

The President is authorized to use not to exceed $10,000,000 of funds appropriated pursuant to subsection (a) of this section for assistance, on such terms and conditions as he may specify, to schools and libraries abroad, founded or sponsored by citizens of the United States, and serving as study and demonstration centers for ideas and practices of the United States, notwithstanding any other Act authorizing assistance of this kind. Further, in addition to the authority contained in this subsection, it is the sense of Congress that the President should make a special and particular effort to utilize sections 1701–1704 and 1705–1709 of title 7, Public Law 480, for the purposes of this subsection.

23–147 O—63——17

EXHIBIT VIII-D

DEPARTMENT OF STATE,
Washington, July 8, 1963.

Hon. WAYNE MORSE,
U.S. Senate.

DEAR SENATOR MORSE: Thank you for your letter of May 31, requesting information regarding educational assistance to overseas organizations and institutions.

During the period 1944 through 1963, the Department of State under its educational and cultural exchange program made grants to some 77 American-sponsored, nonsectarian schools abroad. The total of the grants issued to such schools in this period was $23,166,355. Enclosed you will find a detailed summary of information regarding these grants.

Of this total, $6,969,337 was allocated to assist the schools with salaries of U.S. teachers, $13,998,664 was for construction and equipment, $620,504 for educational materials, and $1,577,850 for scholarships to nationals of the host country. These grants were made to such schools from two sources: (1) The Bureau of Educational and Cultural Affairs allocated grants to schools directly, and (2) the Bureau contracted with the Inter-American Schools Service (IASS) to provide professional services to a number of schools in Latin America and, in connection with such services, to make grants of funds. Beginning in fiscal year 1963, the Department of State withdrew grant-making authority from the IASS, but continued to use the services of IASS for providing professional assistance to Latin American schools.

During the period 1944 to 1958, inclusive, the Department of State provided funds totaling $3,748,977 to IASS for the purpose of assisting American-sponsored schools in Latin America. Of this total the IASS used $21,338 for making small grants for expendable supplies and equipment to some 52 church-related schools in Latin America. In accordance with policies established in 1945, expendable professional materials were authorized to be given to church-related schools for improvement in their secular educational programs. Grants were not made to such schools, however, for teachers' salaries, for regular operating expenses, or for building and capital expenditures. The practice of IASS in making such grants to church-related institutions was discontinued in 1958 in accordance with criteria established by the Department. A statement of the criteria presently governing the eligibility of schools abroad for grants is enclosed for your information. While the grants contribute to the administration of these American schools, they are aimed primarily at maintaining the American "presence" abroad and cultivating mutual understanding rather than aiding in country development.

In addition to the foregoing grants to American-sponsored schools, books and scientific equipment have been provided to schools of higher education in Finland and India under two special programs. These programs, known as the Finnish program, authorized by Public Law 265, and the India wheat program, authorized by Public Law 48, have been administered with funds allocated to the U.S. Information Agency by the Department of State. The total amounts spent in dollars on these programs since 1948 are as follows:

Finland:		
Books	$444,765.44	
Scientific equipment	628,982.55	
		$1,073,747.99
India:		
Books	1,351,780.47	
Scientific equipment	1,782,496.77	
		3,134,277.24
Total		4,208,025.23

The Department of State does not have detailed information on these programs and has therefore requested through the U.S. Information Agency that more detailed figures be prepared by CARE, a private organization which administers the Finnish and India wheat programs under contract to the U.S. Information Agency. This additional information will be transmitted to your office as soon as it has been received.

Most of the exchange program, authorized by the Mutual Educational and Cultural Exchange Act of 1961, the basic charter in this field today, consists of awards directly to individuals for the improvement of their own competence, the furtherance of specific projects of mutual benefit to the United States and to the other countries involved, and the strengthening in this way of international cooperative relations between the United States and other countries. While these individual grants may have the effect of strengthening some institutions overseas

to which the grantees may be attached, many of such grants cover only some of the total expense involved in attendance at such institutions, with the institutions themselves or nongovernmental foundations or other organizations making up the rest.

In a somewhat different class are a few arrangements with American institutions, the purpose of which is to help strengthen certain educational institutions overseas which are highly significant to us at the present time and which, for one reason or another, are not receiving such support from other sources. These are contracts with Northwestern University and the University of California at Los Angeles for collaboration with the University of Khartoum, and the University of Chicago with Makerere College in Africa. Even here, however, the projects are deliberately oriented toward strengthening the participating American institutions in their studies of the foreign cultures involved. A predominantly American interest has prompted our support of the establishment of chairs of "American studies" in certain universities overseas. This interest is even more evident in certain special projects supported in part by excess foreign currency funds like the Jerusalem School of Archaeology and the Institute of Indian Studies in India. The latter, for example, is in effect an overseas agency of some 16 American universities which formed a consortium for the purpose of establishing this institute and so strengthen their own courses and research work in Indian affairs.

If I may provide further information which might prove helpful regarding American aid to educational institutions abroad, please do not hesitate to call upon me.

Sincerely yours,

FREDERICK G. DUTTON, *Assistant Secretary.*

CRITERIA FOR ESTABLISHING ELIGIBILITY FOR ASSISTANCE TO AMERICAN-SPONSORED ELEMENTARY AND SECONDARY SCHOOLS ABROAD

1. The school must meet a demonstrated need for American-type educational facilities in the community or region and in the case of primary and secondary schools shall be open to the enrollment of qualified American students.
2. The school must have been founded by or must be operated or sponsored by citizens or nonprofit institutions of the United States, with or without the participation of nationals of other countries.
3. The school must operate without objection from the national government of the host country, and must be nonpolitical in character.
4. Authority over policy, finances, and administration must be vested in a competent board of responsible persons, usually including representation of the appropriate U.S. embassy or consulate, but at a minimum to include representation by U.S. citizens. This will vary from school to school depending on local circumstances and on U.S. policy.
5. The director or principal of the school, wherever practicable, should be a U.S. citizen.
6. There should be a sufficient number of teachers from the United States or teachers trained in American educational methods to assure adequate contact for the students with these methods and the corresponding ideals.
7. The curriculum and instruction of the school should be of good quality and reflect accepted U.S. theory and practice in education to the greatest extent practicable.
8. Primary and secondary curricula should provide instruction in the language, literature, geography, and history of the United States and, where practicable, of the country where the school is located. Wherever the needs of American students require it, English shall be used as a language of instruction.
9. The operation of the school should contribute to mutual understanding between the people of the United States and the peoples of the host country or other countries through such means as enrollment of foreign nationals, the provision of binational extra-curricular and community programs, and English-language classes for special students.
10. The financial plan of the school should provide for continuing recourse to all feasible means of achieving and maintaining its financial independence through an adequate fee structure, endowment, and other forms of private support.
11. Financial aid will not be given to church-connected schools. Nor will it be given to government, company, or private profit-earning schools, unless provision of such assistance would assure educational facilities for American dependents which would not otherwise be available in the area.

Summary of aid to American-sponsored nonsectarian, community-type schools and other educational institutions, by year, 1944–63

Fiscal year	U.S. teachers salaries	Construction and equipment	Educational materials	Local national scholarships	Total
1944	$62, 483	$116, 400			$178, 883
1945	81, 835				81, 835
1946	86, 101				86, 101
1947	174, 045				174, 045
1948	149, 086		$1, 340		150, 426
1949	137, 325				137, 325
1950	114, 904				114, 904
1951	129, 500				129, 500
1952	129, 495				129, 495
1953	95, 700				95, 700
1954	91, 217				91, 217
1955	125, 644				125, 644
1956	119, 494				119, 494
1957	175, 748				175, 748
1958	816, 951	1, 990, 968	11, 626	$244, 990	3, 064, 535
1959	491, 542	5, 958, 843	122, 954		6, 573, 339
1960	694, 398	1, 899, 187	127, 996	257, 964	2, 979, 545
1961	512, 803	1, 899, 532	29, 047	264, 600	2, 705, 982
1962	993, 337	620, 500	14, 636	68, 676	1, 697, 149
1963	1, 787, 729	1, 513, 234	312, 905	741, 620	4, 355, 488
Total	6, 969, 337	13, 998, 664	620, 504	1, 577, 850	23, 166, 355

Summary of aid to American-sponsored, nonsectarian, community-type schools and other educational institutions, by country and year, administered by the Department of State and the Inter-American Schools Service, 1944 through 1963

Country	Fiscal year	U.S. teachers salaries	Construction equipment	Educational materials	Local national scholarships	Total
Argentina	1952	$7, 500				$7, 500
	1953	2, 500				2, 500
	1954	3, 000				3, 000
	1955	3, 000				3, 000
	1956	3, 000				3, 000
	1957	6, 000				6, 000
	1958	6, 500				6, 500
	1959	25, 000	$250, 000			275, 000
	1960	5, 500				5, 500
	1961	2, 000		$1, 221		3, 221
	1963	32, 000			$5, 000	37, 000
						352, 221
Austria	1960	51, 794	301, 717	81, 464	18, 740	453, 482
	1961	24, 000		7, 600	120, 000	151, 600
	1963	20, 000			40, 000	60, 000
						665, 082
Bolivia	1944	38, 000				38, 000
	1945	35, 349				35, 349
	1946	41, 850				41, 850
	1947	75, 000				75, 000
	1948	16, 000		1, 340		17, 340
	1949	6, 000				6, 000
	1950	7, 000				7, 000
	1951	7, 000				7, 000
	1952	7, 000				7, 000
	1953	6, 500				6, 500
	1954	6, 500				6, 500
	1955	7, 500				7, 500
	1956	6, 500				6, 500
	1057	10, 000				10, 000
	1958	16, 000				16, 000
	1959	18, 000	200, 000			218, 000
	1960	15, 974				15, 974
	1961	23, 000		1, 936		24, 936
	1962	15, 000		2, 130		17, 130
	1963	34, 000		23, 000	9, 000	66, 000
						629, 579

Summary of aid to American-sponsored, nonsectarian, community-type schools and other educational institutions, by country and year, administered by the Department of State and the Inter-American Schools Service, 1944 through 1963—Continued

Country	Fiscal year	U.S. teachers salaries	Construction equipment	Educational materials	Local national scholarships	Total
Brazil	1950	3,500				3,500
	1951	5,000				5,000
	1952	5,500				5,500
	1953	3,000				3,000
	1954	4,000				4,000
	1955	4,000				4,000
	1956	5,000				5,000
	1957	8,000				8,000
	1958	7,000				7,000
	1959	2,000	565,000			567,000
	1960	6,000				6,000
	1961	14,000		1,490		15,490
	1962	5,000				5,000
	1963	98,700		7,250	14,600	120,550
						759,040
Burma	1962	36,800	14,500			51,300
	1963	37,895		66,080	50,525	154,500
						205,800
Chile	1954	2,000				2,000
	1955	2,000				2,000
	1956	1,494				1,494
	1957	4,500				4,500
	1958	3,500				3,500
	1959	7,000	134,000	16,000		157,000
	1960	6,000				6,000
	1961	6,000				6,000
	1962	5,000				5,000
	1963	22,500	72,500	5,000		100,000
						287,494
Costa Rica	1945	7,020				7,020
	1946	3,000				3,000
	1947	17,000				17,000
	1948	10,000				10,000
	1949	20,000				20,000
	1950	10,000				10,000
	1951	10,000				10,000
	1952	10,000				10,000
	1953	9,000				9,000
	1954	9,000				9,000
	1955	9,000				9,000
	1956	8,000				8,000
	1957	8,500				8,500
	1958	9,500				9,500
	1959	9,000				9,000
	1960	10,000				10,000
	1961	5,000				5,000
	1962	4,000		1,303		5,303
	1963	10,000		2,000	1,000	13,000
						258,823
Colombia	1945	2,500				2,500
	1946	8,900				8,900
	1947	13,500				13,500
	1948	20,868				20,868
	1949	23,103				23,103
	1950	14,000				14,000
	1951	22,000				22,000
	1952	22,000				22,000
	1953	14,000				14,000
	1954	6,000				6,000
	1955	18,000				18,000
	1956	16,000				16,000
	1957	17,500				17,500
	1958	243,532	360,368	506	22,630	627,036
	1959	1,009		2,598		3,607
	1960	10,000		2,234		12,234
	1961	227,999	728,690	1,056		957,745
	1963	61,000		16,000	8,000	85,000
						1,883,993

Summary of aid to American-sponsored, nonsectarian, community-type schools and other educational institutions by country and year, administered by the Department of State and the Inter-American Schools Service, 1944 through 1963—Continued

Country	Fiscal year	U.S. teachers salaries	Construction equipment	Educational materials	Local national scholarships	Total
Cuba	1948	1,377				1,377
	1950	2,500				2,500
	1951	8,000				8,000
	1952	3,000				3,000
	1953	3,483				3,483
	1954	2,500				2,500
	1955	5,000				5,000
	1956	6,000				6,000
	1957	11,000				11,000
	1958	7,000				7,000
	1959	8,116				8,116
	1960	9,000		1,319		10,319
						68,295
Czechoslovakia	1963	8,000				8,000
Dominican Republic	1950	4,000				4,000
	1951	4,000				4,000
	1952	2,000				2,000
	1953	2,000				2,000
	1954	1,000				1,000
	1955	3,000				3,000
	1956	3,000				3,000
	1957	3,500				3,500
	1958	4,000				4,000
	1959	5,096				5,096
	1960	6,000				6,000
	1961	6,000		212		6,212
	1962	5,000				5,000
	1963	10,000		11,000	1,000	22,000
						70,808
Ecuador	1944	5,500	116,400			121,900
	1945	22,750				22,750
	1946	8,100				8,100
	1947	25,000				25,000
	1948	29,200				29,200
	1949	26,700				26,700
	1950	19,200				19,200
	1951	19,200				19,200
	1952	25,200				25,200
	1953	19,200				19,200
	1954	15,717				15,717
	1955	16,500				16,500
	1956	17,500				17,500
	1957	19,000				19,000
	1958	18,000	220,000			238,000
	1959	18,020				18,020
	1960	18,000	20,056	27,616		65,672
	1961	8,000				8,000
	1962	40,000		2,053		42,053
	1963	22,000		4,000	6,000	32,000
						788,912
El Salvador	1946	3,000				3,000
	1947	6,000				6,000
	1948	12,000				12,000
	1949	6,000				6,000
	1950	6,704				6,704
	1951	6,000				6,000
	1952	6,000				6,000
	1953	5,000				5,000
	1954	5,500				5,500
	1955	5,000				5,000
	1956	5,000				5,000
	1957	8,500				8,500
	1958	9,000				9,000
	1959	8,500				8,500
	1960	10,500		1,388		11,888
	1962	2,500				2,500
	1963	11,000		7,500	5,500	24,000
						130,592

Summary of aid to American-sponsored, nonsectarian, community-type schools and other educational institutions, by country and year, administered by the Department of State and the Inter-American Schools Service, 1944 through 1963—Continued

Country	Fiscal year	U.S. teachers salaries	Construction equipment	Educational materials	Local national scholarships	Total
France	1959	195,000	305,000			500,000
Greece	1958		185,000		189,000	374,000
	1960		426,417		161,537	587,954
	1963	75,000	25,984		50,000	150,984
						1,112,938
Guatemala	1945	5,000				5,000
	1946	5,000				5,000
	1947	5,000				5,000
	1948	11,000				11,000
	1949	6,000				6,000
	1950	8,000				8,000
	1951	8,000				8,000
	1952	8,000				8,000
	1953	7,000				7,000
	1954	12,000				12,000
	1955	14,000				14,000
	1956	12,000				12,000
	1957	12,948				12,948
	1958	12,500				12,500
	1959	15,000	250,000			265,000
	1960	14,754				14,754
	1961	18,000		1,742		19,742
	1962	7,000				7,000
	1963				5,000	5,000
						437,944
Haiti	1944	500				500
	1945	500				500
	1948	2,000				2,000
	1949	1,522				1,522
	1950	2,000				2,000
	1951	4,000				4,000
	1952	4,000				4,000
	1953	1,000				1,000
	1954	1,000				1,000
	1955	3,000				3,000
	1956	3,000				3,000
	1957	3,500				3,500
	1958	3,500				3,500
	1959	5,576				5,576
	1960	6,000				6,000
	1961	6,000		783		6,783
	1962	2,000				2,000
	1963	9,000		2,000	2,000	13,000
						62,881
Honduras	1946	4,251				4,251
	1947	3,249				3,249
	1948	10,000				10,000
	1949	5,000				5,000
	1950	5,000				5,000
	1951	5,000				5,000
	1952	5,000				5,000
	1953	4,500				4,500
	1954	5,000				5,000
	1955	7,000				7,000
	1956	7,000				7,000
	1957	10,800				10,800
	1958	12,500				12,500
	1959	15,728				15,728
	1960	16,500				16,500
	1961	14,500		941		15,441
	1962	11,500				11,500
	1963	27,500		2,500	5,000	35,000
						178,469
India	1961	54,500	545,500		100,000	700,000
	1962		300,000			300,000
	1963		129,000	21,000		150,000
						1,150,000

Summary of aid to American-sponsored, nonsectarian, community-type schools and other educational institutions, by country and year, administered by the Department of State and the Inter-American Schools Service, 1944 through 1963—Continued

Country	Fiscal year	U.S. teachers salaries	Construction equipment	Educational materials	Local national scholarships	Total
Indonesia	1959		125,000			125,000
Israel	1963	49,550	243,250	52,200	20,000	365,000
Italy	1958	177,920	225,600	11,120	33,360	448,000
	1959	117,805	434,195			552,000
	1963	102,088	7,500		90,000	199,588
						1,199,588
Japan	1961		500,000			500,000
	1963	157,270	110,000	6,435	4,295	278,000
						778,000
Lebanon	1959		2,500,000			2,500,000
Mexico	1944	14,500				14,500
	1945	5,250				5,250
	1946	5,000				5,000
	1947	12,296				12,296
	1948	14,641				14,641
	1949	21,000				21,000
	1950	15,000				15,000
	1951	15,000				15,000
	1952	11,500				11,500
	1953	7,000				7,000
	1954	4,000				4,000
	1955	22,644				22,644
	1956	14,500				14,500
	1957	37,000				37,000
	1958	33,500				33,500
	1959	25,692	395,648	104,350		525,690
	1960	42,395				42,395
	1961	41,395				41,395
	1962	16,000				16,000
	1963	113,360		13,140	27,500	152,000
						1,010,311
Morocco	1959		200,000			200,000
	1962	20,000	220,000			240,000
	1963	157,500			50,000	207,500
						647,500
Nepal	1963		30,000			30,000
Nicaragua	1944	3,983				3,983
	1945	3,466				3,466
	1946	4,000				4,000
	1947	4,000				4,000
	1948	12,000				12,000
	1949	6,000				6,000
	1950	6,000				6,000
	1951	6,000				6,000
	1952	6,000				6,000
	1953	5,500				5,500
	1954	6,000				6,000
	1955	6,000				6,000
	1956	5,000				5,000
	1957	7,500				7,500
	1958	10,000				10,000
	1959	10,000	100,000			110,000
	1960	8,000				8,000
	1961	4,000		4,321		8,321
	1962	2,500				2,500
	1963	15,000		3,000	2,000	20,000
						240,270
Pakistan	1962	95,999				95,999
	1963	170,250	718,000	20,250	54,500	963,000
						1,058,999

Summary of aid to American-sponsored, nonsectarian, community-type schools and other educational institutions, by country and year, administered by the Department of State and the Inter-American Schools Service, 1944 through 1963—Continued

Country	Fiscal year	U.S. teachers salaries	Construction equipment	Educational materials	Local national scholarships	Total
Paraguay	1959			6		6
	1960	7,025				7,025
	1961	17,000				17,000
	1962	4,000				4,000
	1963	17,000		6,000	7,000	30,000
						58,031
Peru	1946	3,000				3,000
	1947	3,000				3,000
	1948	5,000				5,000
	1949	10,000				10,000
	1950	6,000				6,000
	1951	6,300				6,300
	1952	6,795				6,795
	1953	6,017				6,017
	1954	7,000				7,000
	1956	6,500				6,500
	1957	7,500				7,500
	1958	241,499				241,499
	1961	3,000		1,922		4,922
	1962	3,000		4,250		7,250
	1963	44,500		4,000	6,000	54,500
						375,283
Philippines	1960		501,102		21,787	522,889
	1963	95,866				95,866
						618,755
Poland	1963	40,000		5,000	5,000	50,000
Spain	1963	19,000		14,800	16,200	50,000
Turkey	1958		1,000,000			1,000,000
	1960	233,334	463,564			696,898
	1961	27,000	19,400		44,600	91,000
	1962	200,000			68,676	268,676
	1963		163,000		237,000	400,000
						2,456,574
U.S.S.R.	1962	5,000				5,000
	1963	15,000	2,500	17,500		35,000
						40,000
United Arab Republic	1959		500,000			500,000
	1960	209,622	186,331	13,975	55,900	465,828
	1962	414,000	86,000			500,000
	1963	248,000	11,500		13,500	273,000
						1,738,828
Uruguay	1958	1,500				1,500
	1959	5,000				5,000
	1960	8,000				8,000
	1961	11,409	105,942	5,823		123,174
	1962	6,000				6,000
	1963	42,750		250		43,000
						186,674
Venezuela	1947	10,000				10,000
	1948	5,000				5,000
	1949	6,000				6,000
	1950	6,000				6,000
	1951	4,000				4,000
	1954	1,000		252		1,252
	1963	13,000		3,000		16,000
						48,252
Vietnam	1963	12,000			6,000	18,000
Yugoslavia	1962	93,038		4,900		97,938

Aid to American-sponsored schools administered by the Department of State, Bureau of Educational and Cultural Affairs—Dollar equivalent amount and purpose of grant

Country and school	Fiscal year	U.S. teachers salaries	Construction and equipment	Educational materials	Local national scholarships	Total	Remarks
Argentina:							
American Community School, Buenos Aires.	1959		$250,000			$250,000	MSA 400(c) funds, administered by Department of State.
	1963	$32,000			$5,000	37,000	Foreign currency purchased with appropriated dollars; nonsectarian, community-type school.
Austria:							
American International School, Vienna	1960	51,794	301,717	$81,464	18,740	453,482	Public Law 480 funds; nonsectarian, community-type school.
	1963	15,000			10,000	25,000	Foreign currency purchased with appropriated dollars.
Salzburg Seminar, Salzburg	1961	24,000		7,600	120,000	151,600	Public Law 480 funds and foreign currency purchased with appropriated dollars; nonsectarian institution of higher learning.
	1963	5,000			30,000	35,000	
Bolivia:							
American Cooperative School, LaPaz	1959		185,000			185,000	MSA 400(c) funds, administered by Department of State.
American Cooperative School, Santa Cruz	1963	7,500		3,500	1,000	12,000	Foreign currency purchased with appropriated dollars.
Anglo-American School, Oruro	1959		15,000			15,000	MSA 400(c) funds, administered by Department of State.
	1963	18,500		17,500	5,000	41,000	Foreign currency purchased with appropriated dollars.
American Cooperative School, Cochabamba	1963	8,000		2,000	3,000	13,000	Do.
Brazil:							
American School, Rio de Janeiro	1959		290,000			290,000	Public Law 480 funds, nonsectarian community-type school.
	1963	22,500			2,500	25,000	Foreign currency purchased with appropriated dollars.
American School, São Paulo	1959		275,000			275,000	Public Law 480 funds, nonsectarian community-type school.
	1963	20,000			5,000	25,000	Foreign currency purchased with appropriated dollars.
American School, Curitiba	1963	13,650		3,000	3,000	19,650	Nonsectarian community-type school.
American School, Recife	1963	26,550		3,000	2,000	31,550	Do.
Pan American School, Salvador	1963	16,000		1,250	2,100	19,350	Do.
Burma:							
International School, Rangoon	1962	36,800	14,500			151,300	Public Law 480 funds; nonsectarian, community-type school.
Namkham Hospital School of Nursing, Namkham.	1963	37,895		66,080	50,525	154,500	Public Law 480 funds; American-sponsored school, Gordon S. Seagrave, M.D.
Chile:							
American Country Day School, Santiago	1959		134,000	16,000		150,000	MSA 400(c) funds, administered by Department of State; nonsecretian, community-type school.
	1963	22,500	[1] 72,500	5,000		100,000	Foreign curency purchased with appropriated dollars. The $72,500 is to be expended following further negotiation between the Embassy and school.
Colombia:							
Colegio Bolivar, Cali	1958	32,304	67,700			100,004	Public Law 480 funds; nonsectarian community-type school.
	1961	42,857	280,000			322,857	Do.
	1963	12,000		6,000	2,000	20,000	Foreign currency purchased with appropriated dollars.

Colegio Nueva Granada, Bogotá	1958	48,328	192,668		9,000	249,996	Public Law 480 funds; nonsectarian community-type school.
	1961	48,571	310,119			358,690	Do.
	1963	13,000		4,000	3,000	20,000	Foreign currency purchased with appropriated dollars.
Columbus School, Medellin	1958	92,950			7,050	100,000	Public Law 480 funds, nonsectarian community-type school.
	1961	42,857	88,571			131,428	
	1963	12,000		2,000	1,000	15,000	Foreign currency purchased with appropriated dollars.
Escuela G. Washington, Cartagena	1958	43,420			6,580	50,000	Public Law 480 funds, nonsectarian community-type school.
	1961	42,857	50,000			92,857	Do.
	1963	12,000		2,000	1,000	15,000	Foreign currency purchased with appropriated dollars.
Karl C. Parrish School, Barranquilla	1958		100,000			100,000	Public Law 480 funds, nonsectarian community-type school.
	1961	42,857				42,857	Do.
	1963	12,000		2,000	1,000	15,000	Foreign currency purchased with appropriated dollars.
Costa Rica:							
Lincoln School, San Jose	1963	10,000		2,000	1,000	13,000	Foreign currency purchased with appropriated dollars, nonsectarian community-type school.
Czechoslovakia:							
English Speaking School, Prague	1963	8,000				8,000	Grant in U.S. dollars; nonsectarian community-type school.
Dominican Republic:							
Carol Morgan School, Santo Domingo	1963	10,000		11,000	1,000	22,000	Foreign currency purchased with appropriated dollars, nonsectarian community-type school.
Ecuador:							
American School, Guayaquil	1958		180,000			180,000	Public Law 480 funds, nonsectarian community-type school.
	1960			22,779		22,779	Do.
	1963	10,000		2,000	2,000	14,000	Foreign currency purchased with appropriated dollars.
American School, Quito	1958		40,000			40,000	Public Law 480 funds, nonsectarian community-type school.
	1960		20,056	3,055		23,111	Do.
	1963	12,000		2,000	4,000	18,000	Foreign currency purchased with appropriated dollars.
El Salvador:							
American Primary School, San Salvador	1963	5,000		4,500	2,500	12,000	Foreign currency purchased with appropriated dollars; nonsectarian community-type school.
American High School, San Salvador	1963	6,000		3,000	3,000	12,000	Do.
France:							
American Community School, Paris	1959	195,000	305,000			500,000	Public Law 480 funds, nonsectarian community-type school.
Greece:							
American Community School, Athens	1961		50,000			50,000	Do.
	1963	25,000				25,000	Foreign currency purchased with appropriated dollars.
American Farm School, Saloniki	1958				99,000	99,000	Public Law 480 funds, nonsectarian vocational school.
	1960		163,042		66,220	229,262	Do.
	1963	25,000				25,000	Foreign currency purchased with appropriated dollars.
Anatolia College, Saloniki	1958		100,000		30,000	130,000	Public Law 480 funds, nonsectarian school and junior college.
	1960		175,583		20,067	195,650	Do.
	1963	25,000				25,000	Foreign currency purchased with appropriated dollars.

[1] See remarks.

Aid to American-sponsored schools administered by the Department of State, Bureau of Educational and Cultural Affairs—Dollar equivalent amount and purpose of grant—Continued

Country and school	Fiscal year	U.S. teachers salaries	Construction and equipment	Educational materials	Local national scholarships	Total	Remarks
Greece—Continued							
Athens College, Athens	1958		$85,000		$60,000	$145,000	Public Law 480 funds, nonsectarian school and junior college.
	1960		87,792		75,250	163,042	Do.
	1963				25,000	25,000	Foreign currency purchased with American dollars.
Pierce College, Saloniki	1963				25,000	25,000	Foreign currency purchased with American dollars. Nonsectarian school and junior college.
Pinewood School, Saloniki	1963		25,984			25,984	Nonsectarian, community-type school; foreign currency purchased with appropriated dollars.
Guatemala:							
American School, Guatemala City	1959		250,000			250,000	MSA 400(c) funds, administered by Department of State, nonsectarian community-type school.
	1963				5,000	5,000	Foreign currency purchased with appropriated dollars.
Haiti:							
Union School, Port-au-Prince	1963	$9,000		$2,000	2,000	13,000	Foreign currency purchased with appropriated dollars; nonsectarian, community-type school.
Honduras:							
American School, Tegucigalpa	1963	15,000			2,500	17,500	Foreign currency purchased with appropriated dollars, nonsectarian, community-type school.
International School, San Pedro Sula	1963	12,500		2,500	2,500	17,500	Do.
India: American International School, New Delhi	1961	54,500	545,500		100,000	700,000	Public Law 480 funds, nonsectarian community-type school.
	1962		300,000			300,000	Do.
	1963		129,000	21,000		150,000	Foreign currency purchased with appropriated dollars.
Indonesia: International School, Djakarta	1959		125,000			125,000	MSA 400(c) funds, administered by Department of State; nonsectarian, community-type school.
Israel: American School, Tel Aviv	1963	49,550	243,250	52,200	20,000	365,000	Public Law 480 funds, and foreign currency purchased with appropriated dollars.
Italy:							
Bologna Center of Johns Hopkins University, Bologna.	1959	117,805	434,195			552,000	Public Law 480 funds; nonsectarian institution of higher education.
	1963	72,000	7,500		70,000	149,500	Foreign currency purchased by appropriated dollars.
Overseas School, Rome	1958	177,920	225,600	11,120	33,360	448,000	Public Law 480 funds; nonsectarian, community-type school.
	1963	30,088			20,000	50,088	Foreign currency purchased with appropriated dollars.
Japan:							
American School in Japan, Tokyo	1961		500,000			500,000	Public Law 480 funds; nonsectarian, community-type school.
	1963	150,000	110,000			260,000	Foreign currency purchased with appropriated dollars.
Hokkaido International School, Sapporo	1963	7,270		6,435	4,295	18,000	Foreign currency purchased with appropriated dollars. Nonsectarian, community-type school.

Lebanon: American University, Beirut	1959		2,500,000			2,500,000	MSA 400(c) funds, administered by Department of State; nonsectarian institution of higher education.
Mexico:							
American School, Durango	1959			5,500		5,500	Public Law 480 funds, nonsectarian community-type school.
American School, Guadalajara	1959		139,000	10,000		149,000	Do.
	1963	14,000		2,000	5,000	21,000	Foriegn currency purchased with appropriated dollars.
American School, Mexico City	1959		109,148	12,352		121,500	Public Law 480 funds; nonsectarian community-type school.
	1963	38,360		3,140	8,500	50,000	Foreign currency purchased with appropriated dollars.
American School, Monterrey	1959		27,500	72,500		100,000	Public Law 480 funds, nonsectarian community-type school.
	1963	16,000		2,000	4,000	22,000	Foreign currency purchased with appropriated dollars.
American School, Pachuca	1959			4,000		4,000	Public Law 480 funds, nonsectarian community-type school.
	1963	10,000				10,000	Foreign currency purchased with appropriated dollars.
American School, Puebla	1959		20,000			20,000	Public Law 480 funds, nonsectarian community-type school.
	1963	11,000		2,000	3,000	16,000	Foreign currency purchased with appropriated dollars.
American School, Tampico	1963			1,000		1,000	Do.
American School, Torreon	1959		100,000			100,000	Public Law 480 funds; nonsectarian community-type school.
	1963	11,000		2,000	3,000	16,000	Foreign currency purchased with appropriated dollars.
Morocco:							
American School, Tangier	1959		200,000			200,000	Public Law 480 funds; nonsectarian community-type school.
	1962	20,000	220,000			240,000	Public Law 402 appropriated dollars; Public Law 480 funds.
	1963	157,500			50,000	207,500	Foreign currency purchased with appropriated dollars.
Nepal:							
Lincoln Cooperative School, Katmandu	1963		30,000			30,000	Foreign currency purchased with appropriated dollars; nonsectarian, community-type school.
Nicaragua:							
American School, Managua	1959		100,000			100,000	MSA 400(c) funds, administered by Department of State. Nonsectarian community-type school.
	1963	15,000		3,000	2,000	20,000	Foreign currency purchased with appropriated dollars.
Pakistan:							
American School, Karachi	1962	95,999				95,999	Public Law 480 funds; nonsectarian community-type school.
	1963	116,000	718,000	6,000	48,000	888,000	Do.
American School, Dacca	1963	22,000			3,000	25,000	Foreign currency purchased with appropriated dollars; nonsectarian, community-type school.
American School, Lahore	1963	32,250		14,250	3,500	50,000	Do.
Paraguay:							
American School, Asuncion	1963	17,000		6,000	7,000	30,000	Do.
Peru:							
Abraham Lincoln School, Lima	1958	103,052				103,052	Public Law 480 funds; nonsectarian community-type school.
	1963	20,000		2,000	3,000	25,000	Foreign currency purchased with appropriated dollars.
F. D. Roosevelt School, Lima	1958	131,947				131,947	Public Law 480 funds; nonsectarian, community-type school.
	1963	24,500		2,000	3,000	29,500	Foreign currency purchased with appropriated dollars.

Aid to American-sponsored schools administered by the Department of State, Bureau of Educational and Cultural Affairs—Dollar equivalent amount and purpose of grant—Continued

Country and school	Fiscal year	U.S. teachers salaries	Construction and equipment	Educational materials	Local national scholarships	Total	Remarks
Philippines:							
American School, Manila	1960		$501,102		$21,787	$522,889	Public Law 480 funds; nonsectarian, community-type school.
	1963	$95,866				95,866	Do.
Poland:							
Elementary School, Warsaw	1963	40,000		$5,000	5,000	50,000	Do.
Spain:							
American School, Madrid	1963	19,000		14,800	16,200	50,000	Foreign currency purchased with appropriated dollars; nonsectarian, community-type school.
Turkey:							
Robert College, Istanbul	1958		1,000,000			1,000,000	Public Law 480 funds; nonsectarian, institution of higher learning.
	1960	233,334	463,564			696,898	Do.
Robert College, Istanbul	1962	200,000			68,676	268,676	Do.
	1963		163,000		237,000	400,000	Do.
Bristol Hospital Nursing School, Istanbul	1961	27,000	19,400		44,600	91,000	Do.
U.S.S.R.:							
Anglo-American School, Moscow	1962	5,000				5,000	Public Law 402 dollars; nonsectarian community-type school.
	1963	15,000	2,500	17,500		35,000	Appropriated dollars.
U.A.R.:							
American University, Cairo	1959		500,000			500,000	MSA 400(c) funds; administered by Department of State; nonsectarian institution of higher learning.
	1960	209,622	186,331	13,975	55,900	465,828	Public Law 480 funds.
	1962	414,000	86,000			500,000	Do.
	1963	198,000			117,000	315,000	Foreign currency purchased with appropriated dollars.
Cairo American College, Cairo	1963	50,000	11,500		13,500	75,000	Foreign currency purchased with appropriated dollars. Nonsectarian, community-type school.
Uruguay:							
Uruguayan-American School, Mercedes	1961	9,499	4,692	1,651		15,752	Public Law 480 funds; nonsectarian community-type school.
	1963	11,450		250		11,700	Foreign currency purchased with appropriated dollars.
Uruguayan-American School, Montevideo	1961		101,250	4,172		105,422	Public Law 480 funds; nonsectarian community-type school.
	1963	31,300				31,300	Foreign currency purchased with appropriated dollars.
Venezuela:							
Academy Castellana, Caracas	1963	13,000		3,000		16,000	Foreign currency purchased with appropriated dollars. Nonsectarian, community-type school.
Vietnam:							
American Community School, Saigon	1963	12,000			6,000	18,000	Do.
Yugoslavia:							
International School, Belgrade	1962	93,038		4,900		97,938	Public Law 480 funds; nonsectarian, community-type school.

Aid to American-sponsored schools administered by the Inter-American Schools Service of the American Council on Education under contract with the Department of State—Dollar equivalent amount and purpose of grant

Country and school	Fiscal year	U.S. teachers salaries	Construction and equipment	Educational materials	Local national scholarships	Total	Remarks
Argentina:							
American Community School, Buenos Aires.	1952	$7,500				$7,500	Appropriated dollars, nonsectarian, community-type school.
	1953	2,500				2,500	Do.
	1954	3,000				3,000	Do.
	1955	3,000				3,000	Do.
	1956	3,000				3,000	Do.
	1957	6,000				6,000	Do.
	1958	6,500				6,500	Do.
	1959	25,000				25,000	Do.
	1960	5,500				5,500	Do.
	1961	2,000		$1,221		3,221	Amount for materials cumulative over entire period.
Bolivia:							
American Institute, La Paz	1944	35,000				35,000	Appropriated dollars, nonsectarian, community-type school.
	1945	35,000				35,000	Do.
	1946	35,700				35,700	Do.
	1947	70,000				70,000	Amount for materials cumulative over entire period.
	1948	10,000		1,340		11,340	Do.
Cooperative School, Cochabamba	1961	2,000				2,000	Appropriated dollars, nonsectarian, community-type school.
	1962			1,130		1,130	Do.
Cooperative School, La Paz	1959	2,065				2,065	Appropriated dollars.
	1960	3,500				3,500	Nonsectarian, community-type school.
	1961	6,000		120		6,120	Do.
	1962	5,000				5,000	Do.
Anglo-American School, Oruro	1944	3,000				3,000	Appropriated dollars; nonsectarian, community-type school.
	1945	349				349	Do.
	1946	6,150				6,150	Do.
	1947	5,000				5,000	Do.
	1948	6,000				6,000	Do.
	1949	6,000				6,000	Do.
	1950	7,000				7,000	Do.
	1951	7,000				7,000	Do.
	1952	7,000				7,000	Do.
	1953	6,500				6,500	Do.
	1954	6,500				6,500	Do.
	1955	7,500				7,500	Do.
	1956	6,500				6,500	Do.

Aid to American-sponsored schools administered by the Inter-American Schools Service of the American Council on Education under contract with the Department of State—Dollar equivalent amount and purpose of grant—Continued

Country and school	Fiscal year	U.S. teachers salaries	Construction and equipment	Educational materials	Local national scholarships	Total	Remarks
Bolivia—Continued.							
Anglo-American School, Oruro—Con.	1957	$10,000				$10,000	Appropriated dollars; nonsectarian, community-type school.
	1958	16,000				16,000	Do.
	1959	18,000				18,000	Do.
	1960	15,974				15,974	Do.
	1961	15,000		$1,816		16,816	Amount for materials cumulative over entire period.
	1962	10,000				10,000	Do.
Cooperative School, Santa Cruz	1962			1,000		1,000	Appropriated dollars; nonsectarian, community-type school.
Brazil:							
American School, Rio de Janeiro	1950	1,000				1,000	Do.
	1951	1,500				1,500	Do.
	1952	1,000				1,000	Do.
	1953	1,000				1,000	Do.
	1954	2,000				2,000	Do.
	1955	2,000				2,000	Do.
	1956	2,500				2,500	Do.
	1957	3,500				3,500	Do.
	1958	3,500				3,500	Do.
	1959	1,000				1,000	Do.
	1960	3,000				3,000	Do.
American School, Sao Paulo	1950	2,500				2,500	Do.
	1951	3,500				3,500	Do.
	1952	4,500				4,500	Do.
	1953	2,000				2,000	Do.
	1954	2,000				2,000	Do.
	1955	2,000				2,000	Do.
	1956	2,500				2,500	Do.
	1957	4,500				4,500	Do.
	1958	3,500				3,500	Do.
	1959	1,000				1,000	Do.
	1960	3,000				3,000	Amount for materials cumulative over entire period.
	1961	8,000		1,490		9,490	Do.
Pan-American School, Bahia	1961	6,000				6,000	Appropriated dollars; nonsectarian, community-type school.
American School, Recife	1962	5,000				5,000	
Chile:							
American Country Day School, Santiago	1954	2,000				2,000	Appropriated dollars; nonsectarian, community-type school.
	1955	2,000				2,000	Do.
	1956	1,494				1,494	Do.
	1957	4,500				4,500	Do.

	1958	3,500			3,500	Do.
	1959	7,000			7,000	Do.
	1960	6,000			6,000	Do.
	1961	6,000			6,000	Do.
	1962	5,000			5,000	Do.
Costa Rica:						
Lincoln School, San Jose	1945	7,020			7,020	Do.
	1946	3,000			3,000	Do.
	1947	17,000			17,000	Do.
	1948	10,000			10,000	Do.
	1949	20,000			20,000	Do.
	1950	10,000			10,000	Do.
	1951	10,000			10,000	Do.
	1952	10,000			10,000	Do.
	1953	9,000			9,000	Do.
	1954	9,000			9,000	Do.
	1955	9,000			9,000	Do.
	1956	8,000			8,000	Do.
	1957	8,500			8,500	Do.
	1958	9,500			9,500	Do.
	1959	9,000			9,000	Do.
	1960	10,000			10,000	Do.
	1961	5,000			5,000	Amount for materials is cumulative over entire period.
	1962	4,000		1,303	5,303	Do.
Colombia:						
Colegio Bolivar, Cali	1947	3,000			3,000	Appropriated dollars; nonsectarian, community-type school.
	1948	3,000			3,000	Do.
	1949	4,000			4,000	Do.
	1950	4,000			4,000	Do.
	1951	8,000			8,000	Do.
	1952	4,000			4,000	Do.
	1953	3,500			3,500	Do.
	1955	4,000			4,000	Do.
	1956	6,000			6,000	Do.
	1957	6,500			6,500	Do.
	1958	8,530			8,530	Amount for materials is cumulative over entire period.
	1959			2,598	2,598	Do.
Colegio Nuevo Granada, Bogotá	1946	6,400			6,400	Appropriated dollars; nonsectarian, community-type school.
	1948	9,868			9,868	Do.
	1949	5,000			5,000	Do.
	1950	5,000			5,000	Do.
	1951	5,000			5,000	Do.
	1952	9,000			9,000	Do.
	1953	3,500			3,500	Do.
	1955	4,000			4,000	Do.
	1956	4,000			4,000	Do.
	1957	4,500			4,500	Do.
	1958	4,000			4,000	Amount for materials is cumulative over entire period.
	1961	8,000		1,056	9,056	Do.

Aid to American-sponsored schools administered by the Inter-American Schools Service of the American Council on Education under contract with the Department of State—Dollar equivalent amount and purpose of grant—Continued

Country and school	Fiscal year	U.S. teachers salaries	Construction and equipment	Educational materials	Local national scholarships	Total	Remarks
Colombia—Continued.							
Columbus School, Medellin	1947	$3,000				$3,000	Appropriated dollars; nonsectarian, community-type school.
	1948	3,000				3,000	Do.
	1949	4,103				4,103	Do.
	1950	4,000				4,000	Do.
	1951	4,000				4,000	Do.
	1952	4,000				4,000	Do.
	1953	3,500				3,500	Do.
	1954	4,000				4,000	Do.
	1955	4,000				4,000	Do.
	1956	4,000				4,000	Do.
	1957	4,500				4,500	Do.
	1958	7,500				7,500	Amount for materials is cumulative for entire period.
	1960	7,000		$1,984		8,984	Do.
Escuela G. Washington, Cartagena	1954	2,000				2,000	Appropriated dollars; nonsectarian, community-type school.
	1955	2,000				2,000	Do.
	1956	2,000				2,000	Do.
	1957	2,000				2,000	Amount for materials is cumulative for entire period.
	1958	2,500		506		3,006	Do.
Karl O. Parrish School, Barranquilla	1945	2,500				2,500	Appropriated dollars; nonsectarian, community-type school.
	1946	2,500				2,500	Do.
	1947	7,500				7,500	Do.
	1948	5,000				5,000	Do.
	1949	10,000				10,000	Do.
	1950	5,000				5,000	Do.
	1951	5,000				5,000	Do.
	1952	5,000				5,000	Do.
	1953	3,500				3,500	Do.
	1955	3,000				4,000	Do.
	1956	4,000				4,000	Do.
	1957	4,500				4,500	Do.
	1958	4,000				4,000	Amount for materials is cumulative for entire period.
	1959	1,009				1,009	Do.
	1960	3,000		250		3,250	Do.

Cuba:							
Ruston Academy, Havana	1951	5,000				5,000	Appropriated dollars; nonsectarian, community-type school.
	1953	2,500				2,500	Do.
	1954	1,000				1,000	Do.
	1955	2,000				2,000	Do.
	1956	3,000				3,000	Do.
	1957	7,500				7,500	Do.
	1958	2,000				2,000	Do.
	1959	3,000				3,000	Amount for materials is cumulative for entire period.
	1960	4,000		137		4,137	Do.
American Central School, Isle of Pines	1948	1,377				1,377	Appropriated dollars; nonsectarian, community-type school.
	1950	2,500				2,500	Do.
	1951	3,000				3,000	Do.
	1952	3,000				3,000	Do.
	1953	983				983	Do.
	1954	1,500				1,500	Do.
	1955	3,000				3,000	Do.
	1956	3,000				3,000	Do.
	1957	3,500				3,500	Do.
	1958	5,000				5,000	Do.
	1959	5,116				5,116	Amount for materials is cumulative for entire period.
	1960	5,000		1,182		6,182	Do.
Dominican Republic:							
Carol Morgan School, Santo Domingo	1950	4,000				4,000	Appropriated dollars; nonsectarian, community-type school.
	1951	4,000				4,000	Do.
	1952	2,000				2,000	Do.
	1953	2,000				2,000	Do.
	1954	1,000				1,000	Do.
	1955	3,000				3,000	Do.
	1956	3,000				3,000	Do.
	1957	3,500				3,500	Do.
	1958	4,000				4,000	Do.
	1959	5,096				5,096	Do.
	1960	6,000				6,000	Do.
	1961	6,000		212		6,212	Do.
	1962	5,000				5,000	Do.
Ecuador:							
American School, Guayaquil	1944	5,500				5,500	Appropriated dollars; nonsectarian, community-type school.
	1945	7,750				7,750	Do.
	1946	7,500				7,500	Do.
	1947	7,500				7,500	Do.
	1948	7,500				7,500	Do.
	1949	15,000				15,000	Do.
	1950	7,500				7,500	Do.
	1951	7,500				7,500	Do.
	1952	13,500				13,500	Do.
	1953	8,500				8,500	Do.

Aid to American-sponsored schools administered by the Inter-American Schools Service of the American Council on Education under contract with the Department of State—Dollar equivalent amount and purpose of grant—Continued

Country and school	Fiscal year	U.S. teachers salaries	Construction and equipment	Educational materials	Local national scholarships	Total	Remarks
Ecuador—Continued.							
American School, Guayaquil—Con.	1954	$8,500				$8,500	Appropriated dollars; nonsectarian, community-school.
	1955	6,500				6,500	Do.
	1956	7,500				7,500	Do.
	1957	8,000				8,000	Do.
	1958	8,000				8,000	Do.
	1959	8,000				8,000	Do.
	1960	8,000				8,000	Do.
	1961	8,000				8,000	Amount for materials is cumulative for entire period.
	1962	15,000		$2,053		17,053	Do.
American School, Quito	1944		$116,400			116,400	Appropriated dollars; nonsectarian, community-type school.
	1945	15,000				15,000	Do.
	1946	600				600	Do.
	1947	17,500				17,500	Do.
	1948	21,700				21,700	Do.
	1949	11,700				11,700	Do.
	1950	11,700				11,700	Do.
	1951	11,700				11,700	Do.
	1952	11,700				11,700	Do.
	1953	10,700				10,700	Do.
	1954	7,217				7,217	Do.
	1955	10,000				10,000	Do.
	1956	10,000				10,000	Do.
	1957	11,000				11,000	Do.
	1958	10,000				10,000	Do.
	1959	10,020				10,020	Do.
	1960	10,000		1,782		11,782	Amount for materials is cumulative for entire period.
	1962	25,000				25,000	Do.
El Salvador:							
American High School, San Salvador	1958	2,500				2,500	Appropriated dollars; nonsectarian, community-type school.
	1959	2,500				2,500	Do.
	1960	4,000				4,000	Do.
	1962	2,500				2,500	Do.
American Primary School, San Salvador	1946	3,000				3,000	Do.
	1947	6,000				6,000	Do.
	1948	12,000				12,000	Do.
	1949	6,000				6,000	Do.

	1950	6,704				6,704	Do.
	1951	6,000				6,000	Do.
	1952	6,000				6,000	Do.
	1953	5,000				5,000	Do.
	1954	5,500				5,500	Do.
	1955	5,000				5,000	Do.
	1956	5,000				5,000	Do.
	1957	8,500				8,500	Do.
	1958	6,500				6,500	Do.
	1959	6,000				6,000	Amount for materials is cumulative for entire period.
	1960	6,500		1,388		7,888	Do.
Guatemala:							
American School, Guatemala City	1945	5,000				5,000	Appropriated dollars; nonsectarian, community-type school.
	1946	5,000				5,000	Do.
	1947	5,000				5,000	Do.
	1948	11,000				11,000	Do.
	1949	6,000				6,000	Do.
	1950	8,000				8,000	Do.
	1951	8,000				8,000	Do.
	1952	8,000				8,000	Do.
	1953	7,000				7,000	Do.
	1954	12,000				12,000	Do.
	1955	14,000				14,000	Do.
	1956	12,000				12,000	Do.
	1957	12,948				12,948	Do.
	1958	12,500				12,500	Do.
	1959	15,000				15,000	Do.
	1960	14,754				14,754	Amount for materials is cumulative for entire period.
	1961	18,000		1,742		19,742	Do.
	1962	7,000				7,000	Do.
Honduras:							
American School, Tegucigalpa	1946	4,251				4,251	Appropriated dollars; nonsectarian, community-type school.
	1947	3,249				3,249	Do.
	1948	10,000				10,000	Do.
	1949	5,000				5,000	Do.
	1950	5,000				5,000	Do.
	1951	5,000				5,000	Do.
	1952	5,000				5,000	Do.
	1953	4,500				4,500	Do.
	1954	5,000				5,000	Do.
	1955	5,000				5,000	Do.
	1956	5,000				5,000	Do.
	1957	7,900				7,900	Do.
	1958	9,000				9,000	Do.
	1959	9,114				9,114	Do.
	1960	10,000				10,000	Amount for materials is cumulative for entire period.
	1961	8,000		926		8,926	Do.
	1962	6,000				6,000	Do.

Aid to American-sponsored schools administered by the Inter-American Schools Service of the American Council on Education under contract with the Department of State—Dollar equivalent amount and purpose of grant—Continued

Country and school	Fiscal year	U.S. teachers salaries	Construction and equipment	Educational materials	Local national scholarships	Total	Remarks
Honduras—Continued.							
International School, San Pedro Sula	1955	$2,000				$2,000	Appropriated dollars; nonsectarian, community-type school.
	1956	2,000				2,000	Do.
	1957	2,900				2,900	Do.
	1958	3,500				3,500	Do.
	1959	6,614				6,614	Do.
	1960	6,500				6,500	Do.
	1961	6,500		$15		6,515	Do.
	1962	5,500				5,500	Do.
Haiti:							
Union School, Port-au-Prince	1944	500				500	Do.
	1945	500				500	Do.
	1948	2,000				2,000	Do.
	1949	1,522				1,522	Do.
	1950	2,000				2,000	Do.
	1951	4,000				4,000	Do.
	1952	4,000				4,000	Do.
	1953	1,000				1,000	Do.
	1954	1,000				1,000	Do.
	1955	3,000				3,000	Do.
	1956	3,000				3,000	Do.
	1957	3,500				3,500	Do.
	1958	3,500				3,500	Do.
	1959	5,576				5,576	Do.
	1960	6,000				6,000	Do.
	1961	6,000		783		6,783	Do.
	1962	2,000				2,000	Do.
Mexico:							
American School, Durango	1955	2,500				2,500	Do.
	1956	2,500				2,500	Do.
	1957	4,500				4,500	Do.
	1958	4,500				4,500	Do.
	1959	4,596				4,596	Do.
	1960	5,000				5,000	Do.
	1961	6,000		4		6,004	Do.
	1962	6,000				6,000	Do.
American School, Guadalajara	1957	6,500				6,500	Do.
	1958	7,000				7,000	Do.
	1959	7,000				7,000	Do.
	1960	9,000				9,000	Do.

	1961	6,000				6,000	Do.
	1962	5,000		590		5,590	Do.
American School, Mexico City	1948	5,000				5,000	Do.
	1949	5,000				5,000	Do.
	1950	5,000				5,000	Do.
	1951	5,000				5,000	Do.
	1952	3,500				3,500	Do.
	1953	2,000				2,000	Do.
	1954	3,000				3,000	Do.
	1955	2,000				2,000	Do.
	1956	2,000				2,000	Do.
	1957	7,000				7,000	Do.
	1958	7,000				7,000	Do.
	1959	3,000				3,000	Do.
	1960	15,000				15,000	Do.
	1961	14,000		84		14,084	Do.
American School, Monterrey	1944	5,500				5,500	Do.
	1945	5,250				5,250	Do.
	1947	4,000				4,000	Do.
	1949	4,000				4,000	Do.
	1950	4,000				4,000	Do.
	1951	4,000				4,000	Do.
	1952	2,000				2,000	Do.
	1954	1,000				1,000	Do.
	1955	3,150				3,150	Do.
	1956	4,000				4,000	Do.
	1957	6,500				6,500	Do.
	1958	5,000				5,000	Do.
	1959	5,000				5,000	Do.
	1960	4,000				4,000	Do.
	1961	3,000		1,815		4,815	Do.
	1962	2,000				2,000	Do.
American School, Pachuca	1956	1,000				1,000	Do.
	1957	1,500				1,500	Do.
	1958	1,000				1,000	Do.
	1959	1,000				1,000	Do.
	1960	1,000				1,000	Do.
	1961	2,395		250		2,645	Do.
	1962	1,000				1,000	Do.
American School, Puebla	1944	9,000				9,000	Do.
	1946	5,000				5,000	Do.
	1947	8,296				8,296	Do.
	1948	9,641				9,461	Do.
	1950	6,000				6,000	Do.
	1949	12,000				12,000	Do.
	1951	6,000				6,000	Do.
	1952	6,000				6,000	Do.
	1953	5,000				5,000	Do.
	1955	3,500				3,500	Do.
	1956	5,000				5,000	Do.
	1957	7,500				7,500	Do.

Aid to American-sponsored schools administered by the Inter-American Schools Service of the American Council on Education under contract with the Department of State—Dollar equivalent amount and purpose of grant—Continued

Country and school	Fiscal year	U.S. teachers salaries	Construction and equipment	Educational materials	Local national scholarships	Total	Remarks
Mexico—Continued.							
American School, Puebla—Continued.	1958	$5,000				$5,000	Appropriated dollars; nonsectarian, community-type school.
	1959	5,000				5,000	Do.
	1960	7,000				7,000	Do.
	1961	5,000		$919		5,919	Do.
	1962	4,000				4,000	Do.
American School, Tampico	1959	596				596	Do.
	1960	1,000				1,000	Do.
	1961	1,000		3,059		4,059	Do.
	1962	500				500	Do.
American School, Torreon	1955	11,494				11,494	Do.
	1957	3,500				3,500	Do.
	1958	4,000				4,000	Do.
	1959	4,096				4,096	Do.
	1960	5,000				5,000	Do.
	1961	5,000		1,279		6,279	Amount for materials is cumulative for entire period.
	1962	4,000				4,000	Do.
Nicaragua:							
American School, Managua	1944	3,983				3,983	Appropriated dollars; nonsectarian, community-type school.
	1945	3,466				3,466	Do.
	1946	4,000				4,000	Do.
	1947	4,000				4,000	Do.
	1948	12,000				12,000	Do.
	1949	6,000				6,000	Do.
	1950	6,000				6,000	Do.
	1951	6,000				6,000	Do.
	1952	6,000				6,000	Do.
	1953	5,500				5,500	Do.
	1954	6,000				6,000	Do.
	1955	6,000				6,000	Do.
	1956	5,000				5,000	Do.
	1957	7,500				7,500	Do.
	1958	10,000				10,000	Do.
	1959	10,000				10,000	Do.
	1960	8,000				8,000	Do.
	1961	4,000		4,321		8,321	Amount for materials is cumulative for entire period.
	1962	2,500				2,500	Do.

Paraguay:							
American School, Asuncion	1959	----------	----------	6	----------	6	Appropriated dollars; nonsectarian, community-type school.
	1960	7,025	----------	----------	----------	7,025	Do.
	1961	17,000	----------	----------	----------	17,000	Do.
	1962	4,000	----------	----------	----------	4,000	Do.
Peru:							
F. D. Roosevelt School, Lima	1946	3,000	----------	----------	----------	3,000	Do.
	1947	3,000	----------	----------	----------	3,000	Do.
	1948	5,000	----------	----------	----------	5,000	Do.
	1949	10,000	----------	----------	----------	10,000	Do.
	1950	6,000	----------	----------	----------	6,000	Do.
	1951	6,300	----------	----------	----------	6,300	Do.
	1952	6,795	----------	----------	----------	6,795	Do.
	1953	6,017	----------	----------	----------	6,017	Do.
	1954	7,000	----------	----------	----------	7,000	Do.
	1956	6,500	----------	----------	----------	6,500	Do.
	1957	7,500	----------	----------	----------	7,500	Do.
	1958	6,500	----------	----------	----------	6,500	Do.
	1961	2,000	----------	1,922	----------	3,922	Amount for materials is cumulative for entire period.
	1962	2,000	----------	----------	----------	2,000	Do.
A. Lincoln School, Lima	1961	1,000	----------	----------	----------	1,000	Appropriated dollars; nonsectarian, community-type school.
	1962	1,000	----------	4,250	----------	5,250	Do.
Uruguay:							
Uruguayan-American School, Mercedes	1958	500	----------	----------	----------	500	Do.
	1959	2,000	----------	----------	----------	2,000	Do.
	1960	3,000	----------	----------	----------	3,000	Do.
	1961	2,000	----------	245	----------	2,245	Do.
	1962	2,000	----------	----------	----------	2,000	Do.
Uruguayan-American School, Montevideo	1958	1,000	----------	----------	----------	1,000	Do.
	1959	3,000	----------	----------	----------	3,000	Do.
	1960	5,000	----------	----------	----------	5,000	Do.
	1962	4,000	----------	----------	----------	4,000	Do.
Venezuela:							
Academy Castellana, Caracas	1961	8,000	----------	----------	----------	8,000	Do.
Colegio International, Valencia	1959	500	----------	----------	----------	500	Do.
	1960	1,500	----------	----------	----------	1,500	Do.
	1961	1,000	----------	500	----------	1,500	Do.
Escuela Campo Alegre, Caracas	1947	10,000	----------	----------	----------	10,000	Do.
	1948	5,000	----------	----------	----------	5,000	Do.
	1949	6,000	----------	----------	----------	6,000	Do.
	1950	6,000	----------	----------	----------	6,000	Do.
	1951	4,000	----------	----------	----------	4,000	Do.
	1954	1,000	----------	252	----------	1,252	Do.

EDUCATIONAL MATERIALS AND SUPPLIES PROVIDED TO MISCELLANEOUS RELIGIOUS SCHOOLS BY THE INTER-AMERICAN SCHOOLS SERVICE OF THE AMERICAN COUNCIL ON EDUCATION UNDER CONTRACT TO THE DEPARTMENT OF STATE, 1944 THROUGH 1958 INCLUSIVE

(Total grants and assistance-in-kind, $21,338.64)

Educational materials and supplies received by miscellaneous religious schools through the IASS program—Period 1944 through 1958

Name of school	Year received	Items	Amount
Colegio Ward, Buenos Aires, Argentina	1946	Grant—Music supplies and equipment.	$350.00
	1948	Grant—Materials and supplies	100.00
	1944–55	Books and magazines	30.96
		Total	480.96
Instituto Americano, Cochabamba, Bolivia	1948	Grant—Materials and supplies	200.00
	1944–55	Books, magazines, and supplies	386.52
		Total	586.52
American Institute, La Paz, Bolivia	1948	Grant—Materials and supplies	300.00
	1955	do	500.00
	1944–55	Books, magazines, and equipment	540.72
		Total	1,340.72
Colegio Americano, Porto Alegre, Brazil	1947	Grant—Materials and supplies	100.00
	1944–49	Books and magazines	58.72
		Total	158.72
Colegio 2 de Julho, Bahia, Brazil	1944–55	Books and magazines	108.58
Colegio Bennet, Rio de Janeiro, Brazil	1946	Grant—Visual educational equipment.	500.00
	1948	Grant—Materials and supplies	100.00
	1955	do	250.00
	1944–55	Books and magazines	29.60
		Total	879.60
Colegio Evangelico Agnes Erskine, Recife, Brazil.	1944–47	Books and magazines	289.44
Colegio Isabel Hendrix, Minas Gerais, Brazil	1957	Grant—Materials and supplies	250.00
	1944–57	Books and magazines	300.44
		Total	550.44
Ginasio Batista Americano, Porto Alegre, Brazil.	1944–55	Encyclopedia, books and magazines	401.03
Ginasio Cruz eiro de Sul, Porto Alegre, Brazil	1944–49	Books and magazines	192.76
Instituto Granberry, Juiz de Fora, Brazil	1946–49	do	268.01
Instituto Mackenzie, São Paulo, Brazil	1949	Grant—Materials and supplies	500.00
	1944–55	Books and magzines	109.57
		Total	609 57
Antofagasta American College, Antofagasta, Chile.	1946	Grant—Materials and supplies	100.00
	1948	do	100.00
	1946–49	Books and magazines	298.47
		Total	498.47
Colegio Bautista, Temuco, Chile	1948	Grant—Home economic equipment biology charts.	100.00
	1944–49	Books, magazines, and supplies	521.75
		Total	621.75
Villa Maria Academy, Santiago, Chile	1946	Grant—Materials and supplies	100.00
	1947	do	50.00
	1948	do	100.00
	1955	do	250.00
	1944–55	Books and magazines	183.99
		Total	683.99
Instituto Ingles, Santiago, Chile	1946	Grant—Materials and supplies	100.00
	1944–49	Books and magazines	287.83
		Total	387.83

Educational materials and supplies received by miscellaneous religious schools through the IASS program—Period 1944 through 1958—Continued

Name of school	Year received	Items	Amount
Iquiqui English College, Iquiqui, Chile	1946	Typewriter	$100.00
	1948	Grant—Materials and supplies	100.00
	1944-49	Books and magazines	334.57
		Total	534.57
Santiago College, Santiago, Chile	1946	Grant—Materials and supplies	100.00
	1947	do	100.00
	1948	do	100.00
	1953	do	500.00
	1944-53	Books and magazines	168.44
		Total	968.44
St. George College, Santiago, Chile	1946	Grant—Science laboratory	100.00
	1947	Grant—Materials and supplies	100.00
	1948	do	100.00
	1955	do	250.00
	1944-55	Books and magazines	417.51
		Total	967.51
Colegio San Luis, Antofagasta, Chile	1958	Grant—Materials and supplies	100.00
Colegio Americano, Bogota, Colombia	1946	Grant—Materials and supplies	50.00
	1944-49	Books and magazines	204.54
		Total	254.54
Colegio Americano, Cali, Colombia	1946	Books and magazines	157.95
Escuela Metodista, San Jose, Costa Rica	1944-49	do	326.51
Colegio Santo Domingo, Ciudad Trujillo, Dominican Republic.	1946-49	do	230.65
Colegio Bautista, San Salvador, El Salvador	1946	Encyclopedia	75.57
	1947	Grant—Materials and supplies	96.58
	1947	Readers and workbooks	179.59
	1946-49	Books and magazines	22.34
		Total	374.08
Candler College, Marianao, Habana, Cuba	1944-49	Books and magazines	138.77
Colegio Buenavista, Marianao, Habana, Cuba.	1944-49	do	169.00
Colegio Episcopal de San Pablo, Camaguay, Cuba.	1944-47	do	203.87
Colegio la Progresiva, Cardenas, Cuba	1944-49	do	168.46
Colegio Presbiteriano, Cabaiguan, Cuba	1944	Grant—Materials and supplies	100.00
	1944-49	Books and magazines	29.84
		Total	129.84
Colegio Sarah Ashurst, Guantanamo, Cuba	1944-49	Books and magazines	116.31
Irene Toland School, Matanzas, Cuba	1944-49	do	137.61
Merici Academy, Habana, Cuba	944-49	do	103.20
Colegio de Varones, La Patria, Guatemala	11944-49	do	302.20
Colegio La Patria, Quezaltengo, Guatemala	1944-47	do	228.69
Colegio Vertreres, Port-au-Prince, Haiti	1944-49	do	134.77
Escuela Evangelica Pablo Menzel, San Pedro Sula, Honduras.	1945-49	do	254.81
Colegio del Tepeyac, Mexico City, Mexico	1944-48	do	129.35
Colegio Internacional, Monterrey, Mexico	1944	Grant—Materials and supplies	300.00
Turner Hodge School, Merida, Mexico	1944-49	Books and magazines	224.04
Colegio Bautista, Managua, Nicaragua	1944-48	do	358.11
Christ Church District Academy, Cristobal, Panama.	1944-48	do	206.64
Instituto Pan Americano, Panama	1947	Grant—Materials and supplies	100.00
	1955	do	500.00
	1944-55	Books and magazines	62.58
		Total	562.58
Colegio Internacional, Asuncion, Paraguay	1948	Grant—Materials and supplies	500.00
	1944-48	Books and magazines	509.20
		Total	1,009.20
Colegio Americano del Callao, Callao, Peru	1946	Grant—Homeconomics equipment	100.00
	1955	Grant—Materials and supplies	250.00
	1944-55	Books and magazines	672.31
		Total	1,022.31

Educational materials and supplies received by miscellaneous religious schools through the IASS program—Period 1944 through 1958—Continued

Name of school	Year received	Items	Amount
Colegio Maria Alvarado, Lima, Peru	1946	Grant—Materials and supplies	$100.00
	1947	do	50.00
	1948	do	100.00
	1944–49	Books and magazines	188.44
		Total	438.44
Colegio San Antonio, El Callao, Peru	1946	Grant—Materials and supplies	100.00
	1944–48	Books and magazines	142.70
		Total	242.70
Colegio Santa Maria, Lima, Peru	1946	Grant—Materials and supplies	100.00
	1947	do	50.00
	1948	do	100.00
	1955	do	250.00
	1944–55	Books and magazines	161.22
		Total	661.22
Colegio Villa Maria, Lima, Peru	1946	Grant—Laboratory equipment	100.00
	1947	Grant—Materials and supplies	50.00
	1948	do	100.00
	1955	do	250.00
	1944–55	Books and magazines	59.19
		Total	559.19
Escuela Americana de Victoria, Lima, Peru	1944–47	Books and magazines	195.19
Instituto Crandon, Montevideo, Uruguay	1946	Grant—Materials and supplies	400.00
	1948	do	100.00
	1955	do	500.00
	1944–55	Books and magazines	237.01
		Total	1,237.01
Escuela Immaculada Corazon, Lima, Peru	1946	Grant—Materials and supplies	100.00
	1944–48	Books and magazines	32.49
		Total	132.49

Of the total of $20,717,804 spent through this spigot, $8,340,340—over 40 percent—went into the 10 countries studied. (See exhibit VIII–E.)

EXHIBIT VIII–E

Aid to American-sponsored schools administered by the Department of State, Bureau of Educational and Cultural Affairs

Egypt (1959–63)	$1,855,828
Greece (1958–63)	1,162,938
Iran	---------
Israel (1963)	365,000
Jordan	---------
Lebanon (1959)	2,500,000
Libya	---------
Syria	---------
Tunisia	---------
Turkey (1958–63)	2,456,574
Total	8,340,340

Another spigot for aid to education is the program formerly administered by the Inter-American Schools Service of the American Council on Education under contract with the Department of State which was limited to American-sponsored schools in Latin America. This program used appropriated dollars and dispensed grants in the amount of $2,745,858 in dribs and drabs between 1952 and 1963, to 44 educational institutions in Latin America. This meant that certain institutions in certain years received U.S. dollars or local currencies both from the Cultural Attaché and the Inter-American Schools Service. According to the Department of State's transmittal letter, this practice has been stopped and the Inter-American Schools Service will no longer make grants. They will, however, be made by the Department of State.

The Inter-American Schools Service, under contract with the Department of State, between the years 1944 through 1958, inclusive, dispensed $21,338.64 to religious schools in Latin America. These funds were used for books and materials.

There is a special educational spigot for Finland. By the act of August 24, 1949 (63 Stat. 630) funds received from Finland in repayment of its World War I indebtedness are paid into a special account in the Treasury to be used for—

> (a) studies, instruction, technical training, and other educational activities in the United States and its Territories and possessions (1) for students, professors, other academic persons and technicians who are citizens of the Republic of Finland and, (2) with the approval of appropriate agencies, institutions, or organizations in Finland, for students, professors, other academic persons, and technicians who are citizens of the United States to participate in similar activities in Finland, including in both cases travel expenses, tuition, subsistence, and other allowances and expenses incident to such activities; and
>
> (b) the selection, purchase, and shipment of (1) American scientific, technical, and scholarly books and books of American literature for higher educational and research institutions of Finland, and (2) American laboratory and technical equipment for higher education and research in Finland, and (3) the interchange of Similar Finnish matrials and equipment for higher education and research in the United States.

There is a similar special educational spigot for India under the act of June 15, 1951 (65 Stat. 71), which made available emergency wheat to India on credit terms. Up to $5 million of interests payments by Finland can be used for the same purposes as under the Finnish program.

The The Department of State is twice removed from these two special programs. Although these funds are appropriated to the Department of State, they are allocated to the U.S. Information Agency which, in turn, has entered into a contract with Cooperative for American Remittances to Everywhere, Inc., to administer the programs. Thus the Department of State in its reply to Senator Morse indicated that it did not have detailed information concerning these programs and could furnish him only with totals expended as follows:

Finland	
Books	$444,765.44
Scientific equipment	628,982.55
India	
Books	$1,351,780.47
Scientific equipment	1,728,496.77

The Department of State later furnished Senator Morse with the following details, indicating that its original figure overstated expenditures for scientific equipment for Finland by over $130,000.

Cooperative for American Remittances to Everywhere, Inc.

Cost of books purchased for Finland—Public Law 265

Institution	1955	1956	1957	1958	1959	1960	1961	1962	1963	Total
ABO Akademis Binliotek	$8,936.77	$1,509.59	$7,348.09	$790.42						$18,584.87
ABO Swedish University School of Economics	871.60	1,448.01	610.52	149.07	$433.74	$397.69	$462.05	$345.97	$127.95	4,846.60
ABO Academy Library School of Economics				527.89	.65		242.45	6.58		777.57
ABO Academy Library		4,525.42	814.66	4,713.41	4,020.40	2,787.88	2,980.83	1,964.90	1.83	21,809.33
ABO Swedish University		86.05								86.05
Agricultural Research Center	2,003.64	827.32	507.63	846.35	325.78	4.87	6.68			4,522.27
American Institute			16.94	178.99						195.93
Astronomical Observatory		25.41	136.72	12.04						174.17
Biological Station of Helsinki University, Lammi			133.10							133.10
Brotherhood of Disabled Veterans For Treatment & Research of Brain Injuries		28.75	73.74							102.49
Central Association For Child Welfare	153.12	35.91			74.10	13.47				276.60
Central Library of Military Research					300.21	232.59	320.73	169.09	14.82	1,037.44
Central statistical office			291.30	228.46	180.70	9.90				710.36
Delegation of the Scientific Society and Library				629.75	1.42					631.17
Defense Forces Central Library		311.55	340.91	369.60	1.28					1,023.34
Department of Serology and Bacteriology			88.50							88.50
Department of Geology		104.61	196.54	27.02						328.17
Department of Legal Medicine	2,975.10	30.39								3,005.49
Eduskunnan Kirjasto Library of the Finnish Parliament		1,477.44	454.14	44.97						1,976.55
English Language Institute, Turku University						2,270.90	12.14			2,283.04
The Finnish Athletic Institute					1.57					1.57
The Finnish Athletic Institute, Vierumaki, Finland			162.85	7.00						169.85
Finland Institute of Technology Library	5,290.94	9,071.01	6.408.75	4,639.96	3,780.80	2,264.45	2,517.01	1,535.72	146.08	35,654.72
Finnish National Archives Library				131.36	7.42					138.78
Finnish Parliament, Library of	4,099.10	348.94	2,356.03	66.07						6,870.14
Finnish School of Commercial Science	814.52	4.46								818.98
Finnish University of Turku	137.75	5.27								143.02
Forestry Library				64.52						64.52
Fourth Medical Clinical-Maria Hospital		86.49	45.58	12.00						144.07
Geographical Institution		61.85	246.65	18.74						327.24
Geological Survey of Finland				228.55	190.60					419.15
Helsinki School of Economics, Library		590.90	948.58	963.30	559.09	374.14	488.05	318.66	20.19	4,262.91
Helsingin Yliopiston Maistenklinikka			154.25							154.25
Helsingin Yliopiston Sydanasema		1,162.91	288.11	95.93						1,546.95
Hospital for Allergic Diseases	170.38	558.20	401.17	163.13						1,292.88
Helsingin Yliopiston Valtiotieteellinen Seminarikirjasto		84.97								84.97

Cost of books purchased for Finland—Public Law 265—Continued

Institution	1955	1956	1957	1958	1959	1960	1961	1962	1963	Total
II Pediatriska Kliniken		38.60	27.32							65.92
III Surgical Clinic		22.31								22.31
Institution Historicophilologicum		402.96	647.73	17.23						1,067.92
Institute of Brain Injuries	151.66	244.60	264.56	15.02						675.84
Institute for the Rehabilitation of Brain Injured Veterans				142.75	88.83					231.58
Institute of Marine Research				169.89	155.24	10.25				335.38
Institute of Occupational Health	43.93	576.71	8.58	178.51	138.49					946.22
Institute of Pathological Anatomy			23.37	21.26						44.63
Kauppakorkeakoulu University Economics		94.90								94.90
Kasvatusopillinen Kitjasto Ja Lukusali	173.28									173.28
Kemian Keskusliitonkirjasto		182.30	1.30							183.60
Kumpula State Hospital		71.26	23.20	.02						94.48
Lapinlahden Sairaala		3.89	17.31							21.20
Lainopillinen Seminaarikirjasto		266.79	10.64	14.99						292.42
Lastenklinikka the Children's Clinic		99.52	1.27							100.79
Lastensoujelun Keskusliitto	176.41	179.41	31.07	7.19						394.08
Library Association for Mental Hygiene			185.04	5.68						190.72
Library Central Chemical Association			164.20	25.61						189.81
Library of the Agriculture of the University			645.47							645.47
Library of Biochemical Institute		560.89	94.08	1.45	229.17					885.59
Library of the Central League of Child Welfare		201.01	281.82	26.95						509.78
Library of the Finno-Ugrian Society			83.93	27.59						111.52
Library of Helsinki School of Theology			160.61							160.61
Library of Institute of Brotherhood of Disabled Veterans		227.58								227.58
Library of National Museum of Finland		290.34	94.59							384.93
The Library of the Institute of Pedagogics	1,138.31	2,564.85	1,519.24	1,705.49	2.15					6,930.04
Library of Parliament		1,905.04	21.43	2,492.42	2,469.34	1,145.28	29.60	1,206.82	8.30	9,278.23
Library of the Pedagogical College of Jyvaskyla	778.12	6.58								784.70
Library of the School of Social Science	1,306.28	1,890.39	1,030.96	1,466.94	935.09	615.29	1,053.42	739.06	123.78	9,161.21
Library of the Society of Lapland Research								95.32	72.29	167.61
Library of School of Economics		802.24								802.24
Library of Swedish School of Economics		272.51	845.18	799.79	577.68	1.69				2,496.85
Library Technical College of Helsinki			106.89	15.67						122.56
Library of Veterinary Surgeon's College		895.17	258.79							1,153.96
Medborgarhogskolan	395.18	147.40	75.32							617.90
Modern Language Institute, University College, Jyvaskyla					2,058.42	3,594.04	6.97			5,659.43
The National Museum of Finland	186.96		317.81	249.06			192.42	172.86		1,119.11
Oulun Kaupunginkirjasto	396.47	232.14	81.91	5.40						715.92
Oulu Public Library		359.29	416.18	549.84	10.40					1,335.71
Oulu University					361.98	4,738.59	1,744.82	823.54	246.30	7,915.23

Pathological-Anatomic Department, Maria Hospital			5.79							5.79
Pediatriska Kliniken-Helsingfors	610.31	7.68								617.99
Pedagogic Library and Reading Room		12.91								12.91
Physiological Institute		85.36	1.27	42.39						129.02
Scientific Central Library of the Finnish Theater		109.62	99.02	19.06						227.70
Sibelius Academy of Music						66.01	21.90	117.43		205.34
Sibelius Museum, ABO, Finland				915.55						915.55
Society of Finnish Literature		231.33	262.17	158.59	165.50		301.88	167.04	15.81	1,302.32
Sotatieteellinen Keskuskirjasto	402.69	468.34	6.38							877.41
Sports Institute of Finland		137.66	1.27							138.93
Svenska Handelshogskolan, Helsingfors	610.13	879.60	278.80	46.21						1,814.74
State Educational Film Board							155.98	10,270.32	2,595.64	13,021.94
State Institute for Technical Research	563.14	1,054.14	954.59	587.21	430.77		5.80			3,595.65
Student's Library		113.41								113.41
Swedish School of Commercial Science	1,140.74	2.79								1,143.53
Sudmalaisen Kirjallisudea, Seurankirjasto		150.53	23.10	6.88						180.51
Svenska Teaterns		121.37	13.35	.20						134.92
Swedish School of Social Work		847.44	396.00	19.52	147.27	4.73				1,414.96
Scientific Societies Library					912.53	435.12	600.38	528.18	39.13	2,515.34
Tampereen Kaupungin Kirjasto		56.98								56.98
Tampere Scientific			385.16	31.14	266.36	15.12		242.58		940.36
Tekniska Laroverket		232.81	9.89							242.70
Town Library of Tampere	529.98	430.77	145.12	41.38						1,147.25
Turku School of Economics		941.73	871.17	569.41	421.00		291.97	166.96	15.62	3,277.86
Turku University Library	5,816.72	656.90	1,150.39	4,784.21	4,279.53	1,285.43	3,260.16	1,960.71	561.31	23,755.36
Turun Kauppakoreakoulu	965.43	492.68	261.73	19.59						1,739.43
Turun Yliopiston Kirjasto	3,479.78	6,706.43	4,815.54	610.28						15,612.03
Tyoterveyslaitos Institute of Occupational Health		15.39	250.41							265.80
Tyvaskyla University Library								974.03	62.42	1,036.45
University College, Jyvaskyla					1,214.08	527.48	1,498.69	3.06		3,243.31
University of Helsinki	30,561.88	26,302.14	19,872.90	24,208.40	15,775.36	10,987.92	11,175.80	11,557.23	1,227.59	151,669.22
University Library			5,824.70	195.83						6,020.53
Veterinary College	751.74	844.42	625.93	418.88	384.51	218.82	316.05	558.08	23.99	4,142.42
Women's Clinic (Naistenklinikka)		10.57	116.21							126.78
Yliopiston Anatominen Laitos-Institutum Anatomicum			89.84							89.84
Yliopiston-Odontologinen Laitos		65.05	1.27							66.32
Special Finnish public library project (165 libraries)							18,383.36	13,583.18		31,966.54
Total	75,632.06	75,902.18	65,926.56	55,522.01	40,901.46	32,001.66	46,069.14	47,507.32	5,303.05	444.765.44

Prepared by Accounting Division, Aug. 14, 1963.

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Cost of scientific equipment for Finland—Public Law 265

Institution	1955	1956	1957	1958	1959	1960	1961	1962	1963	Total
Agricultural Research Center	$2,220.31	$604.06								$2,824.37
Autonomical State University	561.56									561.56
Board of Agriculture	561.56									561.56
Board of Education	1,684.68									1,684.68
Biochemical Institute	25,922.51	7.40								25,929.91
Botanical Institute			$1,975.81							1,975.81
College of Agriculture			5,059.09							5,059.09
Department of Agriculture, Chemistry and Physics			469.40							469.40
Department of Nutrition Chemistry			799.18							799.18
Education Film Board of Finland	14,026.88	474.12			$1,444.73	$24,824.57				40,770.30
Finnish Game Foundation			1,112.84							1,112.84
Finnish Institute of Technology	10,592.89	29,095.53		$11,755.53	4,923.67	132.71				54,500.33
Forest Research Institute in Finland	2,753.85	857.95	8,365.46	15.13						11,992.39
Institute of Geology			1,032.66	1,080.09	2.98					2,115.73
Institute of Limnology			814.58							814.58
Institute of Marine Research			1,313.27							1,313.27
Institute for Occupational Health			4,247.41							4,247.41
Institute of Pharmacology			2,247.42							2,247.42
Institute of Photography			38,038.70	39,499.25	78.62	1,558.69				79,175.26
Institute of Physics		2,711.97								2,711.97
Institute of Physiology			1,037.61							1,037.61
Institute of Technology			13,763.37							13,763.37
I Surgical Clinic	672.01									672.01
Jyvasklyla University College					823.27	6,698.45				7,521.72
Maria Hospital IV Medical Clinique	637.64									637.64
Maatalouden Tutkimuskeskus Pohjois-Pohjanman Koeasena									$1,803.69	1,803.69
Ministry of Commerce and Industry	561.56									561.56
Ministry of Education	1,123.12									1,123.12
Ministry of Social Affairs	561.55									561.55
Sibelius Society									348.30	348.30
State Agricultural Laboratory									7,025.65	7,025.65
State Institute of Meteorology		1,462.61	1,503.49							2,966.10
State Institute of Technical Research	5,685.93	1,080.80	6,720.31	21,685.31	60.03					35,232.38
State Research Institute for Geology		1,511.14								1,511.14
State Veterinary			2,133.08	1,029.26	2.96					3,165.30
University of ABO, Akademi	2,677.26	3,158.13	3,306.56	407.46	1.16	371.89				9,922.46
University of Helsinki	28,621.40	13,527.29	26,929.65	20,097.06	10,770.26	737.54				109,683.20
University of Turku	11,865.68	5,998.44	26,113.21	8,506.33	2,764.16	2,477.01				57,724.83
Veterinary College			2,355.73							2,355.73
Total	110,730.39	58,489.44	149,338.83	113,075.42	20,871.84	36,800.86			9,177.64	498,484.42

Prepared by Accounting Division, Aug. 9, 1963.

Cost of scientific equipment for India—Public Law 48

Institution	1955	1956	1957	1958	1959	1960	1961	1962	Total
Agra University	$654.34	$2,665.27	$1,659.77		$105.09				$5,084.47
Aligarh University		28,255.07	42,798.85	$25,773.13	38,338.14	$12,822.23	$8,223.42		156,210.84
Allahabad University	57.22	9,255.98	46,873.42	11,423.39	9.78	714.67			68,334.46
All India Institute of Medical Sciences, Department of Pathology			368.67			275.69			644.36
Andhra University	875.12	8,606.63	1,264.14	23,469.72	884.88	27,153.65	32,262.00	$89.86	94,606.00
Annamalai University		6,082.23	779.45	7,626.87	10,180.65	13,602.89	3,103.88		41,375.97
Banaras University	3,962.49	18,897.88	11,092.98	447.18	28,066.96	32,702.55	23,172.98	2,533.34	120,876.36
Baroda University	2,608.02	6,602.62	4,275.77	2.44	12,716.71	9,681.10	72,135.88		108,022.54
Bihar University		5,864.51	8,426.24						14,290.75
Bombay University	2,561.60	12,258.63	42,792.76	15,804.17	3,482.88	1,312.80			78,212.84
Bose Institute				28,862.80		1,085.21			29,948.01
Calcutta University		9,288.06	46,656.85	26,622.66	1,395.06	11,118.59	4,987.01		100,068.23
College of Engineering				10,795.60	2,394.83				13,190.43
Delhi University	5,523.37	28,316.41	313.00	9,991.50	15,111.22	22.65	36,362.69	3.27	95,644.11
Gauhati University	3,112.69					8,320.61			11,433.30
Gujarat University		5,513.44	8,234.23	1,002.92					14,750.59
India Cancer Research Center			407.87						407.87
Jadaupur University					8,903.97	1,374.98			10,278.95
Jammu and Kashmir University	523.52	6,875.13	371.32	4.12					7,774.09
Karnatack University	1,098.22	9,440.24		10,209.98		1,793.45			22,541.89
Lady Irwin College, Delhi			9,271.06	681.78					9,952.84
Lucknow College		4,447.26	30,106.41	29,112.57	21.84	628.47			64,316.55
Madras Institute of Technology				555.21	195.62				750.83
Madras University	1,677.18	13,575.33	33,176.12	14,189.13	423.02		38,239.13		101,279.91
Ministry of Education						25,738.08	378.06		26,116.14
Nagpur University		1,920.84	2,654.39		602.04	9,525.26	1.35		14,703.88
National Museum						4,531.56	973.03		5,504.59
Nutrition Research Laboratories, India Council of Medical Research			352.18						352.18
Osmania University	3,085.53	8,510.17	51,575.39	77,120.40	1,538.25	983.08		9,704.65	152,517.47
Patna University	1,211.37	8,392.05	162.21	9,888.40		429.79			20,083.82
Physical Research Laboratory								29,547.72	29,547.72
Poona University	504.96	6,339.74		19,043.12	7,011.06	2,661.80	10,234.74	5,109.95	50,905.37
Presidency College				21,144.27	2,219.76	2,324.37	89.16		25,777.56
Punjab University		20,274.38	41,275.01	13,034.76	34,094.73	18,613.83	21,843.05	80.86	149,216.62
Roorkee University				9,689.05	13,954.90	30,325.41	86.59		54,055.95
Saugor University		2,079.49	9,331.04						11,410.53
School of Tropical Medicine			1,235.77						1,235.77
Skri Ram Institute				5,935.90					5,935.90
Sri Venkateswara						10,336.47			10,336.47
Travancore University	5,525.87	61.39			986.21				6,573.47
University Grants Commission of India								3,598.63	3,598.63
Utkal University		362.03	6,766.94	26,953.42					34,082.39
Vallabhbhai Vidya Peeth					10,546.12				10,546.12
Total	32,981.50	223,884.78	402,221.84	399,384.49	193,183.72	228,079.19	252,092.97	50,668.28	1,782,496.77

Prepared by Accounting Division, Aug. 8, 1963.

Cost of books purchased for India—Public Law 48

Institution	1956	1957	1958	1959	1960	1961	1962	1963	Total
A. V. Parekh College	$1,280.55								$1,280.55
Agra Medical College			$5,735.31						5,735.31
Agra University	449.68	$7.00	59.40						516.08
Alagappa Chettiar College of Engineering and Technology		2,441.82		$559.54	$415.16				3,416.52
Allahabad University	11.30	10,506.88	5,622.51	4,623.53	6,916.52	$663.28	$1,189.57		29,533.59
Aligarh Muslim University	15,893.70	16,725.73	10,283.65	3,137.15	8,899.87	3,679.46	6,672.00	$49.96	65,341.52
Amristar Medical College			1,666.16	6.92	457.14				2,130.22
Andhra University	130.49	5,177.74	9,778.18	3,626.62	6,630.85	2,024.13	781.17	1.36	28,150.54
Annamalai University	1,014.42	7,767.66	68.17	6,539.91	231.86	8,167.36	1,648.04	4.09	25,441.51
B. J. Medical College			761.80	27.79	167.94				957.53
Bahandin College	2,233.84								2,233.84
Banaras Hindu University	17,374.71	15,228.29	5,865.06	2,482.33	20,975.86	3,415.18	3,871.72	27.24	69,240.39
Bhansinhji College	79.04								79.04
Baroda University	13,726.92	2,839.37	5,063.94	4,300.97	8,156.34	80.20	936.04		35,103.78
Bengal Engineering Institute	3,331.05								3,331.05
Bihar University	572.59								572.59
Birbal Sahni Institute	64.46								64.46
Bombay University	121.66	8,834.62	1,434.36	17.95	1,174.16	11.65	3,388.58	10.90	14,993.88
Bose Institute			707.40		207.50				914.90
Buddha Degree College				436.96					436.96
Calcutta University	16,340.09	13,937.48	4,565.83	17,411.94	15,567.77	4,906.16	4,299.95	7.91	77,037.13
Central Building Research Institute	1,089.05								1,089.05
Central Education Library	980.79								980.79
Central Glass Institute	630.94								630.94
Central Institute of Education			4,537.74						4,537.74
Central Leather Research Institute	254.89								254.89
Central Rice Research Institute	142.69								142.69
Central Secretariat Library			1,224.60	2,484.67	3,279.61	330.24	156.04	17.44	7,482.60
Central Standards Institute	732.65								732.65
College of Engineering			142.61						142.61
Department of Anthropology	2,441.03	68.07							2,509.10
Department of Archeology	3,138.99								3,138.99
Dental College, Amristar			523.76	7.54	209.68				740.98
Dental College, Lucknow, India			1,271.58	344.23	286.87	518.45	137.63		2,558.76
Delhi Polythenic Institute	1,650.47							2.45	1,652.92
Delhi University	18,323.58	18,440.55	16,642.73	1,969.35	11,835.57	1,810.25	939.09		69,961.12
Dharmendrasinhji College	4,541.66								4,541.66
Extension Library Service, Punjab University						56,881.04	15,245.77	42.32	72,169.13
G. R. Medical College			2,010.18						2,010.18
Ganhati University	297.74			2,334.10	1,305.98	12,693.81	5,240.70	17.94	21,890.27
Government College			1,350.45	106.44	259.99	149.67			1,866.55
Government Sanskrit College			2,169.09	37.13	182.48	14.26			2,402.96
Government of Saurashtra	4,182.98								4,182.98
Gujarat Research Society			133.51	48.42	697.22		183.04		1,062.19

Gujarat University	11,688.75	4,097.63	466.49	375.04		1,438.05	258.90		18,324.86
Guntur Medical College			5,557.49	141.35	2,593.47	17.19	456.37		8,765.87
Guru Kula Kangri University			2,363.29	20.55			293.09		2,676.93
India Cancer Research Center		1,600.10	468.36						2,068.46
India Conference of Social Work, Bombay, India			638.32	131.59		176.99			946.90
Indian Council of Medical Research			437.15						437.15
Indian School of Mines				801.58	152.45				954.03
Indian School of International Studies		5,050.86	9,791.92	3,171.99	2,963.99	7,048.15	379.77		28,406.68
Indian Institute of Science	2,765.03	670.82	5.62						3,441.47
Indian Institute of Technology		4,772.06	7,520.53	2,521.76	489.69		512.78	29.89	15,846.11
Indian Veterans Research Institute	547.02								547.02
Institute of Public Administration		4,256.46	266.76		520.37				5,043.59
International Academy of Indian Culture		318.17					181.14		499.31
Jabalpur University			5,619.54		41.69	7,106.95	2,025.51		14,793.69
Jadaupur University Library				1,642.39	6,789.76	6,514.47	6,548.77		21,495.39
Jamia Milia Institute	11,486.82				1,123.30	180.65	121.40		12,912.17
Jammu & Kashmir University	355.15	1,310.01	498.81		405.76	510.03	133.88		3,213.64
Karnatak University	567.99	3,825.77	28.23	52.64	826.82	9,454.67	6,799.85	14.75	21,570.72
Kerala University				11.16	719.06	7,307.88	1,602.67		9,640.77
Kings Institute	978.86								978.86
Lucknow University	1,151.20	12,303.65	1,073.16	48.42	1,602.20	443.80	300.76		16,923.19
Ludhiana Extension Library						1,961.47	42.83		2,004.30
M. J. College of Commerce	1,420.89								1,420.89
Madras School of Social Work			734.43	56.46	144.37				935.26
Madras Institute of Technology	255.63	1,379.09	11.56		235.71	18.23			1,900.22
Madras University	152.77	6,029.06	43,959.14	2,525.39	19,130.20	10,556.38	5,790.12	29.67	88,172.73
Madurai Extension Library				12,207.48					12,207.48
Mithila Research Institute			1,203.29						1,203.29
Moruvi English College	110.28								110.28
Mysore University	1,672.91	3,511.21	4,818.53	335.82	666.52	3,893.00	406.57		15,304.56
Nagpur Medical College			640.80	48.42		31.61	114.13		834.96
Nagpur University	224.79	4,281.07	1,435.24		985.97	236.34	168.46		7,331.87
National Archives	3,123.46								3,123.46
National Archives of India				3,063.61	986.16	9.40	102.44		4,161.61
National Library	30,693.24		12,424.47	6,525.01	98.99				49,741.71
New Delhi Central Institute of Education				933.25	464.97				1,398.22
Nalandi Pali Institute (Bihar)	9,262.92								9,262.92
Osmania University	133.50	10,532.49	3,896.61	54.26	3,324.41	1,605.49	5,038.31	7.63	24,592.70
P.S.G. & Sons College	1,150.97	2,168.37	19.39						3,338.73
Patna University	524.34	3,676.53	4,812.39	1,399.97	48.38	7,907.62	2,374.57	85.39	20,829.19
Poona University	86.42	11,005.28	11,495.31	1,943.78	4,370.67	100.40		13.08	29,014.94
Presidency College			5,423.64	48.62	352.57	.13			5,824.96
Punjab Engineering College	2,726.10	4,270.32	1,310.15	18.21	1,254.30	11.60	355.25		9,945.93
Punjab University	17,593.26	15,483.14	17,391.26	4,114.37	15,735.70	449.45	3,080.03		73,847.21
Rajasthan University			7,855.45	5,627.39		2,460.28	556.15		16,499.27
Rajputana University	3,178.18	7,782.88	4.06						10,965.12
Roorkee University	85.44	4,667.15	1,163.99	571.00	1,242.42	1,605.12	300.33	1.40	9,636.85
SNDT Women's University	513.78				41.69	1,458.05	4,346.78		6,360.30
SMS Medical College			506.81						506.81
Samaldas College	2,511.83								2,511.83
Sardar Vallabhbhai University				456.28	5,658.95	12.54	1,028.04		7,155.81
School of Tropical Medicine			146.06						146.06

Cost of books purchased for India—Public Law 48—Continued

Institution	1956	1957	1958	1959	1960	1961	1962	1963	Total
Saugar University	$540.97	$5,995.07	$281.43	$229.67	$1,664.33	$3,299.59	$4,176.45	$33.71	$16,221.22
Shri Ram Institute of Industrial Research			1,090.00						1,090.00
Sri Ramakraishna Mission	42.02	1,465.51	18.45						1,525.98
Sri Venkateshware		12,963.96	840.62	28.50	898.11	11.19	187.70		14,930.08
Tata Institute	787.90	499.32							1,287.22
Travancore University	388.88	14,186.86	4,930.29	93.81					19,599.84
Trivandrum Medical College			219.23						219.23
Udaipur Extension Library						43,921.55	29,326.80	331.08	73,579.43
Utkal University	392.07		4,316.26	106.96	145.08	7,604.85	2,374.04	1.45	14,940.71
Visva Bharati University	11,794.74	4,182.24	1,576.04	48.41	760.56	4,393.08	2,615.83	46.44	25,417.34
Total	229,940.07	254,260.29	248,878.59	99,848.63	164,296.99	227,091.34	126,689.06	775.50	1,351,780.47

Prepared by Accounting Division, Aug. 1, 1963.

Another spigot for educational funds is the amount appropriated for military assistance. Apparently, under this program, funds are used for the construction of schools and other community facilities. The Department of Defense has been requested to furnish information as to how much has been spent for this purpose.

The AID program has two major spigots: (1) appropriated funds and (2) local currencies generated by loans of U.S. dollars or by the sale of food and fiber under Public Law 480.

In response to Senator Morse's request for information as to how much AID has spent on education abroad, AID submitted a figure for 1955–63 of $433 million and $310 million in local currencies. (See exhibit VIII–F.) In submitting this figure to Senator Morse, Dr. Leona Baumgartner, Assistant AID Administrator for Human Resources and Social Development stated:

> These figures represent those projects which are coded, under our fiscal records structure, as education projects or which are clearly educational through part of programs in sectors other than education. Of course, most of AID activities, particularly those of a technical assistance nature, often include an educational component. To isolate these for every project (in health, agriculture, communications, industry, etc.) would require a detailed analysis of individual project records, now in archives. To examine these would consume extensive time and manpower and would not, moreover, yield data that are as meaningful as those we have given you.

EXHIBIT VIII-F

DEPARTMENT OF STATE,
AGENCY FOR INTERNATIONAL DEVELOPMENT,
Washington, D.C., August 1, 1963.

Hon. WAYNE MORSE,
Chairman, Education Subcommittee,
Committee on Labor and Public Welfare,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This letter is in response to yours of June 3, 1963, to Mr. Bell, requesting information concerning educational assistance provided by AID and its predecessor agencies since 1945.

Basically, our records system permits identification of dollar expenditures on a sector-project basis only from 1955 through 1963 and I am forwarding to you, identified by geographic area and country, for education projects, dollar amounts, with project breakdowns reflecting various cost elements. A description of the project and the religious affiliation, if any, is also included.

These figures represent those projects which are coded, under our fiscal records structure, as education projects or which are clearly educational though part of programs in sectors other than education. Of course, most of AID activities, particularly those of a technical assistance nature, often include an educational component. To isolate these for every project (in health, agriculture, communications, industry, etc.) would require a detailed analysis of individual project records, now in archives. To examine these would consume extensive time and manpower and would not, moreover, yield data that are as meaningful as those we have given you.

With regard to the activities, such as school construction, which have been undertaken in public works programs which local military units implement through the civic action program, it is our understanding that the Department of Defense has instructed its field missions to provide any data available to the U.S. AID missions in those countries where such programs exist. We have requested our missions to forward these and we shall provide you this information as soon as it is received.

Sincerely yours,

LEONA BAUMGARTNER,
Assistant Administrator
for Human Resources and Social Development.

Enclosures.

Summary of the four regions' education programs

[In thousands of dollars]

	Totals				
	U.S. technicians	Participants	Contract services	Commodities	Total
Near East and south Asia (NESA)	14,508.4	12,144.2	43,244.2	16,273.5	107,522.3
Africa and Europe (AFE)	8,149.8	6,465.1	74,052.3	14,934.2	107,804.8
Far East (FE)	10,141.4	29,997.0	50,217.5	34,182.9	124,813.8
Latin America (LA)	17,900.5	8,254.6	23,666.3	15,708.0	95,786.9
Total	50,698.1	56,860.9	191,179.3	81,097.6	[1] 435,927.8
Local currency (counterpart) dollar equivalent					310,041.0

[1] Includes loans which have not been broken down into components ($56,091.9).

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Grant education programs, Near East and south Asia, 1955–63

[In thousands of dollars]

	Totals				
	U.S. technicians	Participants	Contract services	Commodities	Total
Afghanistan: Kabul	607.9	839.3	10,951.0	4,226.2	16,624.4
Cyprus: Nicosia		4.3		16.2	20.5
Egypt: Cairo			295.0	65.0	360.0
Greece: Athens	136.0	132.0		1.0	269.0
India: New Delhi	4,687.7	2,271.0	8,322.9	6,685.8	21,967.4
Iran: Tehran	2,496.0	279.0	1,675.0	2,345.0	6,795.0
Iraq: Baghdad	438.4	295.2	557.8	8.8	1,300.2
Israel: Tel Aviv	381.0	190.0	80.0	111.0	762.0
Jordan: Amman	3,994.0	656.0	408.0	573.0	5,631.0
Lebanon: Beirut [1]	557.0	5,485.6	116.5	125.5	6,285.0
Nepal: Kathmandu	507.0	454.0	613.0	562.0	2,136.0
Pakistan: Karachi		45.0	16,048.0		16,093.0
Syria (there are no education programs in Syria).					
Turkey: Ankara	703.0	1,260.8	4,177.0	1,554.0	7,694.8
Yemen: Taiz		232.0			232.0
Grants to American-sponsored schools abroad					21,352.0
Region total	14,508.4	12,144.2	43,244.2	16,273.5	107,522.3
Local currency (counterpart) dollar equivalent					162,936.0

[1] Includes two regional training programs for AUB.

Grants to American institutions of higher learning abroad under authority of sec. 214(a) of the Foreign Assistance Act of 1961 and 400(c) of Mutual Security Act of 1954 in NESA region

	1959–63 total
American University of Beirut, Beirut, Lebanon	$14,725
International College of Beirut, Beirut, Lebanon	1,114
American Farm School, Salonika, Greece	412.5
Anatolio College, Salonika, Greece	352
Athens College, Athens, Greece	522.5
Pierce College, Athens, Greece	1,211
Robert College, Istanbul, Turkey	1,920
American University in Cairo, Cairo, Egypt (United Arab Republic)	1,095.451
Total	21,351.6

Education programs, 1955–63

AFGHANISTAN

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Kabul University development, activity A: Administration.[1]	Kabul University	(1) Provide the general administrative coordination of the 3 university contract teams working at Kabul University, (2) provide advisory services to the central administration of Kabul University, and (3) to assist with the equipping of the administration office and library of the new university being constructed.	103.5	205.5	92.0	95.5	496.5	Moslem.
Kabul University development, activity B: Faculty of Agriculture.	do	To establish an adequately equipped faculty of agriculture, fully staffed by Afghans qualified to teach a 4-year curriculum in agriculture.			1,860.8	64.2	1,925.0	Do.
Kabul University development, activity C: Faculty of engineering.	do	To develop an engineering faculty staffed by qualified Afghan professors and adequately equipped to produce trained engineers.			650.1		650.1	Do.
Kabul University development, activity D: Teacher education.	do	(1) Upgrade the work of the professors in the faculties of education, science, and letters, (2) produce well-trained teachers for the primary and secondary schools, (3) improve teaching methods and procedures, (4) train teachers of professional subjects for the emergency teacher training program, (5) train teachers of English and prepare instructional materials for English courses, and (6) supervise Afghan teachers of English.	88.8	195.0	5,762.5	266.1	6,312.4	Do.
Public schools education, activity A: Elementary and secondary school construction.	Construction Section of Ministry of Education.	To develop more functional building plans and prototype models, to initiate more effective use of local building materials, and to utilize improved construction methods.	39.9	16.0		6.0	61.9	Do.
Public schools education, activity B: Community school education.	9 pilot community schools and the Ministry of Education.	To assist in the development of a nationwide system of community schools with qualified teachers and supervisory personnel.	36.0	44.0		22.0	102.0	Do.

See footnote at end of table.

Education programs, 1955–63—Continued

AFGHANISTAN—Continued

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Public schools education, activity C: Helmand Valley education.	Elementary and secondary schools in the Helmand Valley.	To assist RGA in improving elementary, secondary, and vocational education in the Helmand Valley.	80.7	94.3	----------	39.7	214.7	Moslem.
Public schools education, activity D: Education materials development.	Department of Publications and Audiovisual Center of the Ministry of Education.	To assist in the preparation and production of more and improved textbooks both in English and native languages. To develop the Ministry of Education Audiovisual Center, and to increase its effectiveness and the number of schools which it serves.	20.0	20.0	----------	52.0	92.0	Do.
Vocational education, activity A: Technical education.	Afghan Institute of Technology.	To assist in developing the Afghan staff, curriculum, and materials for Afghan Institute of Technology. This institute trains technicians in grades 10 to 13, and prepares students for entering the Faculty of Engineering, Kabul University.	84.9	107.0	816.1	95.6	1,103.6	Do.
Vocational education, activity B: Vocational agriculture education.	Vocational agriculture schools at Kabul and Baghlan, and Vocational Agriculture Department at Lashkar Gah Hi School.	To assist in development of high schools training personnel for agriculture and related occupations. Graduates who do not enter the faculty of agriculture may be employed as extension workers, village level workers, and teachers of agriculture in provincial areas.	84.0	78.0	529.5	50.2	741.7	Do.
Vocation education activity C: Business education.	Commercial school, secretarial school, and Bilquis Vocational School for Girls.	To assist in development of institutions to prepare skilled office personnel.	36.0	55.0	----------	35.5	126.5	Do.
Vocational education, activity C: Home economics education.	Bilquis Vocational School for Girls, Faculty of Home Economics of Kabul University, and 6 girls' secondary schools.	To assist RGA in development of home economics education at all levels of education.	16.0	24.5	----------	27.5	68.0	Do.
Educational facilities	Kabul University	To assist in construction of 5 buildings for the university, comprising agriculture, engineering, administration classroom buildings, a library, and a dormitory.	18.0	----------	1,240.0	3,471.9	4,730.0	Do.
Total			607.9	839.4	10,951.0	4,226.2	16,624.4	

Local currency (counterpart) dollar equivalent.							1,662.0	
Agricultural development, Forestry College, one project and institution only.	Cyprus College of Forestry, under the Ministry of Agriculture.	The aim of the project is to enable the college to add a 3d year of instruction and also to assist in silvaculture and forestry utilization.		4.3		16.2	20.5	None.
EGYPT								
Education in agricultural extension.	Alexandria University	Development of agricultural extension department within College of Agriculture, University of Alexandria.				20.0	20.0	None.
Engineering education	University of Assiut	Development and strengthening engineering departments at the university with prime emphasis on civil, electrical, and mechanical engineering.			295.0	45.0	340.0	Do.
Total					295.0	65.0	360.0	
GREECE								
Vocational education (terminated 1962).	Ministry of Education	(*a*) Post-graduate training of vocational school graduates, (*b*) study of training methods in labor training within industry program, (*c*) vocational guidance, and (*d*) vocational training experts.	136.0	132.0		1.0	269.0	None.
Local currency (counterpart) dollar equivalent.							6,705.0	
INDIA								
Teacher training engineering education.		To provide assistance in meeting the critical shortage and improving the quality of the teaching faculties in Indian engineering educational institutions by providing U.S. graduate and practical training in engineering for a substantial number of selected Indian participants.		2,271.0			2,271.0	None.
Organization and management	Government of Iran Ministry of Finance, special reorganization unit.	To provide assistance which represented a concentrated effort on the part of the Government of India to evaluate all governmental services to find better and more economical work methods and standards of performance.	91.0			5.0	96.0	Do.

See footnote at end of table.

Education programs, 1955–63—Continued

INDIA—Continued

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
National Institute of Education.	National Institute of Basic Education, National Institute of Audiovisual Education, National Fundamental Education Center, Central Bureau of Textbook Research, Central Bureau of Education and Vocational Guidance, and Central Institute of Education.	To assist in the expansion and improvement of a national program of professional education in India.	----------	----------	1,157.0	100.0	1,257.0	None.
Multipurpose secondary education.	National Council of Educational Research and Training.	To provide assistance for the reorganization and improvement of secondary education in India. The 2d phase emphasized vocational education in the multipurpose secondary schools in an effort to improve terminal secondary education in various vocational fields.	----------	----------	1,537.0	1,306.0	2,843.0	Do.
Economic training	Foundry Training Center of the Indian Institute of Technology.	This project provided assistance to the Foundry Training Center of the Indian Institute of Technology. This project was initiated by the industry division and later transferred to education in fiscal year 1957.	15.0	----------	1,537.0	1,306.0	2,858	Do.
Educational administration	Government of India	The purpose of this was to provide technical assistance for the improvement of educational administration in India.	----------	----------	----------	59.4	59.4	Do.
Economic planning	Government of India Planning Commission.	This project assisted the planning commission and the Ministry of Finance in the general field of economic planning.	45.0	----------	----------	----------	45	Do.
School building improvement	Government of India	The purpose of this project was to provide technical assistance for the improvement of school building design and maximum utilization of indigenous school building materials.	15.0	----------	----------	6.9	21.9	Do.

Indian Statistical Institute	Indian Statistical Institute	To provide assistance to the Indian Statistical Institute, Calcutta, in order to help improve certain specialized fields in statistical education and research directly related to national economic planning.	45.0			2.5	47.5	Do.
Technical education institutes	Bengal Engineering College, Howrah; University of Roorkee, Roorkee, U.P.; Indian Institute of Technology, Kharagpur; College of Engineering, Guindy; Poona College of Engineering, Poona; Bihar Institute of Technology, Sindri; Indian Institute of Science, Bangalore; Birla Engineering College, Pilani; University of Baroda, Baroda; University of Nagpur, Nagpur; Indian School of Mines & Geology, Khanbad; University College of Engineering & Technology, Jadavpur, Calcutta; and Madras Institute of Technology, Madras.	Phase I assisted 11 Indian universities and colleges in strengthening existing curriculums and establishing new programs in general and vocational education, public health, engineering, public administration, and business management with a view to supplying India with technical skills required for carrying forward programs of economic development. Phase II is concentrating assistance to 5 engineering institutions of higher education with the aim of helping prepare 400 engineering teachers and develop graduate curriculums and research programs.			2,468	1,000	3,468	Do.
National Institute of Basic Education.	National Institute of Basic Education.	To provide technical assistance in basic (elementary) education and research techniques at the National Institute of Basic Education.				16.3	16.3	Do.
Training in adult education	National Fundamental Education Center, New Delhi.	This project provided technical assistance on all India basis to training programs in adult education as carried on by the National Fundamental Education Center.	15.0			38.3	53.3	Do.
Teacher training in audio visual education.	National Institute of Audio-visual Education.	The purpose of this project was to provide technical assistance for teacher training courses at the National Institute of audio-visual Education.	15.0			147.3	162.3	Do.
National Professional Education Center.	Central Institute of Education	This activity provided technical assistance for the development of the Central Institute of Education into a national center for promoting leadership training in the field of professional education.	387.0			4.5	391.5	Do.
Indian Institute of Technology	Indian Institute of Technology	To develop one of the leading Indian engineering institutions utilizing the best suitable U.S. methods of engineering education.	4,029.7			2,403.0	6,432.7	Do.

See footnote at end of table.

Education programs, 1955–63—Continued

INDIA—Continued

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Social welfare education	Delhi School of Social Work; Delhi Faculty of Social Work, Baroda University; J. K. Institute; Lucknow Tata Institute of Social Sciences, Bombay; Madras School of Social Work; Kashi Vidyapith, Bararas; Madras School; and Social Work, Madras.	The project provided assistance in the field of social welfare education in India by assisting 7 schools of social work education with emphasis on improving fieldwork experience. The project provided consultant services to schools of social work and social welfare agencies other than the above institutes and trained social work educators through participant training in the United States and through seminars, conferences, and workshops in India.			531.0	435.0	566.0	None.
Home science education and research.	Phase I: Maharani's College, Bangalore; Home Science Faculty, Baroda; Queen Mary's College; Women's Christian College, Madras; Lady Willingdon Home Science College;[3] St. Christophers Training College; SNDT Women's University; and Lady Irwin College.[3] Phase II: Lady Irwin College; SNDT, Women's University; Vihari Lal Mitra Institute, Calcutta; and South India Education Trust, Madras.	During the 1st phase assistance was provided to 8 selected institutions in strengthening curriculums, revising syllabuses at graduate and postgraduate level and developing special programs for foods and nutrition, home management and child development. The 2d phase assisted 4 regional demonstration centers at Delhi, Calcutta, Bombay, and Madras with the planning, development, implementation, and evaluation of teacher training program in India for home science teachers.	30.0		1,023.3	186.7	1,240.0	(2).
Public administration	Institute of Public Administration Lucknow University.	To provide technical assistance for the development of public administration in India through cooperation with the Institute of Public Administration at Lucknow University.				28.2	28.2	None.

Rural institutes	Shri Shivaji Lok Vidyapeeth Rural Institute, Bichprui; Rural Institute of Higher Studies; Shri Rama Krishan Mission Rural Institute; Jamia Millia Rural Institute, Delhi; Gandhi Gram Rural Institute of Higher Education; Shri Mouni Vidyapeeth, Gargoti; Kasturba Rural Institute; Lok Bharati Rural Institute; Visva Bharati Rural Institute; and Vidy Bhawan Rural Institute.	To assist in the development of an experimental program of rural higher education known as Rural Institute. The basic objective was to make these experimental institutes as acceptable successful pattern of rural higher education with emphasis on rural development and rehabilitation.	----------	----------	69.6	40.7	110.3	Do.
Total	----------	----------	4,687.7	2,271.0	8,322.9	6,685.8	21,967.4	
Local currency (counterpart) dollar equivalent.	----------	----------	----------	----------	----------	----------	68,788	
IRAN								
National Education Planning and Research Services.	Ministry of Education, Government of Iran.	To assist Minister of Education in setting up a department to begin development of (1) national education planning and (2) research services for education.	----------	----------	----------	3.0	3.0	None.
TERMINATED FISCAL YEAR 1961								
Education facilities. Training Iranian nationals redirected through (*a*) vocational education and (*b*) general education.	Ministry of Education, Government of Iran, National Agriculture Normal Schools (14), Teheran Institute of Technology, National Public Schools, National Sports Hall, and Vocational Demonstration School of Business.	To provide advice and assistance to the Ministry of Education in the following fields: (1) General education and teacher education, (2) vocational education, (3) fundamental education, (4) physical education and youth activities, (5) physical education, (6) cocurricular activities, (7) student guidance, (8) school health programs, (9) youth leadership training, (10) business education, and (11) home and family education.	1,978.0	198.0	----------	786.0	2,962.0	Do.
Improving teacher education	National Teachers College of the University of Teheran.	To provide technical assistance in the fields of (1) general teacher training, (2) elementary education, (3) secondary education, (4) material development, and (5) homemaking and family education, teacher training.	----------	45.0	446.0	2.0	493.0	Do.

See footnotes at end of table.

Education programs, 1955–63—Continued

IRAN—Continued

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Vocational education	Teheran Institute of Technology, Demonstration School of Business, National Vocational Demonstration Organization (NVDO), vocational school for secondary school boys, and vocational agriculture center for secondary school boys.	To provide advisory service and assistance to the Government of Iran to develop and provide for Iranians improved techniques in agricultural education and technical skills.	153.0	1.0			154.0	None.
Armed Forces vocational training.	Ministry of War, Government of Iran.	Project designed to implement the establishment of a nationwide vocational training program for conscripts conducted through the facilities of the Imperial Iranian Armed Forces.	62.0			197.0	259.0	Do.
General education	University of Teheran, National Teachers College, Education Institute, and National Educational Institutes.	Project designed to advise and assist the Ministry of Education (including 10 Provinces) to provide (1) preservice training, elementary and secondary teachers, (2) inservice training for kindergarten, elementary, secondary, and teachers and teacher trainers, (3) continuance of revision and development of elementary and secondary school curriculums, (4) develop audiovisual aids, (5) provide additional copies of existing textbooks and other instructional materials, and (6) plan and implement a comprehensive literacy training program.	297.0	1.0	32.0		330.0	Do.
Demonstration vocational educational facilities.	Vocational Agriculture Education Center and Vocational Industrial Education Center (now National Vocational Demonstration Organization).	The construction and establishment of two pilot demonstration educational facilities to assist the Ministry of Education develop new vocational education techniques in agriculture and industry in Iran.			247.0	1,055.0	1,302.0	Do.

COMPLETED								
Technical assistance to Teheran University.	University of Teheran	To provide a survey and evaluation of each faculty and division of the Univerity of Teheran for the purpose of advising improved ways to meet current and projected educational needs.			22.0		22.0	Do.
Karaj Agriculture College	Karaj Agriculture College	To produce the practical-minded technicians, research workers, and teachers urgently needed to provide leadership in efforts to increase national agricultural productivity. Also to expand the college's physical plant to accommodate an increase in enrollment from the present 200 students to 650 in the next few years.	6.0	34.0	928.0	302.0	1,270.0	Do.
Total			2,496.0	279.0	1,675.0	2,345.0	6,795.0	
Local currency (counterpart) dollar equivalent.							171.0	
IRAQ								
Education consultative services to Ministry.		To see that education programs, involving formal and practical training are studied, organized, and implemented effectively to care for the overall needs of Iraq's children, youth, and adults requiring such training.	84.4		1.2	3.9	89.5	None.
Advisers in technical education		To upgrade the semiskilled, skilled, and subprofessional manpower through secondary and college training programs and an adult on-the-job training program.	266.6	28.9		4.7	300.2	Do.
Advisers in agriculture education.		To train rural youth to own and operate family-size farms or to earn a living in occupations closely related to farming.	58.6	3.6			62.2	Do.
Teacher's education		To furnish leadership for the development of teacher training, to provide teachers with better equipment for instruction, and to develop a permanent inservice training program.	26.1	257.6		.2	283.9	Do.
Youth activities (counselor)		To utilize the energies and talents of youth during summer vacation periods, to contribute to the welfare of Iraq's youth by bringing them together from all over the country, and to develop in youth leadership qualities.	2.7				2.7	Do.
Industrial sewing (technical training for girls).		To pool adult women who are skilled in the art of sewing in order to establish their own business, to find employment in garment industries, and to increase family incomes through increased family work.		5.1	41.5		46.6	Do.

See footnotes at end of table.

Education programs, 1955–63—Continued

IRAQ

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Abu Ghraib Agriculture College		To build strong college techniques that will modernize agriculture, to strengthen and expand the college to increase present enrollment, to promote graduate training programs, and to make college coeducational.			115.1		115.1	None.
Baghdad University		Technical assistance to strengthen the curriculums and improve standards of teaching at the Colleges of Science and Engineering of the University of Baghdad.			400.0		400.0	Do.
Total			438.4	295.2	557.8	8.8	1,300.2	

ISRAEL

Teacher training and vocational education.		To provide assistance in the development and implementation of an integrated plan for voational education in Israel, including teaching new skills to adults.	362.0	182.0		61.0	605.0	None.
Vocational training for adults and high-school-age students.			19.0				19.0	Do.
Immigrant vocational training (ORT).						50.0	50.0	Do.
Education				8.0			8.0	Do.
State University of New York		The introduction of N.U.I.A.'s capital construction program into the Government of Israel's development plan, and the acceleration of the future growth and development.			80.0		80.0	Do.
Total			381.0	190.0	80.0	111.0	762.0	
Local currency (counterpart) dollar equivalent							5,988.0	

JORDAN

Khadoorie Agriculture School	Khadoorie Agriculture School	To increase and expand the instructional programs offered a tthe Khadoorie Agriculture School.	55.0	----------	7.0	----------	62.0	None.
Bedouin education	Limited number of schools in desert areas.	To increase the educational opportunities of Bedouin children located in remote desert areas.	37.0	----------	----------	----------	37.0	Do.
Expanded education facilities	Men's Teacher Training College in Amman, Women's Teacher Training College in Ramallah, Amman Trade School, and Nablus Trade School.	To provide additional plant facilities necessary to the expanding teacher education and industrial education programs.	565.0	28.0	7.0	149.0	749.0	Do.
Human resources development education.	5 teacher training institutes, Al-Hussein College of Agriculture, Amman and Nablus Trade Schools, and Ministry of Education.	To continue the development, upgrading, and expansion of teacher training institutions, preservice and inservice training, the diversification of agriculture and industrial vocational and prevocational training, and the establishment of a system of teacher certification.	1,378.0	216.0	265.0	28.0	1,887.0	Do.
Arab Development Society	----------	To financially assist the Arab Development Society, a private nongovernmental organization dedicated to the betterment of the children of Palestine refugees, in its effort to provide a practical vocational training program for orphan boys.	466.0	----------	----------	375.0	841.0	Do.
Field project assistance	----------	To provide administrative and support services for the various education projects which were operational and active at the time.	12.0	3.0	----------	----------	15.0	Do.
Industrial education	Amman Trade School	To assist the Ministry of Education by providing funds and technical assistance so as to realize the following objectives: Improve teaching skills and methods of instruction and supervisory and administrative procedures in industrial education, develop and revise curriculums and provide instructional materials, and coordinate overall program of industrial education and procure additional equipment and supplies needed to improve and expand the program.	522.0	64.0	26.0	----------	612.0	Do.
Teacher education	Jordan's 5 2-year training institutes.	The purpose was to assist the Ministry of Education in its efforts to develop teacher training institutes and programs for inservice and preservice training of teachers.	862.0	251.0	17.0	12.0	1,142.0	Do.

See footnotes at end of table.

Education programs, 1955–63—Continued

JORDAN—Continued

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Agricultural education	Khadoorie Agriculture School and 3 Government preparatory schools.	To increase and expand the institute programs offered at Khadoorie Agriculture School and to create prevocational agricultural training opportunities at the preparatory level by providing farm shops at selected preparatory schools.	49.0	94.0	86.0	9.0	238.0	None.
Establishing commercial department.	Hussein College and Amman Ablus secondary school for boys.	To provide the service of 1 special teacher of commercial subjects in each school.	32.0				32.0	Do.
Supplemental English libraries	17 secondary schools, 26 intermediate schools, and 150 elementary schools.	To assist in selecting and procurring additional books in English for school libraries.	16.0				16.0	Do.
Total			3,994.0	656.0	408.0	573.0	5,631.0	
Local currency (counterpart) dollar equivalent.							185.0	

LEBANON

Teachers education	Urban Teachers College, Beirut.	To establish a pilot teacher training institution at Urban Teachers College, to improve the quality of elementary schoolteachers and to increase the supply of trained elementary schoolteachers.	31.5	25.3	7.0	7.6	71.4	None.
Library administration	University of St. Joseph, Faculty of Law.	To send 1 Lebanese librarian to the United States for training in library administration.		1.2			1.2	Jesuit Order.
Rural teachers college		To conduct a pilot survey to determine the need for rural teachers college in Lebanon.	13.3	.5		.1	13.9	None.
Education training, American University of Beirut.		To enhance the professional qualities of Lebanese educators in the Ministry of Education who had been trained by U.S. technicians, by sending them to the American University of Beirut for additional academic training.		14.2			14.2	Do.

Army English teaching		The teaching of American English to members of the Lebanese Army. To facilitate comprehension of American technical manuals and other instructional material published in English language.				2.5	2.5	Do.
School health		Preparing courses of study, teachers' manuals, and instructional materials to guide teachers and pupils in good health habits; creating an instructional program pertaining to community as well as individual health problems of children; instituting the maintenance of standardized cumulative health records and statistics.		7.3			7.3	Do.
Adult education, English language.		The teaching of American English language to adults in Lebanon; production and demonstration of English language teaching material; training of teachers of English as a foreign language.		5.9	2.0	16.8	24.7	Do.
Education statistics and research		Collection of statistical data concerning teachers, students, and categories, to enable the Ministry of Education to publish periodic pamphlets pertaining to educational conditions in Lebanon in all phases and facilitating comparison with conditions of other nearby countries.	14.2	.1		.1	14.4	Do.
Technical education		To upgrade vocational facilities, to instruct craftsmen in the technical knowledge of their trades, and to improve production methods.	23.6	4.4	107.5	98.4	233.9	Do.
REGIONAL								
Regional training at American University of Beirut.		To provide collegiate educational training to some 650 selected students each year in approximately 12 countries from Morocco to Pakistan.		5,426.7			5,426.7	Do.
Regional training office		To provide the U.S. technical staff in Beirut to coordinate for AID the activities under the above project, regional training at American University of Beirut.	474.8				474.8	Do.
Total			557.4	5,485.6	116.5	125.5	6,285.0	
Local currency (counterpart) dollar equivalent.							91.0	

Education programs, 1955–63—Continued

NEPAL

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Primary education	Ministry of Education	To create a national system of primary education which will contribute to the development of Nepal.	112.0	43.0		33.0	188.0	None.
Secondary education	do	To create a multipurpose secondary school system offering programs in a large variety of fields. The project target is for the system to support an enrollment of 150,000 in fiscal year 1965.	143.0	104.0		179.0	426.0	Do.
Higher education (teacher training).	College of Education, Kathmandu and mobile normal schools.	To provide a continuing supply of professionally trained teachers and administrators in sufficient numbers to meet the needs of the primary and secondary school systems.	82.0	129.0	578.0	50.0	839.0	Do.
Adult education	Ministry of Education	Project purpose is to bring a practical education centered in the village school, within reach of illiterates in order to enable them to improve the cultural and economic standard of their daily living. Target for fiscal year 1967—enrollment of 300,000.		10.0		44.0	54.0	Do.
Educational materials	do	To establish and provide for the continuing development of an educational materials organization which will create, reproduce, and distribute essential educational materials. Target for fiscal year 1965—meet the minimum materials needed for enrollment of 450,000.	130.0	94.0		219.0	443.0	Do.
Education administration	do	The project purpose is to create, staff, and continue the development, of an administrative structure encompassing the 14 Anchal education offices and their Block education offices, in order to provide more efficient administration and supervision of the educational system.	9.0	61.0		30.0	100.0	Do.

Library development	Tribbuvan University library	The original purpose which this project set forth to achieve was to establish a laboratory library in Kathmandu attached to Tribbuvan University. This has been achieved.	31.0	13.0	35.0	7.0	86.0	Do.
Total			507.0	454.0	613.0	562.0	2,136.0	
Local currency (counterpart) dollar equivalent.							2,328.0	
PAKISTAN								
Teacher training institute	Institute of Education and Research, University of Punjab, Lahore; Institute of Education and Research, University of Dacca, Dacca; and Central Design Section (west Pakistan), Lahore.	The institutes of Education and Research, Dacca and Lahore, are designed to train the educational leadership which the country must have to staff other teacher training colleges and technical institutes. The central design unit is to produce prototype school building designs for the large building program now taking place in west Pakistan under the Communications and Works Department.			[3] 1,236.0		1,236.0	None.
Intercollege exchange	University of the Punjab, Lahore, West Pakistan Agricultural School, Lyallpur. University of Peshawar, Peshawar, University of Dacca, Dacca. East Pakistan Agricultural University; and Mymensingh Tando Jam Agricultural College.	To provide professional assistance to Pakistani University in agriculture, engineering, basic sciences, business education, home economics, social sciences, teacher education and social sciences, teacher education and social welfare. The broad objective of the activity is to impart American professional information and skills to these Pakistani universities by providing American advisers and consultants, sending Pakistanti professors to universities in the United States for training, and by supplying necessary books, teaching materials, and laboratory equipment.			[3] 10,077.0		10,077.0	Do.
Business administration	Institute of Business Administration.	To increase the quantity and quality of professionally trained business administrators and to stimulate entrepreneurs, to raise managerial efficiency and to increase the supply of business administration teachers for institutes, colleges, and universities throughout Pakistan.		45.0	[3] 1,803.0		1,848.0	Do.

See footnotes at end of table.

Education programs, 1955–63—Continued

PAKISTAN—Continued

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Public administration	National Institutes of Public Administration, Dacca, Karachi, and Lahore and partly Public Administration Department of the Punjab, Department of Political Science, University of Dacca; Civil Service Academy, Lahore; and Secretariat Training Institute, Karachi.	To help improve the quality of public administration in Pakistan, in order to meet the requirements of economic and social development through education, in-service training, research, and consultation programs.			[3] 2,932.0		2,932.0	None.
Total				45.0	16,048.0		16,093.0	
Local currency (counterpart) dollar equivalent.							68,908.0	
TURKEY								
Literacy training and adult education.	Directorate of Adult Education, Ministry of Education.	To advise and assist in developing and implementing a program for intensive literacy training in the Armed Forces for a maximum of 120,000 illiterate conscripts per year. Project assists teachers and supervisory personnel, and in the preparation and publication of textbooks, aptitude and achievement tests. On basis of experience with military program, develop and implement a civilian literacy and adult education program. Establish a General Directorate of Adult Education and train provincial level personnel.	17.0	10.0		697.0	724.0	None.

Teacher education	Inservice and Preservice Institute.	Advise and assist the Ministry of Education Planning Commission to achieve adequate planning for current and future needs of teachers and improve and increase teacher enrollment by 60 percent by 1970. Improve design and increase capacity of teacher education buildings by 60 percent by 1970. Establish a new higher teacher education institute to graduate 200 teachers annually and 4 demonstrational normal schools with attached laboratory school. Establish a Bureau of Inservice Teacher Education and increase paid membership in the National Federation of Teachers Associations from 6,000 to 18,000.	74.0	101.0	----------	6.0	181.0	Do.
Participant language training	Ministry of Education	To assist the development of the Foreign Language Institute including the establishing of an intensive English language training program, the training of Turkish teachers, and the preparation of textbooks and other materials.	----------	----------	985.0	----------	985.0	Do.
School design and construction	do	Complete by 1964 the development of the architecture bureau of training personnel in the Undersecretariat for Technical and Vocational Education which will design and plan school buildings using modern methods. Develop capacity of Ministry of Education to formulate long-term plans to improve education facilities.	5.0	4.0	----------	----------	9.0	Do.
Vocational and trade school	Technical Teacher College, Ankara Trade Institute, Ministry of Education.	To advise and assist the Ministry of Education in a new type vocational school for auto maintenance, and related training to serve the Turkish economy for skilled and semiskilled personnel in these fields.	----------	----------	2,091.0	206.0	2,297.0	Do.
Technical and vocational education.	Undersecretariat, Ministry, Technical Teacher Training College, Commercial Teacher Training College, secretarial and hotel schools, and girls vocational school.	To advise and assist the Ministry of Education in Turkey, technical and vocational education and training with specific targets to be achieved by fiscal year 1967: Increase teaching staff; improve vocational teacher training colleges, commercial and secretrial, hotel and commercial schools, technical education for girls, and long-range planning.	109.0	52.0	----------	14.0	175.0	Do.

See footnotes at end of table.

Education programs, 1955–63—Continued

TURKEY—Continued

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Education services	Planning Commission, Ministry of Education.	To establish a full-time planning board and formulate comprehensive, long-term plans of improvement in education by 1964. To improve planning techniques of Turkish staff so they can work independently of advisers. Increase ministry officials of competence in policy, planning, understanding for modern educational practices, and influential in Ministry. Improve coordination. Increase supply of educational equipment.	5.0	64.0	----------	----------	69.0	None.
Research, measurements, and statistics.	Research and Measurements Bureau, Ministry of Education.	To develop in the Bureau an effective working pattern established on sound legal and financial basis. To introduce research methods and points of view. To develop and publish handbooks, reports, etc. To improve coordination of efforts in research and evaluation within and between ministries.	42.0	90.0	----------	5.0	137.0	Do.
Audiovisual education	All institutes, Ministry of Education.	During fiscal years 1962–64 develop a system of inservice training and seminars; a system of teacher training in audiovisual utilization. To establish a curriculum committee. To install production equipment and train operation personnel in regional audiovisual materials distribution centers.	39.0	35.0	----------	20.0	94.0	Do.
Educational materials development.	All departments, Ministry of Education.	To establish a Materials Development Center within the Ministry to train writers, artists, editors, and other book production techniques.	43.0	46.0	----------	8.0	97.0	Do.

Public administration (University of Ankara) completed.	University of Ankara, Commercial Teacher Training Center.	Provided assistance to the University of Ankara Faculty of Political Science and Faculty of Law in developing a sound basic education and training program for future public officials, and a legal and legislative research bureau. Assistance also provided to Commercial Teacher Training Center.	----------	14.0	753.0	----------	767.0	Do.
Administrative teaching institutes.	Middle East Technical University, Ankara University, University of Istanbul, Institute of Public Administration.	Provides assistance in introducing and improving the teaching content of modern administration techniques.	17.0	55.8	348.0	25.0	445.8	Do.
General education services	Ministry of Education	Advise and assist the Ministry through a program of cooperative action in the formulation and implementation of a comprehensive, coordinated, long-term plan designed to broaden the base, elevate the level, and improve the quality of Turkish education so that it may more effectively support large-scale economic development, facilitate the exercise of democratic processes, and in other ways strengthen Turkey.	352.0	789.0	----------	573.0	1,714.0	Do.
Total			703.0	1,200.8	4,177.0	1,554.0	7,694.8	
Local currency (counterpart) dollar equivalent.							8,110.0	
YEMEN								
Special scholarships (Lebanon)	American University of Beirut, Choueifat National College of Beirut, and Gerard National Evangelical Institute, Sidon, Lebanon.	Provide professional, college preparatory and technical training required to assist the economic development.	----------	232.0	----------	----------	232.0	None.

[1] See last project listed for more concerning Kabul University.
[2] Breakdown not available.
[3] Christian affiliations.

Education programs—Africa and Europe (1955–63)

[In thousands of dollars]

Country	U.S. technicians	Participants	Contract services	Commodities	Total
Burundi: Usumbura		51.			51.0
Cameroon: Yaoundé	74.0	22.0		95.7	191.7
Congo Republic: Brazzaville			65.0	200.0	850.0
Congo, Republic of: Léopoldville	45.0	1,042.7	990.4	619.8	2,697.9
Dahomey: Cotonou				105.0	105.0
Ethiopia: Addis Ababa	2,856.0	1,198.0	9,960.0	618.0	17,470.0
Gabon: Libreville				535.0	535.0
Ghana: Accra	236.0	13.0	9.0	66.1	324.1
Guinea: Conakry		110.0	4,073.3		4,183.3
Ivory Coast: Abidjan			135.0	72.0	207.0
Kenya: Nairobi			402.7	175.0	577.7
Liberia: Monrovia	1,163.0	517.0	8,703.0	1,525.0	11,908.0
Libya: Tripoli	1,297.0	358.0	488.0	448.0	2,591.0
Malagasy: Tananarive	11.7			14.7	26.4
Mali: Bamako		202.0	1,170.0	46.0	1,418.0
Morocco: Rabat	126.0	122.0	248.0	348.5	844.5
Niger: Niamey		52.1			52.1
Nigeria: Lagos	1,119.0	692.0	15,577.0	1,634.0	19,022.0
Rhodesia and Nyasaland: Salisbury	132.7	6.4	1,053.9	697.4	1,890.4
Senegal: Dakar				1,957.0	1,957.0
Sierra Leone: Freetown	85.0	66.0	971.0	746.0	1,868.0
Somalia: Mogadiscio	134.5	359.9	87.0	1,147.6	1,729.0
Spain: Madrid		112.0	101.0		213.0
Sudan: Khartoum	787.0	1,352.0	3,679.0	1,406.0	7,224.0
Tanganyika: Dar es Salaam	5.0	18.0	1,271.0	20.0	1,314.0
Tunisia: Tunis	69.0	171.0	1,332.0	438.0	2,010.0
Uganda: Kampala			5,299.9	53.2	5,353.1
Upper Volta: Ouagadougou			140.0		140.0
Yugoslavia: Belgrade	8.9			295.6	304.5
Regional [1]			10,737.0	210.0	10,947.0
Africa and Europe loans			6,974.1	2,726.0	9,600.1
American School of Tangier					[2] 200.0
Regional total	8,149.8	6,465.1	74,052.3	14,934.2	107,804.8

[1] Represents mainly support to Kenya, Uganda, and Tanganyika.
[2] 1959.

Education programs, Africa regional, 1955–63

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Royal College Engineering School.	Royal College (Kenya)	To assist in the development of the University of East Africa by providing the engineering school with certain laboratory equipment.				120.0	120.0	None.
Secondary teacher training and supply.		Support the efforts of Kenya, Tanganyika, Uganda, Zanzibar, and the United Kingdom to alleviate the shortage of teachers in East Africa.			4,300.0		4,300.0	Do.
African regional education/training.		Provide education support opportunities for political refugees residing in Tanganyika.			335.0		335.0	
Veterinary school	Royal College (Kenya)	Support the east African government's efforts to develop and strengthen the University of East Africa. The establishment of the veterinarian school will provide a 4-year professional course.			555.0	90.0	645.0	Do.
African graduate scholarship program.		Assist Africans after graduation with scholarships for advanced studies. Primarily for the replacement of expatriate teachers. Tuitions paid for by the African-American Institute by their scholarship gifts, and by the cooperating American universities, foundations, and other private sources.			150.0		150.0	Do.
African-American scholarship programs of American universities.		Support the efforts of American educational institutions in their provision of scholarships to African students. 200 American colleges participate.			5,397.0		5,397.0	Do.
Total					10,737.0	210.0	10,947.0	

Development loans, regional, 1955–63

LIBERIA

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Monrovia Junior and Senior High School.	Monrovia consolidated school system administered by Government of Liberia under department of education.	To assist in financing foreign exchange and local costs of procurement in the United States and Liberia for equipment, materials, and services required to construct and equip a high school of 10 buildings accommodating 1,200 students in a single session.	----------	----------	1,270.0	430.0	1,700.0	None.
MALI								
Higher teacher training and pedagogic.	Higher teachers training college.	To assist in financing the foreign exchange costs in the United States and local costs in Mali for the procurement of materials and services required for the building a higher teacher training college and pedagogic institute consisting of 8 buildings producing 60 secondary teachers and 20 primary school supervisors annually.	----------	----------	1,582.1	518.0	2,100.1	None.
TANGANYIKA								
Tanganyika University College.	Government of Tanganyika on behalf of university. College of University of east Africa.	Construction of classroom blocks, refectory and library of University College.	----------	----------	460.0	340.0	800.0	None.
Tanganyika Teacher Training College.	Government of Tanganyika Teacher Training College, Dar-Es-Salaam.	Assist in financing the foreign exchange costs in the United States and the local costs in the east Africa currency area for the procurement of materials and services to build a teacher training college in Dar-Es-Salaam to accommodate 200 students.	----------	----------	544.0	256.0	800.0	

TUNISIA								
Tunisia, University of Tunis.	Government of Tunisia for University of Tunis.	Finance the foreign exchange costs in the United States for the procurement of the materials and services to construct and equip the School of Law, Economics, and Business Administration of the University of Tunis which will provide for 1,800 students and later expansion to 3,000.	----------	----------	1,152.0	748.0	1,900.0	None.
UGANDA								
Uganda secondary schools	Government of Uganda on behalf of 11 secondary schools operating under its direction.	To assist in financing the foreign exchange costs in the United States and the local costs within the east Africa currency area for the procurement of materials and services required for the expansion of 11 secondary schools by 1,538 additional school places.	----------	----------	1,966.0	434.0	2,400.0	7 of 11 schools receive support from religious institutes but operate under the Ministry of Education's directions.
Total			----------	----------	6,974.1	2,726.0	9,600.1	

Education programs, 1955–63

BURUNDI

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Marketing and economic development study; public safety.	None	30 training grants available to the Burundi Government were presented as an independence day gift from the U.S. Government. Their purpose is to provide short and concentrated periods of study and observation in the United States for selected groups of Burundi officials. The participants will return to positions of influence in their Government. Wherever possible, Burundi participants are grouped with their Congolese counterparts. This is done mainly for reasons of economy; i.e., the high cost of providing interpreters in the United States.	0	51.0	0	0	51.0	None.
CAMEROON								
Annual training, southern Cameroon.	Government teacher training college, Kumba.	Train primary school manual training teachers.	20.0	0	0	18.7	38.7	None
Vocational education, west Cameroon.	Government trade center, Ombe.	Provide postprimary vocational education	54.0	22.0	0	77.0	153.0	Do.
Total			74.0	22.0		95.7	191.7	

CONGO (BRAZZAVILLE)

Vocational and technical training.		To assist the Congo, through participant training, in reducing its dependence on Europeans and nationals of other African states for skills either deficient or completely lacking in the country today.	0	0	650.0	0	650.0	None.
Lycee technique	Lycee Technique de Brazzaville.	To provide commodities in the form of shop equipment to replace wornout items in existing shops in expanding facilities in the Lycee Technique to assist the Congo in increasing the number of skilled workers and technicians available to the nonagricultural segment of the labor force. This is only school in country which trains workers at both the craft and technical level. Expansion is imperative to meet the consistantly greater demand than supply of skilled workers.	0	0	0	200.0	200.0	Do.
Total					650.0	200.0	850.0	

CONGO (LÉOPOLDVILLE)

National Pedagogic Institution.	National Pedagogic Institution.	The school was established to function as a 2-year normal school with a special preparatory year for the particular training needs of inservice teachers.	45.0			85.0	130.0	None.
English language training	Congo-American Language Institution.	To provide a field team of six French-speaking English language specialists, who have established and operate an English language training center for instructors and teachers, and students, Government officials, participants, a cadre of Congolese to "take over" the project.			661.4	250.8	912.2	Do.
Congo Polytechnical Institution preuniversity training.	Congo Polytechnical Institution.	To prepare students for university matriculation.			204.0		204.0	Minor affiliations with Protestant missions.
Educational training		Upgrade the educational qualifications by providing inservice training.		858.6			858.7	None.
Training development	Lovanium University	Participant training project to upgrade qualifications, also to assist in construction of dormitory.		184.0	125.0	284.0	593.0	Catholic.
Total			45.0	1,042.7	990.4	619.8	2,697.9	

Education programs, 1955–63—Continued

DAHOMEY

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Technical education	Lycee Technique	To assist the technical school to provide actual workshop training in order to prepare the skilled labor necessary for development. The project consists of providing shop material which allow proper training such as lathes, milling machines, shapers, engine testing machines, etc.	0	0	0	65.0	65.0	None.
Agricultural extension and education.	Agricultural training center at Ina.	To train agricultural extension agents. To provide certain essential agricultural tools, including shop equipment and training aids.	0	0	0	40.0	40.0	Do.
Development of agricultural cooperatives.	Agricultural school at Porto Novo.	To provide training in cooperative leadership. 1 technician to teacher. Certain training aids will be supplied.	0	0	0	0	0	Do.
Total						105.0	105.0	

ETHIOPIA

Education administration and program development.	Ministry of Education	Providing assistance to officials in the Ministry in respect to personnel administration, educational financial practices and school organizations. Support to development of curriculum and teacher education and provision of elementary school textbooks along with commodities for secondary and elementary schools.	213.0	204.0	176.0		831.0 [3](238.0)	None.
Haile Selassie I University	Haile Selassie I University	Establishing Haile Selassie I University as a national university of Ethiopia through support for construction, staff salaries, teaching materials, and participant training.	31.0		1,053.0	113.0	1,237.0 [3](40.0)	Do.

Vocational trade school, Eritrea.	Ministry of Education	Provide additional classroom space by remodeling the study hall, removing the partitions and extending the woodshop building; selective equipment was also furnished.			7.0	21.0	28.0	Do.
Public health college and training center.	Haile Selassie I University and Ministry of Public Health.	To train public health teams at the public health college in Gondar for services in small rural communities and train national administrative and teaching personnel in requirements for establishing health departments and carrying on a national public health program.	618.0	88.0			930.0 [a] (224.0)	Do.
Cooperative education teacher training.	Ministry of Education	To provide the necessary facilities and equipment to aid in training middle school teachers for grades 5 to 8.	278.0			208.0	489.0 [a] (3.0)	Do.
Professional and higher education.	do	Affording professional training to outstanding Ethiopians in economics, sociology, administration, and other fields to serve as a cadre to develop statistical and research materials.		96.0			96.0	Do.
Education general support	do	To provide general support to educational projects and furnishing of administrative experience to Ministry of Education officials.	274.0	16.0		7.0	347.0 [a] (50.0)	Do.
Vocational trade education	do	Establishment of a firm and permanent trade schools system in Addis Ababa and Asmara through teacher and curriculum development. The schools offer practical shop training in electricity, carpentry, masonry, and plumbing.	531.0	171.0			715.0 [a] (13.0)	Do.
Higher education survey	Haile Selassie I University	Survey of status of higher education and presentation of a long-range plan for skilled manpower requirements in such areas as engineering, teacher and medical education, business administration, liberal arts and science.			66.0		66.0	Do.
Education cooperative service.	Ministry of Education	Provision of operating support to certain educational projects in such fields as teacher education, womens' education, and educational administration.					1,953.0 [a] (1,953.0)	Do.
Provincial education	do	Expansion of educational opportunities in rural areas, distribution of instructional materials, and betterment of administration in school districts.	115.0	11.0			126.0	Do.
Technical high school, Debre Zeit.	do	Provision of equipment and supplies for support of a 5-year course in engineering science, technical drawing, mechanics, and engineering.				60.0	60.0	Do.
Handicraft school	Her Imperial Majesty's Handicraft School.	Upgrading technical skills		6.0			6.0	Do.

[a] Represents general support not otherwise divisible.

Education programs, 1955–63—Continued

ETHIOPIA—Continued

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Ethiopian teacher education.	Ministry of Education	Implementation of skills and knowledges in teacher training program.	34.0				37.0 [3] (3.0)	None.
Ethiopian women's education.	do	Implementation of education facilities concerned with women's education.			62.0		62.0	Do.
Cooperative education	do	Raising standards of education at all levels, particularly opportunities for youths and adults through increasing teacher trainining, development of new curriculum, expanding the use of English and introduction of textbooks and visual aids.	293.0	85.0			397.0 [3] (19.0)	Do.
Community education	do	Provision of an American specialist and training for an Ethiopian teacher for participation in the community development program of the Debre Berhan training program.	16.0	8.0			24.0	Do.
Curriculum development	do	Development of instructional materials through production of textbooks, journals, guides, and other educational materials in English and Amharic, and improvement of curriculum in Government schools.	84.0	21.0			105.0	Do.
Women's education	do	Demonstration at a vocational school in Addis Ababa of the value of providing educational opportunities for the female sex. Project covers all phases of school operation including curriculum, plant operation, supply management, work opportunities, and emotional control on the job.		10.0		44.0	58.0 [3] (4.0)	Do.
Teacher education and school demonstration.	do	To provide advisory services to Ministry of Education teacher education programs and carry out demonstration programs through pilot trade schools in Addis Ababa and Asmera. In addition, project introduced specific school techniques in provincial education training administration, supervision, and curriculum at 50 primary, middle, and secondary schools.	275.0	112.0		11.0	465.0 [3] (67.0)	Do.

Agricultural education, research and extension.	Haile Selassie I University and Ministry of Agriculture.	Through contract establish a system of agricultural education to produce trained agriculturists needed for an extension service and improvement of Ethiopian agricultural production. Specific units assisted were Imperial Ethiopian College of Agricultural and Mechanical Arts, the agricultural technidal school at Jimma and the agricultural station in Debre Zeit.	----------	281.0	8,596.0	154.0	9,255.0 [3] (224.0)	Do.
Teacher education	Ministry of Education	Expansion in improvement of preservice and inservice teacher education and providing general advisory services to the Ministry of Education. Specific objectives include making available sufficient Ethiopian teachers to replace foreign secondary teachers and furnish present teachers with the incentive and know-how to utilize their classrooms as vehicles for community betterment.	94.0	89.0	----------	----------	183.0	Do.
Total	----------	----------	2,856.0	1,198.0	9,960.0	618.0	17,470.0	
Local currency (counterpart) dollar equivalent.	----------	----------	----------	----------	----------	----------	203.0	
GABON								
Rural school construction	Government of Gabon	To assist in plans to construct primary school buildings and teachers' houses in rural areas.	----------	----------	----------	500.0	500.0	Some Catholic and Protestant, but all under supervision of Government.
Mechanics training school	Lycee Technique, Government of Gabon operated.	To provide much needed training equipment for the diesel engine and motor vehicle mechanics' section of the Gabonese Technical Training School.	----------	----------	----------	35.0	35.0	None.
Total	----------	----------	----------	----------	----------	535.0	535.0	
GHANA								
Manpower training	University of Ghana	To improve public administration through academic training and participant training in the United States.	----------	----------	----------	1.1	1.1	None.
Agricultural education	Farm institutes of the Government of Ghana at Asuansi, Kwadaso, and Wenchi.	To provide training for both professional and nonprofessional people in agriculture through regularly organized training schools and special courses in agricultural colleges.	236.0	13.0	9.0	65.0	323.0	Do.
Total	----------	----------	236.0	13.0	9.0	66.1	324.1	

[3] Represents general support not otherwise divisible.

Education programs, 1955–63—Continued

GUINEA

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Industrial and vocational training.	Technical vocational school.	To aid in satisfying an urgent need for skilled workmen in such crafts as auto mechanics, general mechanics, electricity, electronics, machine shop operation, and telecommunications.	----------	----------	1,180.0	----------	1,180.0	None.
English language training	Ministry of Education	To prepare Guineans to communicate in the English language which is necessary for Government, trade, and foreign relations in the world.	----------	110.0	500.0	----------	610.0	Do.
Developmental training	Guinean Government	To provide essential training for Guineans in areas where no local training facilities exist.	----------	----------	2,068.3	----------	2,068.3	Do.
National School of Administration.	National School of Administration.	The development of a program to upgrade public and business administration at all levels of government.	----------	----------	325.0	----------	325.0	Do.
Total			----------	110.0	4,073.3	----------	4,183.3	
IVORY COAST								
English language training	Superior Normal School	To increase English language competence among prospective Ivoirian teachers of English.	----------	----------	----------	20.0	20.0	None.
Animal husbandry school	Bingerville Animal Husbandry School.	To provide facilities for training of animal husbandry men, veterinary assistance, and extension agents.	----------	----------	135.0	52.0	187.0	Do.
Total			----------	----------	135.0	72.0	207.0	Do.

KENYA								
Nakuru secondary technical school.	Nakuru Secondary Technical School.	To assist the Government of Kenya to close the middle-level manpower gap. Most of the graduates are employed by industry or commerce upon graduation.	----------	----------	----------	55.0	55.0	None.
Royal College Nairobi	University of East Africa	To help East Africa meet need for locally trained technologists.	----------	----------	3.3	120.0	123.3	Do.
North Nyanza education development.	Chavakali Day Secondary School.	To strengthen day school concept and introduce vocational agriculture and industrial arts into secondary curriculum.	----------	----------	399.4	----------	399.4	Society of Friends.
Total			----------	----------	402.7	175.0	577.7	
MALI								
Vocational training	Lycee Technique and Ecole des Travaux Publics.	To develop a science laboratory technical center which will train middle-level technical and trade school instructors, upgrade technical training and science teaching, and provide in-service training for technical and skilled workers in Government agencies and enterprises.	----------	----------	620.0	----------	620.0	None.
Higher teacher training	Ecole Normale Superieure	To expand and improve education through construcion of facilities to train teachers and supervisors. Develop a pedagogical institution which will develop training programs, conduct research, etc.	----------	----------	550.0	----------	550.0	Do
Training for development needs.	None	To meet most urgent needs for trained manpower through United States and third country participant training, and certain essential support commodities.	----------	202.0	----------	46.0	248.0	Do.
Total			----------	202.0	1,170.0	46.0	1,418.0	
MALAGASY								
Agricultural extension	College Rural de Madagascar.	To develop courses in agricultural extension, covering all phases of such work, as part of the curriculum at the above-mentioned agricultural college. In addition an in-service-training program will be conducted for agricultural technicians now in field, mainly in form of short courses. All training will emphasize the practical side on how to put theory to work.	11.7	0	0	14.7	26.4	None.
Total			11.7	----------	----------	14.7	26.4	

Education programs, 1955–63—Continued

MALAGASY—Continued

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Vocational education	Booker Washington Training Institute.	To establish a self-sustaining 6-year high school to train teachers and students in basic vocational skills.	283.0	57.0	2,631.0	257.0	3,228.0	Nondenominational.
Educational administration		To improve the administration of education at the departmental and local district levels through the Government of Liberia.	41.0	6.0		13.0	60.0	None.
Rural teacher training	Zorzor Teacher Training Institute, and Kakata Training Institute.	Establish institute for the training of rural elementary teachers.	245.0	220.0	1,907.0	317.0	2,689.0	Nondenominational.
Monrovia consolidated school system.	All Monrovia schools	To assist in the development of a consolidated school system for Monrovia.		70.0	2,152.0	388.0	2,610.0	None.
Professional and higher education.	University of Liberia and Cuttington College.	Assist in the upgrading and expansion of teaching services and facilities at these 2 colleges.		100.0	1,497.0	108.0	1,705.0	Nondenominational; Episcopal (Cuttington).
Rural school development	Schools in the interoir	Develop schools in Zorzor, and Sanniquellie	90.0	2.0	150.0	323.0	565.0	None.
Department of Public Instruction, Administration, and Training.	Government of Liberia	To improve the administration of the department of education.	126.0	15.0		54.0	195.0	Do.
Government Reorganization and Management Development.	do	To improve administration of education at national, county, and district levels.	266.0	47.0		52.0	365.0	Do.
Regional area development		Develop and establish adequate public services in rural areas, including school construction and administration.	112.0		366.0	13.0	491.0	Do.
Total			1,163.0	517.0	8,703.0	1,525.0	11,908.0	

LIBYA

Teacher education		To train teachers to carry out the upgrading of the Libyan schools.	363.0	98.0		89.0	550.0	None.
School construction	Schools throughout Libya	Assist Libya in the development of needed classrooms.	49.0			164.0	213.0	Do.
Instructional materials	Schools and libraries throughout Libya.	Provide assistance in the acquisition and programed use of instructional curriculum materials for elementary, secondary, and preparatory schools.	184.0	11.0		31.0	226.0	Do.

Joint services support	Libyan joint services structure.	Provided funds for U.S. technicians whose responsibility in the education field were larger than a single project and for general operating expenses of the joint Libyan-American services education projects.	211.0				211.0	Do.
Technical and vocational education.	Technical and vocational institute in Libya.	Provide funds and technicians for the development of vocational training in agriculture, technical trades, and commercial education to help provide a needed pool of skilled and semiskilled workers.	422.0	65.0		88.0	575.0	Do.
Higher education	Teacher-training schools, vocational, and trade schools.	Provide participant training activities in education.	68.0	181.0			249.0	Do.
University of Libya	University of Libya	Assist the Government of Libya in developing the 1st institution of higher learning.		3.0	488.0	76.0	567.0	Do.
Total			1,297.0	358.0	488.0	448.0	2,591.0	
MOROCCO								
Rural education	Regional teaching-training school, College Ibn Bacal, Mechra Bel Ksiri, administered by Ministry of National Education.	To prepare teachers for rural elementary schools; to demonstrate teaching methods; to introduce and test instructional materials; to design a teacher training curriculum; and to provide inservice vacation seminars.	126.0	122.0	0	25.0	273.0	None.
Skilled workers training center.	Cite Mohammedia, Center in Casablanca—administered by Ministry of Labor and Social Questions.	To provide U.S. know-how in the training of Moroccan skilled workers for its industry. 1 year of specialized courses are being provided in many fields.	0	0	248.0	323.5	571.5	Do.
Total			126.0	122.0	248.0	348.5	844.5	
NIGER								
English language training		Secondary school student studied English on an intensive basis during his summer vacation, intending to teach at a later date.		1.3			1.3	None.
Do		4 students studied English at Ouagadougou.		2.8			2.8	Do.
Technical scholarships		Niger students to receive college-level scholarships for study in technical subjects in the United States.		48.0			48.0	Do.
Total				52.1			52.1	

Education programs, 1955–63—Continued

NIGERIA

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Vocational technical education.	Ibadan Technical College	Designed to assist in meeting the problem of manpower shortage.	35.0	70.0	970.0	85.0	1,160.0	None.
Comprehensive secondary schools.	Aiyetoro Comprehensive Secondary School and Port Harcourt Comprehensive Secondary School.	To develop a demonstration comprehensive secondary school in each of the 3 regions of Nigeria. 2 are now in process of development.	----------	----------	2,547.0	445.0	2,992.0	Do.
University of Nigeria	University of Nigeria	Designed to assist Nigeria to develop a total university based on the land-grant philosophy.	46.0	45.0	3,620.0	25.0	3,736.0	Do.
Teacher training	Federal Advanced Teachers College, Kano Teacher Training College, and Olunloyo College of Education.	To develop a comprehensive program of teacher training for Nigeria. To develop trained teachers capable of performing as the nucleus staff or cadre for both existing and future teacher training institution.	237.0	----------	4,002.0	28.0	4,267.0	Do.
Educational planning	Ministry of Education in eastern, northern, western Nigeria and the Federal Ministry of Education.	Provides advisory and planning services, conducts special training and makes across-the-board studies to supplement assistance in individual educational projects.	314.0	142.0	----------	7.0	463.0	Do.
Northern Nigeria Teacher-training support.	Ministry of Education, northern Nigeria.	Designed to provide a study of the entire educational structure of the northern region with particular emphasis on defining the needs involved in training primary teachers.	----------	----------	46.0	----------	46.0	Do.
Agricultural education	Umudike School of Agriculture; School of Agriculture, Moor Plantation; School of Agriculture, Akure; Samaru School of Agriculture; Mando Road Veterinarian school; School of Agriculture; and various farm training centers.	Provide assistance to the regions in developing agricultural training centers for Govment employees and farmers.	232.0	281.0	739.0	914.0	2,166.0	Do.

University agricultural education.	Ahmadu Bello University, University of Ife.	To establish a college of agriculture and a college of veterinary medicine in the Ahmadu Bello University at Zaria. To develop a college of agriculture and home economics a sa functional part of the University of Ife, West Nigeria, so as to accommodate 400 students in agriculture and 100 in home economics, and to coordinate research and extension with resident instruction.	14.0	17.0	1,405.0	----------	1,436.0	Do.
University publication and business administration.	Zaria Institute of Administration, University of Lagos.	Development of a college of commerce and business. To provide opportunities for business and Government employees to upgrade their competence.	9.0	9.0	1,322.0	17.0	1,348.0	Do.
Communications resources support.	Ministry of Education, Western Nigeria; Ministry of Education, Eastern Nigeria; Ministry of Education, Northern Nigeria; and Ahmadu Bello University.	To improve communications skills relating to education. Through a contract with Indiana University, the training of personnel and the development of teaching materials is underway in each of the 3 regions.	157.0	123.0	580.0	113.0	973.0	Do.
Radio and TV education	Ministry of Education of Federation of Nigeria, Northern Nigeria, Eastern Nigeria, and Western Nigeria.	To improve the utilization of available instructional broadcasts to explore additional uses of radio-television in activities among the several governments, and to provide a level of experimentation and evaluation sufficient to permit responsible officials to base policy decisions on tangible evidence.	75.0	14.0	346.0	----------	435.0	Do.
Total			1,119.0	692.0	15,577.0	1,634.0	19,022.0	
RHODESIA AND NYASALAND								
Polytechnic school	Nyasaland Polytechnic, Nyasaland.	To provide for planning and construction of buildings including equipment for train-Africans at the middle manpower level and to assist with the planning and conducting of a program of instruction in technical and vocational subjects.	----------	----------	570.0	536.0	1,106.0	None.
Education survey	Ministry of Education	To survey Nyasaland's needs for education and training institutes; make an assessment of the curriculums in terms of these needs; prepare a time-phased and cost analysis statement of priorities in meeting the educational needs.	----------	----------	150.0	----------	150.0	Do.
Secondary teacher and supply	Soche Training College, Nyasaland.	To assist the Nyasaland Government with the development of inservice and preservice programs at selected teacher's colleges for secondary school teachers.	34.5	----------	----------	----------	34.5	Do.

Education programs, 1955–63—Continued

RHODESIA AND NYASALAND—Continued

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Teacher training	Chalimbana Teacher-Training College, and Kitwe Teacher Training College, Northern Rhodesia.	To provide advisory services in the improvement of teacher education—preservice and inservice—at key teacher-training colleges, and to assist the Central Inspectorate of the Ministry of African Education with the upgrading of teachers in service.	98.2			1.0	99.2	None.
College of Further Education	College of Further Education, Northern Rhodesia.	Provide for planning and construction of buildings and equipment for training purposes and to provide technical assistance with planning and conducting the program of instruction.			292.2		292.2	Do.
Teacher training	Senka Teacher Training College, Southern Rhodesia.	Provide for planning and construction of buildings including equipment for training African teachers for upper primary and junior secondary schools.				160.4	160.4	Do.
Technical education	Hodgson Technical College, Northern Rhodesia.	To give assistance to the Hodgson Technical College and other technical schools in the development and application of new methods and techniques of technical training.			41.7		41.7	Do.
Vocational training for girls	African Women's Home Economics and Commercial School, Northern Rhodesia.	To provide training for the principal of the women's vocational education for women.		1.4			1.4	Do.
Graduate training in economic development.	Native Affairs Department, Government of Southern Rhodesia.	Provide graduate training in economic development for career civil servants of Southern Rhodesia.		5.0			5.0	Do.
Total			132.7	6.4	1,053.9	697.4	1,890.4	

SENEGAL

Secondary school	Kaolack, Jeunes Filles de Dakar, Thies; Ministry of National Education.	To construct 3 lycees, a lycee for girls in Dakar and coeducational lycees in Kaolack and Thies. When completed these new schools will be able to handle 4,000 students, but this particular project commits the U.S. Government to building the 1st of 2 self-contained units for each lycee.				1,957.0	1,957.0	None.
Total						1,957.0	1,957.0	

SIERRA LEONE

Rural education improvement.	38 secondary schools throughout Sierra Leone of which 32 are established and operated by foreign religious missions without discrimination to qualify for GSL assistance and 6 Government teacher-training schools; Freetown and Kenema Technical Institutes; dKissy Trade School.	Increase number and improve quality of teachers aiming toward universal free primary education by 1980; improve capacities of technical institutes and Fourah Bay College to produce qualified technicians.	85.0	66.0	163.0	316.0	630.0	Various foreign missions.
University College, Fourah Bay.	Fourah Bay College, Freetown.	Promote capacity of Fourah Bay College to participate in leadership and direction of social and economic development of Sierra Leone and west Africa.	0	0	250.0	302.0	552.0	None.
Rural training institute	Rural Training Institute, Kenema.	Create an institution to provide opportunity to unschooled rural youths to acquire skills facilitating constructive social and economic transition from essentially tribal to modern rural life.	0	0	489.0	79.0	568.0	Do.
Technical and vocational training in Sierra Leone.	Technical institutes, Freetown and Kenema; secondary technical schools, Magburaka and Kenema.	Promotion of technical and vocational skills at the secondary level.	0	0	69.0	0	69.0	Do.
Technical education, Fourah Bay College.	Fourah Bay College, Freetown.	Furnish school-related supplies to improve effectiveness of college.	0	0	0	49.0	49.0	Do.
Total			85.0	66.0	971.0	746.0	1,868.0	

Education programs, 1955–63—Continued

SOMALIA

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Education	Intermediate and secondary schools.	To improve teacher education through a program of participant training and to improve teaching, particularly in science and mathematics.	108.1	63.9		22.5	194.6	None.
Assistance to the higher institute of law and economics.	Higher institute of law and economics.	To assist the institute by providing books and office equipment.				9.8	9.8	Do.
Scholarship program		To provide university education for a selected group of secondary school graduates.		72.0			72.0	Do.
Teacher-training institute	Teacher-training institute	To build the necessary facilities for a school of 200 students and to assist in creating the best teacher-training institute in the country.	1.4	224.0	87.0	1,085.3	1,397.6	Do.
English language training		To provide English training for participant nominees and prospective participants.	25.0			30.0	55.0	Do.
Total			134.5	359.9	87.0	1,147.6	1,729.0	

SPAIN

Technical education study	Trade and industrial schools independent from the Spanish Ministry of Education.	To provide training in United States to professors from above schools.	0	31.0	0	0	31.0	None.
Industrial Management School.	The Industrial Managment School is independent from the Ministries of Educatio n and Industry. Its role is to provide 6-month courses for bus iness managers and executives and conduct seminars and special short courses on specific management and administration topics.	This project provided training to Spanish professors or prospective professors of the school and furnished the services of U.S. technicians to assist in developing the curriculums and teaching techniques and conduct seminars and special courses.	0	81.0	101.0	0	182.0	Do.
Total				112.0	101.0		213.0	

SUDAN

Manpower surveys	Ministry of Labor, Government of Sudan.	To survey manpower needs and training requirements resulting therefrom. There will be important impact on the educational program that will involve the Ministrry of Education.						None.
Adult trade training	do	To have an expansion of the Ministry of Labor Vocational Training Center. However, the West German Government offered to provide technical assistance in this area and the U.S. AID withdrew.		4.0			4.0	Do.
Technical education	Khartoum Senior Trade School. Assistance in construction and equipment of 20 technical schools under the Ministry of Education.	To provide facilities for the training of 1,500 skilled and semiskilled workers a year by 1970. To provide 100 teachers and supervisors a year through participant and local training. To upgrade teaching staff in technical and vocational education.	675.0	1.2	2.2	1.3	5,465.0	Do.
Training against 10-year plan manpower needs.	Government of Sudan	To provide specialized training to upgrade upper and middle level civil servants who have direct responsibility for planning or implementation of activities within 10-year plan.		14.0			14.0	Do.
Elementary educational teacher training.	6 teacher-training institutions: Bakht-er-Ruda, Maridi, Shendi, Dilling, Omdurman, and Wad Medani.	To improve quality and quantity of trained Sudanese elementary school teachers to meet needs envisaged under 10-year plan.	16.0	85.0	1.1	48.0	1,269.0	Do.
School architectural services	Ministry of Education, Government of Sudan.	To set up a building unit in the Ministry of Education capable of planning school buildings, both on the basis of standard plans and specific adaptations to local situations, with special attention to the economies of possible use of low cost, locally available materials.			250.0		250.0	Do.
Curriculum materials	do	To provide facilities to prepare and produce all audiovisual materials, charts, maps, etc., needed by Ministry of Education; also copies of textbooks and pamphlets to be used on a pilot basis.	21.0		80.0	46.0	147.0	Do.
Education development assistance.	do	To give general overall advisory service to the Government of Sudan in planning and implementing its educational program.	75.0				75.0	Do.
Total			787.0	3,352.0	3,679.0	1,406.0	7,224.0	
Local currency (counterpart) dollar equivalent.							2,918.0	

Education programs, 1955–63—Continued

TANGANYIKA

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Teacher training	Teacher-training schools in Dar-es-Salaam, Mpwapwa, Butimba.	Expand and improve teacher-training facilities and methods.	5.0		607.0	20.0	632.0	None.
Agricultural college		Establish institution to provide diploma education in agriculture.		18.0	664.0		682.0	Do.
Total			5.0	18.0	1,271.0	20.0	1,314.0	
TUNISIA								
University of Tunis	University of Tunis	Build, staff, equip a school of law, Business administration, and economics.	50.0	129.0	219.0		398.0	None.
English language training	Bourguiba Institute of Living languages.	Teach modern languages with special emphasis on English.			13.0	30.0	43.0	Do.
Ariana Occidental Training Center.	Ariana Occidental Training Center.	Establishment of a training center equipped to provide training in fender repair, auto mechanics, diesel mechanics, and agricultural machinery mechanics.	7.0	42.0	254.0	241.0	544.0	Do.
Chott Maria Agricultural College.	Chott Maria Agricultural College.	To assist Government of Tunisia to establish a land-grant type of agricultural college near Sousse.	12.0		846.0	167.0	1,025.0	Do.
Total			69.0	171.0	1,332.0	438.0	2,010.0	
Local currency (counterpart) dollar equivalent.							12,020.0	

UGANDA								
Comprehensive secondary school for girls.	Tororo Girls School, Government.	Provide greater educational opportunities for women of Uganda through construction and operation of new secondary school for girls.	----------	----------	555.3	3.2	558.5	As provided in the program agenda the school will be nondenominational, interfaith, and interracial.
Technical school training	Kampala Technical Institute, Government.	Training of teachers of technical subjects	----------	----------	444.6	50.0	494.6	Kampala Technical Institute is a nondenominational public school.
Secondary teacher training and supply.	Teachers under this project have been assigned to a number of schools in east Africa.	To help meet the critical need for secondary education teachers in east Africa.	----------	----------	4,300.0	----------	4,300.0	None.
Total	----------	----------	----------	----------	5,299.9	53.2	5,353.1	
UPPER VOLTA								
English language center	National School of Administration.	Inservice English language training for Government personnel.	----------	----------	140.0	----------	140.0	None.
YUGOSLAVIA								
Vocational education	Technical schools: Zagreb, Sarajevo, Rijeka, Maribor, and Banja Luka. Engineering facilities: Turzia, Ljubljana, Belgrade, and Zagreb.	Improvement of instruction facilities and training of technicians and engineers.	----------	----------	----------	154.5	154.5	None.
English language training	Language Institutes: Belgrade, Zabreb, Ljubljana, Skopje and Titograd.	To increase and improve instruction in English language.	5.0	----------	----------	74.1	79.1	Do.
Transportation	University of Belgrade, School of Transportation.	To develop faculty and facilities for tra[illegible]g engineers and management personnel.	3.9	----------	----------	67.0	70.9	Do.
Total	----------	----------	8.9	----------	----------	295.6	304.5	
Local currency (counterpart) dollar equivalent.	----------	----------	----------	----------	----------	----------	12.4	

Education programs, Far East, 1955–63

[In thousands of dollars]

	Totals				Total
	U.S. technicians	Participants	Contract services	Commodities	
Burma: Rangoon			300.0	1,000.0	1,300.0
Cambodia: Phnom Penh	778.0	1,063.0	2,781.0	1,023.0	5,645.0
Indonesia: Djakarta	1,999.7	18,581.4	12,636.7	2,513.8	35,731.6
Japan: Tokyo			1,382.0	56.2	1,438.2
Korea: Seoul	1,063.0	979.0	14,201.2	11,707.4	27,950.6
Laos: Vientiane	344.0	301.0	1,891.0	622.0	3,158.0
Philippines: Manila	1,595.7	2,057.6	2,021.7	6,987.5	12,662.5
Taiwan: Taipei	1,124.0	1,187.0	2,065.0	5,070.0	9,446.0
Thailand: Bangkok	1,280.0	1,814.0	11,148.0	862.0	15,104.0
Vietnam: Saigon	1,957.0	4,014.0	1,791.0	4,341.0	12,103.0
American-sponsored schools abroad					275.0
Region total	10,141.4	29,997.0	50,217.5	34,182.9	124,813.8
Local currency (counterpart) dollar equivalent					100,394.0

Grants to American institutions of higher learning abroad under authority of sec. 214(a) of the Foreign Assistance Act of 1961 and 400(c) of Mutual Security Act of 1954, in Far East

	1959–63 total
International School, Djakarta, Indonesia	$125
American School, Singapore, Malaya	150
Total	275

Education programs, 1955–63

BURMA

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Rangoon University, liberal arts.	Rangoon University	Provide additional dormitory, classroom space for increased numbers of liberal arts students who cannot adequately be accommodated in the present campus.			300.0	1,000.0	1,300.0	None.
Total					300.0	1,000.0	1,300.0	
Local currency (counterpart) dollar equivalent							1,674.0	

CAMBODIA

Public School Education	Ministry of Education	Assisting Ministry of Education implement education reforms and improve teaching quality by introducing skill training courses, writing textbooks, demonstrating better methods. Built teacher-training centers, 14 primary schools, 5 secondary schools.	550.0	235.0	553.0	345.0	1,683.0	None.
English language	do	Establish effective English teaching in secondary schools by training teachers, furnishing textbooks, revising curriculum, and furnishing English instructors.	71.0	148.0	1.0	39.0	259.0	Do.
Teacher training	do	Assist Ministry of Education to build, equip, and develop a school able to graduate 266 elementary teachers annually starting in 1969.	6.0		391.0		397.0	Do.
American Friendship School	do	Assist Ministry of Education to build and develop secondary school to graduate annually 90 students fluent in English starting 1969.			358.0		358.0	Do.
National Vocational Technical School.	School of arts	To develop new facilities and curriculum to provide secondary level technical vocational education. Provide equipment and training faculty.	151.0	646.0	10.0	560.0	1,367.0	Do.

Education programs, 1955–63—Continued

CAMBODIA—Continued

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Khmer-American	Khmer-American	Expand small existing school of public works, provide major portion of equipment, classrooms, labs, training faculty.		10.0	1,468.0		1,478.0	None
Food and nutrition training course		Provide training in nutritional sciences		15.0			15.0	Do.
Preparation of textbooks and teaching aids.		Provided teaching aids, bookmobile, supplies, participants, salaries for textbook staffs.		5.0		18.0	23.0	Do.
Fundamental education		Trained 56 community development leaders; furnished educational materials and vehicles.				24.0	24.0	Do.
Improvement of Cambodian school system.		Provided vehicles and streamlined organization of system for provincial supervisors.		4.0		37.0	41.0	Do.
Total			778.0	1,063.0	2,781.0	1,023.0	5,645.0	Do.
Local currency (counterpart) dollar equivalent.							11,046.0	
JAPAN								
Hokkaido University affiliation.	Hokkaido University	To provide advice and guidance in the field of agriculture and promote agricultural research to improve the utilization of upland crops and livestock production.			542.0	56.2	598.2	None.
Waseda University affiliation.	Waseda University	Training in United States of faculty members in industrial engineering and market research.			752.0		752.0	Do.
Keio-Harvard, business administration.	Keio University	To help establish an effective Graduate School of Business, Keio University.			88.0		88.0	Do.
Total					1,382.0	56.2	1,438.2	

INDONESIA

Development of medical colleges.	Airlangga University at Surabaja and University of Indonesia at Djakarta.	To develop medical faculties that would improve the quality and increase the number of physicians and medical specialists. This has and is being done through contracts with the University of California to assist in revising the curriculums, improving teaching facilities, and training teachers. The University of Indonesia program has been completed.	31.0	6,374.0	2,281.0	797.0	9,483.0	None.
Development of engineering colleges.	Institute of Technology at Bandung and University of Gadjah Mada at Jogjakarta.	To assist the engineering and science faculties of Institute of Technology at Bandung and University of Gadjah Mada to upgrade the quality and to increase the capacity of the institutions so Indonesia could more nearly meet its needs for teachers of engineers and scientists.	----------	----------	5,864.0	----------	5,864.0	Do.
Higher education improvement.	Department of Higher Education.	To strengthen the university system by providing training for administration developing libraries, and providing instructional equipment and supplies.	158.4	9,239.0	----------	686.6	10,084.0	Do.
Advanced graduate training.	Government of Indonesia	To provide advanced training in the United States for critically short, skilled manpower.	----------	842.0	----------	----------	842.0	Do.
Rural public health administration.	Bekasi Training Center	To establish a national training center for training public health teachers who would return to their home areas to train other public health workers and to assist in developing 11 regional health training centers looking toward an ongoing integrated rural health program.	318.2	331.0	----------	95.0	744.2	Do.
Vocational education teacher training.	Ministry of Basic Education and Culture.	To train teachers of vocational education subjects.	291.6	600.0	571.0	274.2	1,736.8	None.
General education development.	do	To plan and conduct a survey of general education in Indonesia to identify status and needs of elementary and secondary education.	30.4	72.0	23.0	23.0	125.4	Do.
Nurse education	Bandung Nursing School	To assist in the development of facilities and improvement of teaching of public health subjects in the nursing school.	14.0	16.0	----------	10.0	40.0	Do.
Improvement of technical information services.	Information Academy of Departmental Information.	To augment, strengthen, and unify communications media facilities of GOI, increase number of competent GOI Department of Information staff, further development of information and public relations in academic educational facilities.	165.4	51.0	245.7	75.0	537.1	Do.

Education programs, 1955–63—Continued

INDONESIA—Continued

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Development of agricultural college.	College of Agriculture and Veterinary Sciences at Bogor, Indonesia.	To assist the Indonesians to improve the quality of teaching and research and to increase the capacity of the institution.	----------	49.0	2,451.0	109.0	2,609.0	None.
Maritime academy training	Akademi Ilmu Pelajoran (Indonesian Merchant Marine Academy).	The project purpose is to assist Indonesians to improve the academy's instructional program to do a better job of training young officers for the merchant marine.	845.0	361.0	----------	339.7	1,545.7	Do.
Local government improvement.	National Training College at Malang.	To upgrade the faculty and improve the curriculum at the CARA Academy for Middle Management In-Service Training Institute and to develop staff, facilities, and curriculum for 18 regional training centers to train local government officials.	68.1	443.2	----------	82.9	594.2	Do.
Improvement of national government administration.	National Institute for Administration.	To assist in developing an institution for national government agency in-service training for improving faculty and curriculums of other institutions of higher learning for conducting research and for providing management consultative service.	11.2	63.0	1,224.0	----------	1,298.2	Do.
Development of public administration.	University of Gadjah Mada.	To train special faculty and research staff for the IAD and to provide special training and development research in government administration units in the Jogjakarta district.	66.4	140.2	----------	21.4	228.0	Do.
Total			1,999.7	18,581.4	12,636.7	2,513.8	35,731.6	
Local currency (counterpart) dollar equivalent.							3,628.0	

KOREA

Teacher training	Kangnung, Chungju, Sunchon, Taejon, Kunsan, Chinju, Andong, Mokpo Normal Schools; Taegu, Chonju, Pusan, Kwangju, Kongju, Cheju, Chunchon and Inchon Teachers Colleges; College of Education, SNU; College of Education, Ewha University. Yonsei University; Textbook Bureau, Ministry of Education; Central Education Research Institute.	To provide, through a contract, technical and material aid for teacher training, and to afford opportunities for study abroad to specialists in the critical areas of the national education system.	132.7	[1] 123.7	1,762.5	[2] 1,783.2	3,802.2	Ewha University, Methodist. Yonsei University, Methodist; Oriental Mission; Presbyterian; United Church of Canada.
Classroom construction	11,214 classrooms throughout country.	To provide materials for the construction of permanent rural and urban classrooms, and to provide a school building adviser.	46.8	----------	29.7	2,280.7	2,357.2	None.
Industrial transport and communication development: vocational training.	Seoul, Songdong, Kyonggi, Honyang, and Sudo Technical High Schools; Dong Kuk Radio Technical High School; Inchon, Anyang, Samchok, Chongju, Chonan, Taijon, Iri, Chonju, Kwangju, Mokpo, Taegu, Kyongju, and Pusan Technical High Schools; and College of Agriculture and College of Engineering, SNU.	To establish 2 institutions for the training of vocational teachers, to develop 2 vocational high schools as demonstration schools, to provide in service training and upgrading activities for the currently employed teachers in the field of industry and agricultural education, and to promote close cooperation between these and industry, and technical advice in construction, remodeling, installation, operation, etc.	155.9	9.2	----------	----------	165.1	Do.
Secondary education	Kunsan Comprehensive High School; Kwangju High School; Pyongtaek Comprehensive High School; Taejon, Taegu, Kyongnam, and Chunchon High Schools; Yongdungpo, Chongju, Chonju, and Kyongpuk Girls' High Schools.	To provide technical assistance in construction of shop facilities, installation of equipment furnished by USOM, operation of equipment, improvement of teaching methods, and instructional materials as well as curriculum revision to make possible and more effective the training of secondary school students in trade, industry, agricultural, fisheries, and commercial activities.	312.9	128.7	----------	111.6	553.3	Do.
Seoul National University, operating facilities.	Seoul National University	To assist in providing a part of the basic operating facilities (labs, workshops, classrooms, etc.) necessary to carry out the technical assistance furnished under contract.	----------	----------	----------	5,151.2	5,151.2	Do.
Seoul National University, technical assistance.	do	To continue for the 2d year technical assistance to the Seoul National University.	----------	394.6	655.5	----------	1,050.0	Do.

[1] Ewha, 20; Yonsei, 15. [2] Ewha, 109.05; Yonsei 178.32.

Education programs, 1955–63—Continued

KOREA—Continued

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Higher education	Seoul National University	Continuing of fiscal year 1954–58 projects to provide technical assistance to SNU and the Central Officials Training Institute, and to provide certain commodities.	60.7	15.0	11,444.1	531.4	12,051.2	None.
Seoul National University Dental College, improvement.	do	Designed to improve the college of dentistry by providing necessary technical equipment and supplies for the teaching program and to provide technical advice to the faculty.		39.0	3.0	50.5	92.4	Do.
Vocational education	Seoul, Songdong, Kyonggi, Hanyang, and Sudo Technical High School; Dong Kuk Radio Technical High School; Inchon, Anyang, Samchok, Chongju, Taijon, Chonan, Iri, Chonju, Kwangju, Mokpo, Taigu, Kyongju, and Pusan Technical High Schools; Wonju, Chongju, Yusong, Sunchon, Ansong, Chinju, Chunchon, Andong, Taegu, Chungju, Sujkipo, Yesan Chonju, and Pyongchang Agricultural High Schools; Pusan Horticultural High School; Taedong Commercial High School; and Inchon Girls' Commercial High School.	To rebuild, rehabilitate, and reequip certain technical high schools in the Republic of Korea and to provide technical advice for the development of technical education. Assistance to and advice for fishery, agriculture, commercial, and technical high schools.	206.1	196.0	8.5	1,678.7	2,089.3	Do.
Technical assistance to ROK Merchant Marine Academy.	ROK Merchant Marine	To advise and assist in all matters concerning the administration and operation of the institution designed to train merchant marine cadets.			118.2	83.6	201.8	Do.

Nursing education	Ewha Women's University SNU Medical College, Yonsei University National Medical Center, Catholic Medical College, Seoul Red Cross Hospital, Seoul Sanitarium Hospital, Taegu Presbyterian Hospital, Kyongpuk Medical College, Pusan National University Medical College Hospital, and Kaejong Rural Institute.	To improve the education of nurses in selected institutions. Special attention in the development of those institutions which prepare nurses who will give leadership in the development of sound nursing education and improved nursing services.	147.9	[3] 72.8	179.8	36.5	437.1	Ewha, Methodist; Yonsei University, Methodist; Oriental Mission, Presbyterian; United Church of Canada; Seoul Sanitarium Hospital, Seventh-day Adventist (Korean Union Mission); Catholic Medical College, Catholic; Taegu Presbyterian Hospital, Presbyterian.
Total			1,063.0	979.0	14,201.2	11,707.4	27,950.6	
Local currency (counterpart) dollar equivalent.							35,525.0	

[3] Taegu Presbyterian Hospital, 5; Ewha University, 5; only 10 for all these religious schools, just 2 participants.

LAOS

Teacher training	National Education Center	Increase number of elementary, secondary, and vocational teachers; upgrade quality of teacher training; train teachers in English language.	287.0	275.0	1,891.0	472.0	2,925.0	None.
Technical education	Technical and Professional School, Vientiane, and Technical School, Savannakhet.	Provide technical training to provide nucleus of skilled personnel—carpenters, auto mechanics, lathe and drill-press operators, masons, etc. Train upper level students to teach vocational subjects.		26.0		107.0	133.0	Do.
General education development.		Improving conditions in rural Laos through use of teachers to give leadership in economic and social development.	37.0			43.0	80.0	Do.
National Training Center	National Rural Training Center.	Train fundamental education workers to work with rural villages in fields of sanitation, health, education, agriculture, etc.	20.0				20.0	Do.
Total			344.0	301.0	1,891.0	622.0	3,158.0	
Local currency (counterpart) dollar equivalent.							2,420.0	

Education programs, 1955–63—Continued

PHILIPPINES

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Vocational education	35 trade and industrial schools and 45 agricultural schools of public school system.	Physical rehabilitation (buildings and equipment) of war-destroyed vocational schools and the improvement of instructional program. Terminated fiscal year 1962, the enrollment for these schools having increased approximately 100 percent and the Philippine Government support has reached a level 15 times greater than in 1951.	825.5	782.9	1,044.9	4,109.9	6,763.2	None.
University of the Philippines	University of the Philippines.	Strengthen major public institutions of higher education in the area.	273.5	558.1	915.1	1,635.6	3,382.3	Do.
General education	25 secondary and 102 elementary schools and 9 teacher-training colleges, all under public school system.	Establishment of selected school in each geographical region as "pilot" school which received supplies and professional advice enabling it to act as demonstration center.	414.7	688.1		669.8	1,772.6	Do.
Home economics training	Agricultural and trade schools in public school system.	Training teachers already in public agricultural and trade schools and preservice work in home economics for trainees in those schools.	16.1	17.8		150.2	184.2	Do.
Philippine Military Academy.	Philippine Military Academy.	Provide supplemental equipment for engineering laboratories of academy, housing of equipment, and installation.				129.0	129.0	Do.
Electronics training	University of the Philippines.	Provide electronics training for instructors in the field of equipment installations and maintenance.			61.7	43.0	104.7	Do.
Textbook production project	All public elementary and secondary schools.	Partially meet the textbook gap by supplying paper requirements for approximately 25,000,000 texts for public schools.	27.5	10.6		250.0	288.1	Do.
Inservice training and pilot schools.	Selected "pilot" schools and training centers of Bureau of Public Schools.	Upgrade instruction through using the "pilot" schools as inservice training centers in several geographical areas.	38.4				38.4	Do.
Total			1,595.7	2,057.6	2,021.7	6,987.5	12,662.5	
Local currency (counterpart) dollar equivalent.							7,864.0	

TAIWAN

Vocational agricultural education.	41 vocational agricultural schools, Chung Engineering University, National Taiwan University, and Keelung Maritime College.	To produce vocational agricultural personnel competent in new techniques and knowledge, thus increasing agricultural production.	174.0	189.0	736.0	382.0	1,481.0	None.
Vocational industrial education.	Taiwan Normal University, 8 vocational industrial high schools, Taipei Institute of Technology, and National Academy of Crafts-Arts.	To establish an Industrial Education Department at Taiwan Normal University, to improve existing vocational industrial arts demonstration program.	117.0	191.0	109.0	1,714.0	2,131.0	Do.
Science education	100 Government senior high schools, 80 Government junior high schools, 10 Government normal schools, and 14 Government colleges and research institutes.	To review science textbooks and curricula for secondary level education, to provide inservices training for better teaching methods, to strengthen laboratory facilities for secondary education and college levels, to enrich laboratories research facilities designed to create a research climate in China, and to assist procurement of research equipment and reference books for research undertakings.	114.0	166.0	2.0	1,369.0	1,651.0	Do.
Home economics education	Taiwan Normal University.	To cooperate with Pennsylvania State University in revising curriculum, strengthening teaching facilities, and in the performance of inservice training.	----------	42.0	----------	17.0	59.0	Do.
Education administration and development.	Ministry of Education, Provincial Department of Education, National Material Center, and Cheng Kung University.	To assist Chinese educational institutions review their policies and provide help in developing a program of education consistent with modern requirements of science and technology.	271.0	303.0	609.0	703.0	1,886.0	Do.
Educational materials center.	9 normal schools	To apply audio visual aids for improving teaching methods at elementary school levels.	77.0	47.0	----------	41.0	165.0	Do.
Improvement of engineering education, Cheng Kung University.	Taiwan Cheng Kung University.	To revise curriculums in engineering departments, to strengthen laboratory facilities, to improve teaching methods, and to provide a bridge between industrial education and engineering education.	----------	93.0	403.0	526.0	1,022.0	Do.
Educational advisory services.	Ministry of Education	To provide overall technical assistance in the islandwide administration of education and specifically to provide the services of a chief education adviser to direct the AID/C education program, and furnish technical and administrative assistance to all educational projects through the Ministry of Education.	170.0	52.0	----------	30.0	252.0	Do.
Teacher education	Taiwan Normal University, 4 normal schools, Panchiao Inservice Training Center, and National Educational Material Center.	To improve elementary and secondary teacher education through the reorganization of normal schools for the training of elementary teachers, and to improve inservice teacher training courses.	----------	18.0	206.0	----------	224.0	Do.

Education programs, 1955–63—Continued

TAIWAN—Continued

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Overseas Chinese education	National Overseas Chinese Secondary School, 11 Government universities, and 14 Government high schools.	To encourage increased numbers of oversea Chinese to come to Taiwan in preference to Communist China for their education, to assist southeast Asian countries by training their youths in professional and technical fields, to provide teaching facilities to meet the needs of the education progam to provide opportunites for such training as would enable the students to assume leadership roles upon return to their country of origin, and to promote political and economic ties with the countries of the students origin.	201.0	73.0	----------	240.0	514.0	None.
Following projects closed:								
Automotive training center.	Ministry of Communication	To upgrade the skills of automotive service personnel employed in Taiwan transportation agencies.	----------	----------	----------	36.0	36.0	Do.
Improvement of fishery biology.	National Taiwan University.	To establish a new laboratory in the field of fishery biology for use in training fishery biologists and also for research in this field.	----------	----------	----------	4.0	4.0	Do.
Improvement of National Taiwan University College of Engineering.	do	To provide financial assistance for the improvement and expansion of facilities of the National Taiwan University College of Engineering.	----------	----------	----------	2.0	2.0	Do.
National Taiwan University business administration.	do	To strengthen the Department of Business Administration of National Taiwan University by sending participants to the United States to study foreign trade, building a business administration hall, and procuring books and equipment for the department.	----------	8.0	----------	6.0	14.0	Do.
Productivity training, postprimary schools.	Ministry of Education	To assist graduates of elementary schools to acquire employable skills.	----------	5.0	----------	----------	5.0	Do.
Total			1,124.0	1,187.0	2,065.0	5,070.0	9,446.0	

THAILAND

Improvement of Chulalongkorn University.	Chulalongkorn University	To assist the university to upgrade its science and engineering faculties and develop up-to-date programs capable of producing technicians qualified in modern technology.	----------	196.0	80.0	----------	276.0	None.
Teacher training	College of Education and Faculty of Education, Chulalongkorn University.	To assist in developing 4-year degree programs, develop curriculums, improve facilities, improve teaching methods and techniques, develop standards, and train a qualified faculty.	80.0	370.0	2,414.0	----------	2,864.0	
Improvement of technical institutes	Bangkok Technical Institute (and 3 regional branches).	To assist in developing a functional organization, prepare curriculums, train teachers, establish guidance procedures, and provide modern equipment.	129.0	42.0	701.0	227.0	1,099.0	Do.
SEATO Graduate School of engineering.	----------	To establish a graduate school of engineering build a faculty and facility, and provide logistic support.	----------	5.0	2,139.0	----------	2,144.0	Do.
SEATO skilled labor project.	Vocational schools (19)	To expand and improve vocational education through the training of teachers and supervisors, preparation of courses of study, and improvement of school buildings and equipment.	----------	----------	1,333.0	----------	1,333.0	Do.
Improvement of vocational education.	Vocational and trade schools.	To assist the Ministry of Education in the establishment of a national program of vocational education, including development of a supervisory staff and training teachers.	417.0	136.0	536.0	204.0	1,293.0	Do.
General education development.	Schools of public school system (11 teacher-training. 24 secondary, 24 primary extension, 24 primary, 12 vocational).	To develop regional demonstration centers for spearheading improvement and modernization of all aspects of the Thai school system from primary through teacher training.	606.0	980.0	----------	299.0	1,885.0	Do.
Regional improvement of English language.	Teacher-training and secondary schools.	Assist in improvement of the teaching of English through training teachers and preparing teaching materials.	----------	----------	1,720.0	8.0	[4] 1,728.0	Do.
Improvement of Kasetsart University.	Kasetsart University	To assist in strengthening and enlarging Thailand's agriculture university through development of curriculums, improvement of teaching methods, and establishment of research and extension services.	48.0	70.0	911.0	124.0	1,153.0	Do.
Improvement of Thammasart University.	Thammasart University (Institute of Public Administration).	To assist the university in establishing an institute capable of providing quality training in public administration.	----------	15.0	1,314.0	----------	1,329.0	Do.
Total	----------	----------	1,280.0	1,814.0	11,148.0	862.0	15,104.0	

[4] Project also assisted Laos and Viet Nam.

Education programs, 1955–63—Continued

VIETNAM

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Vocational education	Phu Tho, Vinh Long, Da Nang, and Qui Nhon polytechnic schools and Ban Me Thuot Technical School.	Develop new teaching staffs and improve curriculum, increase number of schools, equip facilities.	272.0	1,122.0	462.0	1,244.0	3,100.0	None.
Teacher, higher, and public education.	Vinh Long, Qui Nhon, Ban Me Thuot, Tan An and Saigon Normal School, Saigon elementary demonstration school and in-service center, University of Saigon and Hue, Oceanographic Institute.	Develop professional staff and instructional programs, expand and improve facilities, construct and equip science labs and community pilot schools; promote agriculture and homecraft training.	721.0	1,395.0	823.0	1,638.0	4,577.0	Do.
National Institute Materials.	Education Materials Service of Department of National Education.	Upgrade education programs through production and distribution of textbooks and audiovisual aids for elementary and secondary schools.	217.0	59.0	----------	442.0	718.0	Do.
Medical education	University of Saigon, Cho Ray and Hue Schools of Nursing and Hospitals.	Develop modern medical educational center to provide much-needed doctors.	400.0	372.0	383.0	358.0	1,513.0	Do.
Nursing and allied education.	Cho Ray and Hue Schools of Nursing and Hospitals.	Improve nursing care and upgrade nursing profession.	221.0	517.0	----------	410.0	1,148.0	Do.
Agricultural education	Bai Loc College of Agriculture, Hue and Can Tho.	Develop institutions of higher training in agriculture.	126.0	549.0	123.0	249.0	1,047.0	Do.
Total			1,957.0	4,014.0	1,791.0	4,341.0	12,103.0	

Education programs, Latin American, 1955–63

[In thousands of dollars]

Country	Totals				Total
	U.S. technicans	Participants	Contract services	Commodities	
Argentina: Buenos Aires	54.0	67.0	1,183.8	330.5	1,635.3
Bolivia: La Paz		40.0		434.7	[1] 1,848.7
Brazil:					
Recife	1.0		25.0	50.0	76.0
Rio de Janeiro	4,084 0	2,202.0	12,411.7	1,854.0	21,551.7
British Guinea: Georgetown	137.0	17.0			154.0
Chile: Santiago	1,174.8	330.3	2,869.8	1,191.1	5,566.0
Colombia: Bogotá	503.2	309.5	509.8	990.0	2,312.5
Costa Rico: San José	476.0	431.0	188.0	863.0	1,958.0
Dominican Republic: Santo Domingo	130.0	849.0	71.0	856.0	2,861.0
Ecuador: Quito	1,040.1	294.3	1,127.6	968.0	3,429.9
Guatemala: Guatemala	1,668.0	518.0	34.0	1,491.0	3,711.0
Haiti: Port-au-Prince	1,239.4	221.7		958.9	2,420.0
Hondruas: Tegucigalpa	591.0	117.0		709.0	1,417.0
Jamaica: Kingston	139.0	197.0	11.0	114.0	[1] 581.0
Mexico: Mexico City	8.0	30.9			38.9
Nicaragua: Managua	909.0	406.0	194.0	233.0	1,742.0
Panama: Panama City	2,050.0	386.0	1,190 0	1,070.0	4,696.0
Paraguay: Asunción	1,396.0	610.0	330.7	359.0	2,696.0
Peru: Lima	1,170.0	508.9	977.0	300.0	[1] 7,403.4
San Salvador: El Salvador	611.0	262.0	251.0	527.0	1,651.0
Trinidad: Port of Spain	390.9	252.0		1,622.5	2,264.5
Uruguay: Montevideo			1,045.0	651.0	1,696.0
Venezuela: Caracas	129.0	205.0	247.0	136.0	717.0
American-sponsored schools abroad					1,820.0
Region totals:					
Development grants	17,900.5	8,254.6	23,666.3	15,708.0	[1] 74,246.9
Development loans					[2] 21,540.0
Local currency (counterpart) dollar equivalent					15,771.0

[1] Include a total of $5,941 for servicio for which there is no available breakdown.
[2] Includes Public Law 480 loans.

Education loans, fiscal year 1955–63

[In thousands of dollars]

Project title	Name of institution	Nature of assistance					Total	Religious affiliations
		U.S. technicians	Participants	Contract	Commodities	Local costs		
El Salvador: Primary school construction; authorized June 12, 1963.	Assistance to program to build 200 primary schools in rural areas through El Salvador.				272	2,128	2,400	None.
Honduras: Aided self-help schools; authorized June 29, 1962.	Assistance to program to build 96 primary schools in various communities in Honduras.				352	248	600	Do
Nicaragua: Elementary education; authorized Aug. 1, 1961.	Assistance to program to build 300 classrooms in rural areas.				120	420	540	Do
Brazil: Elementary education; authorized May 3, 1963.	To the Northeast Development Agency for a grant to 4 States for elementary education programs to include construction or reconstruction of 9,450 classrooms and literacy training for 180,000 adults.						[1] 18,000	Do
Total					744	2,796	21,540	

[1] Public Law 480, Title I, loan converted at 600 cruzeiros per dollar.

Grants to American institutions of higher learning abroad under authority of sec. 214(a) of the Foreign Assistance Act of 1961 and 400(c) of Mutual Security Act of 1954, in Latin America

[In thousands of dollars]

	1959–63 total
American Community School, Buenos Aires, Argentina	250.0
American Cooperative School, La Paz, Bolivia	185.0
Anglo-American School, Cruro, Bolivia	45.0
American Community Day School, Santiago, Chile	150.0
Lincoln School, San José, Costa Rica	32.5
American School and High School, San Salvador, San Salvador	150.0
American School of Guatemala, Guatemala City, Guatemala	250.0
Union School, Port-au-Prince, Haiti	60.0
American School, Tegucigalpa, Honduras	100.0
Escuela Agricola Panamericana, Zamorana, Honduras	464.0
American School, Asunción, Paraguay	133.5
Total	1,820.0

Education programs, 1955–63

ARGENTINA

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Graduate economics	National University of Cuyo.	Development of a center for advanced training and research in economics.	----------	----------	450.0	----------	450.0	None.
Business administration	University of Buenos Aires.	Develop a first-class school of business administration designed to help meet the need for trained managerial talent.	----------	29.0	421.0	----------	450.0	Do.
Graduate physics	National University of Cuyo (Bariloche).	Assist the Institute of Physics to excel in solid state and low temperature physics. and advanced disciplines of physics.	43.0	22.0	68.8	250.5	384.3	Do.
Electronic and metallurgical engineering.	Catholic University of Cordoba.	Establish in the faculty of engineering a nucleus of highly trained, full-time professors to teach metallurgy and electrical engineering in an adequately equipped establishment.	----------	----------	230.0	80.0	310.0	Catholic.
Development of university curriculum.	University of Buenos Aires.	Survey the curriculums and organization of the Schools of Industrial English and Business Administration with the purpose of modernizing the two schools.	11.0	16.0	14.0	----------	41.0	None.
Total	----------	----------	54.0	67.0	1,183.75	330.5	1,635.3	

Education programs, 1955–63—Continued

BOLIVIA

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Construction of rural elementary schools.	Rural public schools of Bolivia.	To provide 1-classroom rural schools with teacher's quarters attached. To construct a total of 500 schools under this program.					[1] 450.0	None.
Urban school construction	Public schools in urban centers of Bolivia.	To alleviate the problem of providing classrooms for urban students by helping complete the 10 school buildings which were started by the Ministry but not completed due to the lack of money.					[1] 800.0	Do.
Textbook publication	Public schools of Bolivia	To make available to the ministries elementary readers in sufficient quantities for distribution to all urban and rural school children in Bolivia.				174.7	174.7	Do.
Rural education	Rural public schools in Bolivia.	To provide over a 5-year period, 2 years of training and supervision for 5,000 untrained rural elementary school teachers.		40.0		260.0	300.0	Do.
Public works	(a) Bolivian Institute Social Study, (b) Third Order School, and (c) Julio C. Patino.	(a) (1) A public free primary school for boys with capacity of approximately 250 students, (2) facilities for training of girls in certain fields of home economics, and (3) a center for social betterment and home improvement activities.					[1] 124.0	Dominican.
		(b) "3d order"—To provide (1) a public free primary school for boys with a capacity of approximately 250 students, (2) facilities for the training of girls in certain fields of home economics, and (3) a center for social betterment and home improvement activities. Due to lack of funds construction of this facility was halted prior to completion. Under the public works program, the necessary funds to complete the school are being provided.						Franciscan.
		(c) "Julio C. Patino"—To construct a block of 6 classrooms with sanitary facilities to accommodate the increasing number of students.						None.
Total				40.0		434.7	1,848.7	
Local currency (counterpart) dollar equivalent							12,802.0	

[1] No breakdown available.

BRAZIL (RECIFE)

Improvement of elementary and adult basic education in Brazilian northeast—Pernambuco and Rio Grande do Norte.	Both states—basic institutions in state Secretariat of Education.	Aims toward improvement of elementary, adult basic and teacher training programs in northeast of Brazil. Construction and equipping of 2,800 classrooms, 3 lay teacher-training centers, 9 normal schools, 10 industrial art workshops for extension of elementary school into the 5th and 6th grades, 1,000 small school kitchens for the expansion of school lunch programs. Literacy and basic educational training for 200,000 adults is also goal of 2 projects.	1.0	0	25.0	50.0	76.0	None.
Total			1.0		25.0	50.0	76.0	

BRAZIL

Elementary education	National Elementary Center at State Normal School in Belo Horizonte, Minas Gerais.	Prepare normal school professors, elementary school supervisors and advisers in state departments of education. This work comprises the teaching of courses, advising with educational leaders in various states, engaging in inservice training activities such as conferences and workshops, and development of instructional materials for children and teachers.	521.0	806.0	0	481.0	1,808.0	None.
Assistance to secondary education.	Ministry of Education and Culture.	Established a demonstration center offering a 6-year comprehensive secondary school program, for various reasons, this demonstration center was never started—project activity limited to participant training.	91.0	99.0	0	0	190.0	Do.
Secondary-industrial vocational education.	Project has assisted number of industrial technical Federal schools throughout Brazil, some national apprenticeship schools, (SENAI), state technical schools (São Paulo), 1 private secular junior high school in Rio, Mackenzie University (Presbyterian, São Paulo), and Catholic University (Rio). All state (SENAI) and Federal schools assisted are public and secular. Assistance to any institute is modest.	Train 50 top-level planners, coordinators, and leaders in industrial technical education and approximately 300 new teachers of industrial technical education; to increase the competence of approximately 360 teachers now in service in many parts of Brazil; to improve skills of 2,000 industrial workers; establish working agreements with 6 industrial establishments for training-within-industry apprenticeship programs; produce approximately 6 textbooks in Portuguese, other instructional materials for use in industrial technical educational courses; institute a program of regularly scheduled inspection of public industrial technical schools for purpose of improving their efficiency and increasing enrollment.	1,105.0	78.0	0	1,197.0	2,380.0	Catholic University, Catholic. Mackenzie University, Presbyterian.

Education programs, 1955–63—Continued

BRAZIL—Continued

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
University education (science and engineering).	Aeronautical Institute of Technology at São Paulo.	Produce more and better trained engineers in and for Brazil in fields of: (1) mechanical engineering, electrical engineering, applied mathematics, chemistry, nuclear engineering, industrial management, and organization; (2) to develop functional undergraduate and graduate curriculums in science and engineering; (3) to offer undergraduate and graduate training to approximately 2,000 university students and professors through regular courses and special short-term seminars and workshops, increasing enrollment as rapidly as ITA can make facilities and teaching staff available.	472.0	565.0	6,177.0	120.0	7,334.0	None.
Naval architecture and marine engineering.	University of São Paulo, Brazil.	University of São Paulo through the polytechnical school will establish and maintain in its education. Structure a course in naval engineering and architecture which shall be composed of (*a*) 2 years of basic study jointly with other courses of the school; (*b*) 3 years specialized instruction to consist of general subjects pertinent to other engineering specialities, general subjects pertinent to naval construction and specific subjects of the following additional studies in structures, engines, and electronics.	0	56.0	233.0	0	289.0	Do.
Public and business administration education.	Brazilian School of Public Administration.	Assist institutions of public and business administration in developing educational facilities capable of producing trained administrators in sufficient numbers to meet the requirements of government and business; (*b*) assist in development of a school of business administration in São Paulo; (*c*) initiate and develop instruction in industrial management engineering in the Polytechnic School, University São Paulo.	16.0	9.0	4,765.0	0	4,790.5	Do.

Orientation and training in the social sciences and rural community development.	Foundation School of Sociology and Political Science in São Paulo.	Provide technical advice and assistance to the Foundation School of Sociology and Political Science, São Paulo, in preparing, organizing, and conducting graduate-level program in social science and community and national development.	0	3.0	445.0	0	448.0	Do.
Economic education and training.	Brazilian Institute of Economy (IBRE) within Getulio Vargas Foundation.	Improve quality of economical training and research; increase number of superior-level economists and stimulate modern thinking and teaching of economy in Brazil. Assistance provided to IBRE in preparing newly graduated Brazilians to take graduate work in U.S. universities. The best economists chosen are subsequently sent to the United States for graduate study. Each year two American professors of economy are brought to Brazil for few months to lecture in Brazilian universities and IBRE.	0	60.0	0	0	60.0	Do.
Agricultural education (secondary level.)	Escola Pratica de Agriculture, Presidente Prudente.	Assist the State of São Paulo establish a demonstration school which would give emphasis to the training of boys from rural areas to become farmworkers and farm managers prepared to return and work on farm.	0	0	0	17.0	17.0	Do.
Geological education	Ministry of Education and Culture.	Purpose of project to furnish U.S. professors of geology to teach in specialities for which Brazilian professors are unavailable. To assist direct training of geology students to overcome serious lack of such scientists in Brazil and in developing Brazilian professors with aim of producing balanced faculties.	102.0	0	0	0	102.0	Do.
Agricultural education	Rural University of Minas Gerais, Vicosa, Minas Gerais.	Assist in development of coordinated education research, and extended training at university level.	1,700.0	477.0	1,791.0	0	3,968.0	Do.
Improvement of textile education.	Escola Tecnica Federal de Industria Quimica e Textil, Rio.	Development of demonstration technical school for textile industry.	77.0	49.0	0	39.0	165.0	Do.
Total			4,084.0	2,202.0	13,411.7	1,854.0	21,551.6	
Local currency (counterpart) dollar equivalent.							150.0	
BRITISH GUIANA								
Vocational education	Government Technical Institute.	Establishment of a permanent course in commercial and business education, surveying, and teacher training in industrial arts.	137.0	17.0			154.0	None.

Education programs, 1955–63—Continued

CHILE

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Technological development through Council of Rectors.	University of Chile; Catholic University of Chile, Santiago; Catholic University, Valparaiso; State Technical University, Federico; Santa Maria Technical University, Valparaiso; University of Concepcion; and Austral University.	(*a*) Improving scientific teaching and research facilities including electronics and telecommunication; (*b*) establishing of a central technical library service and documentation center; (*c*) procurement of technical and scientific laboratory equipment; (*d*) translation into Spanish and publication of U.S. textbooks; (*e*) conducting techno-economic studies of key industries; (*f*) establishing and developing of School of Fisheries at Catholic University in Valparaiso.	0	0	381.0	0	381.0	Catholic University of Chile in Santiago and Catholic University of Valparaiso.
Labor Relations Department.	University of Chile	Give technical advice to the University of Chile in planning and setting up an institute of labor relations and training of its staff.	0	0	312.5	0	312.5	None.
School construction, Lo Chacon School.	Public primary school located at Lo Chacon.	To replace all schools condemned for safety and health reasons. New school will provide for more classrooms, sanitary facilities and quarters for principal.	0	0	0	0	0	Do.
Education system survey	Commission for educational system survey.	To produce by 1963 a comprehensive survey of the various educational systems from primary schools through universities to determine what reforms are required to enable the Chilean educational system to meet its responsibilities for furnishing the human resource requirements of the 10-year plan.	5.8	2.7	0	0	8.5	Do.
Technological development	Catholic University, Valparaiso.	To advise and assist in training students in courses given at the university and aboard the university's fishing vessel under its school of fisheries.	0	0	23.0	0	23.0	Catholic University in Valparaiso.
Rural improvements	Institute of Rural Education.	(*a*) To aid rural schools in teaching agriculture to rural youth; (*b*) to organize short courses to bring education to rural people in different parts of Chile; (*c*) to initiate projects as may be appropriate to facilitate the education of rural people.	55.8	5.3	520.0	116.0	697.1	None.
Industrial training	State Technical University, Frederico; Santa Maria Technical University.	To promote improved worker skill levels in Chile, through creation of model facilities for vocational and plant training at the State Technical University.	0	0	702.0	0	702.0	Do.

Teacher training	Chilean educational system at elementary, secondary, vocational and normal school levels.	To develop a system capable of providing sufficient numbers of well-trained teachers to satisfy the demands of the rapidly expanding primary, secondary, vocational, and normal school systems.	45.5	30.1	0	0	75.6	Do.
School geology	University of Chile	Assisting the University of Chile to develop and operate a school of geology.	1,067.7	219.0	105.8	75.1	1,467.6	Do.
School construction	Society for construction of school buildings.	To construct 6 school buildings, medium size in the area affected by earthquake.	0	0	0	1,000.0	1,000.0	None.
Peaceful uses of atomic energy.	University of Chile and Catholic University of Chile.	To develop a core of trained personnel who can make effective use of all facilities obtained in this field and who can continue to develop and implement programs in the peaceful uses of atomic energy.	----------	46.0	10.6	0	56.6	Catholic.
Improvement of economics, teaching, and research.	Catholic University of Chile, Faculty of Economics.	To contribute to study of basic economic problems of Chile, such as problems of inflation, improving rate of agricultural development, improving use of existing resources, and expanding these resources by domestic and foreign investment.	0	27.2	814.9	0	842.1	Do.
Total			1,174.8	330.3	2,869.8	1,191.1	5,566.0	
COLOMBIA								
Education cooperative service.	The Inmaculada Concepción, California; Evaristo Garofa; Doce De Octubre; Melendez; Escuela Normal Superior Nacional de Senoritas; Normal Superior Departmental de Varones "Manuel Antonio Bonilla," la Victoria; Escuela Normal Rural de Senoritas "Jorge A Isaacs," Roldanillo; Normal Superior Departmental de Varones del Valle, California; Escuela Normal Agricola, Buga; Colegio Bolivariano, Calcedonia; Centro Vocacional Agropecuario, Joes Antonio Robles, Robles Escuela Industrial de Cali Antonio, Joes Camacho; Escuela Industrial Palmira; Escuela Industrial Cartago; and Escuela Industrial Popayan.	To provide for cooperative activities between the Ministry of Education and U.S. AID, or predecessor agency, for educational planning, surveys, teacher training, and demonstration projects in the fields of primary, industrial, and agriculture education.	462.2	309.5	----------	690.0	1,461.7	None.

Education programs, 1955–63—Continued

COLOMBIA—Continued

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Primary education project.	27 schools or total of 183 classrooms.	To assist the Ministry of Education in planning and initiating programs involving school construction, teacher education, and related activities leading to the improvement of educational opportunities for children of primary school age.	----------	----------	50.0	300.0	350.0	Do.
Earthquake assistance education.	Schools in the departments of Caldas, Tolima, Antioquia, and Valle.	To assist in making repairs to educational institutions which were damaged by the earthquake that occurred in Colombia on July 30, 1962.	----------	----------	----------	----------	----------	Do.
University contract, business administration.	School of Business and Finance, Medellin.	To assist in developing a program of education in business administration and finance at the university level.	41.0	----------	----------	----------	41.0	Do.
A project in agricultural education and training in the department of Valle and Antioquia.	Schools of agriculture located at Medellin and Palmira.	To supply specialists in certain fields of agriculture to assist in organizing, administration, and instructing agricultural schools in Palmira and Medellin.	----------	----------	----------	----------	----------	Do.
Training in water supply management.	University Nacional de Colombia, Bogotá.	To educate 15 Colombian graduate engineers in the management of water supply systems.	----------	----------	12.0	----------	12.0	Do.
Tulane University contracts for medical education in Colombia.	Schools of medicine: University of Valle, University of Nacional, University of Javeriana, University of Antioquia, University of Cartagena, University of Caldas, and University of Cauca.	To improve medical education at all levels in the 7 universities listed.	----------	----------	447.8	----------	447.8	1 of 7 institutes. Catholic affiliated.

National schools of nursing	Ministry of Public Health: Hospital San Juan de Dios; Hospital Militar: La Clinica de Caja de Prevision; Hospital Infantile; Hospital San Juan de Dios; Hospital San Isidro; Hospital Universitario, Medellin; Hospital Mental, Medellin; Hospital Bocagrande, Cartagena; Hospital Santa Clara, Cartagena; Hospital de Barranquilla; Hospital de Ninos, Barranquilla; Hospital del Sagrado Corazon, Cartago; Hospital San Juan de Dios, Sonson; National University of Colombia, Bogotá; Red Cross schools; University of America, Bogotá; Javeriana University of Bogotá; University of Valle; California University of Antioquia; and University of Cartagena.	Improvement of nursing services through preparation of personnel by improvement of basic and advanced education in nursing within Colombia, inservice training, and by participant training in United States and other countries.						Certain hospitals are served by Catholic nurses
Total			503.2	309.5	509.8	990.0	2,312.5	

Education programs, 1955–63—Continued

COSTA RICA

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Ministry of Education, development.	Normal schools and laboratory schools.	Provide at the normal schools the facilities and the faculty, for educating the necessary number of teachers to meet primary education needs.	178.0	84.0	35.0	361.0	658.0	None.
University of Costa Rica, development.	University of Costa Rica and laboratory school.	Assist the University of Costa Rica strengthen its administration staff, faculty, teacher-education programs, and to develop a program for preparing school directors, supervisors, normal school faculty members, and teachers in specialized areas.	----------	125.0	149.0	99.0	373.0	Do.
Vocational education development.	Industrial, vocational, and agricultural schools.	Development of the vocational schools in keeping with the needs of the country through facility development, training of supervisors and teachers, and technical assistance.	298.0	167.0	4.0	383.0	852.0	Do.
Development of basic sciences.	----------	Training program and provision of scientific laboratory equipment for Government science development.	----------	55.0	----------	20.0	75.0	Do.
Total	----------	----------	476.0	431.0	188.0	863.0	1,958.0	

DOMINICAN REPUBLIC

(2)	(2)	(3)	[4] 130.0	[5] 849.0	[6] 71.0	[7] 856.0	[9] 2,861.0	(8).

[2] The program under Trujillo was operated on servicio basis; was small and concentrated primarily in the field of rural education, vocational education, home life education, and industrial arts education. The bulk of funds were used for technician services and participant training. The postliberation program for which there are presently no complete figures on a project basis, consists of educational administration, teacher education, vocational education, and adult education. The Government schools assisted have been 5 normal schools, 3 in rural areas, and 1 each in Santo Domingo and Santiago (see footnote 8), and 3 vocational schools specializing in trade and industrial skills, business education, and agriculture. The 1st 2 are in Santo Domingo and the last in Santiago.

[3] Project purpose: To develop a comprehensive national education system with emphasis on establishing universal 6-year primary education system, upgrading present teacher's secondary education, and vocational education.

[4] Technicians: The sum shown covers the cost of 5 technicians of which 1 is a vocational educational adviser, 3 are associated with teacher education, and 1 is a communications media adviser. In addition to these 5, the Dominican AID mission has called upon approximately 35 educational technicians for temporary duty assignments from Washington, D.C., Puerto Rico, and other Latin American countries.

[5] Participants: The funds shown have been used to finance training for 423 elementary education teachers, inspectors, and school directors, 14 secondary educational school directors, and 10 vocational educational teachers.

[6] Contract services: Funds have been obligated for 2 contract technicians in business education and trade and industrial education to work primarily in 2 priority schools in conjunction with the vocational education department of the Ministry of Education.

[7] The figure for commodities represents principally 200,000 sets of 1st grade readers, English language textbooks, and equipment for vocational schools from U.S. military excess stocks, and other U.S. sources.

[8] Religious affiliations: The urban normal schools, Catholic. Assistance under Trujillo regime, Catholic (requirements for religious study eliminated under new constitution of April 1963).

[9] The differences between the overall figure of 2,861 and the 1,906 for which a breakdown is available is mainly due to inability at the present time to break down cost by categories during the period of assistance under the Trujillo regime.

Education programs, 1955–63—Continued

ECUADOR

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Service Cooperativo Interamericano de Educacion.	Normal schools, Ministry of Education demonstration schools.	To upgrade teaching and administration in the normal and demonstration schools to produce better prepared teachers, and as a final end result, better educated children.	735.0	260.0			995.0	None.
Self-help school construction	Ministry of Education	To construct 300 to 400 classrooms and teacher lodgings using self-help methods. Also assume responsibility to construct and remodel shops at 6 vocational schools.	99.6	14.9		125.0	239.5	Do.
Vocational education in trades and industries.	Ministry of Education, 5 vocational schools in Quito, Guayaquil, Ambato, Riobamba, and Esmeraldas.	To increase the number of, and to upgrade the skills of, the present vocational teachers; to upgrade the level of education in 5 of the country's technical schools. To increase the number of craftsmen and technicians; and to provide basic shop equipment from U.S. excess property for 5 selected vocational schools.	205.5	19.4		843.0	1,067.9	Do.
Assistance to universities	University of Guayaquil	To develop a self-sustaining, top quality Department of Chemical Engineering for the training of the technical engineers and scientists needed in Ecuador.			727.6		727.6	Do.
Assistance to universities	Catholic University, Quito	To establish an interrelationship between Catholic University and the St. Louis University for the purpose of upgrading the faculty of the university, improving library, curriculums, teaching materials, and equipment. Specifically the contract provides for assistance in general administration and organization of the university, assistance in library science, basic science, pedagogy, language training, nursing, and social service.			400.0		400.0	Catholic.
Total			1,040.1	294.3	1,127.6	968.0	3,430.0	
Local currency (counterpart) dollar equivalent							81.0	

GUATEMALA

Urban education	Public schools in Retalhuleu, Mezatenange, Puerto Barrios Jutiapa, Chimaltenango, San Marcos, and Totenicapan through 2 laboratory schools in Guatemala City.	To set up 2 elementary laboratory schools for the preparation and testing of curriculums and teachers for other urban centers.	452.0	110.0			562.0	None.
School facilities	Public schools in Pacific Slope area.	To provide equipped school and trained teachers and supervisors for Pacific Slope resettlement project.				27.0	27.0	Do.
Mass education		To assist the Ministry of Education and Defense in an adult literacy drive.	102.0	1.0	4.0	148.0	255.0	Do.
SCIDE	Servicio Cooperativo Interamericano de Education.	To establish within the Ministry of Education an administrative body for the management of the cooperative education program of the Government of the United States and Guatemala.						
Teacher training	La Alameda Normal School, Chimaltenango.	To train primary school teachers for certification in an improved normal school.				37.0	37.0	
Rural teacher training	Rural normal schools at Chimaltenango and Totonicapan.	To study the physical aspects of existing rural normal schools and evaluate rural education and rural teacher training.	21.0	5.0			26.0	Do.
Rural social education		To operate audiovisual materials, projection, and personnel training aspects of rural socioeducational development program.		13.0			13.0	
Literacy in Guatemalan Army.		To initiate a pilot operation to improve the literacy education program for the conscripts of the Guatemalan Army.				34.0	34.0	Do.
Vocational education	Instituto Tecnico Vocational.	To increase the quality and quantity of skilled workers by establishing a technical vocational school.				244.0	244.0	Do.
School construction	Instutute Tecnico Vocational; Cooperative Education Service; public schools in Retalhuleu, Mazatenange, Puerto Barrios, Jutiapa, Chimaltenango, San Marcos, and Totonicapin; public schools in Pacific Slope; La Alameda Normal School, Chimaltenango; rural normal schools at Chimaltenango and Totonicapan; Colegio Americano de Guatemala; and University of San Carlos.	To build jointly with the Government of Guatemala and the municipalities concerned some 425 public primary schools, with the United States contributing ⅓ the cost of construction.				1,000.0	1,000.0	Do.

Education programs, 1955–63—Continued

GUATEMALA—Continued

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Vocational education	Institute Tecnico Vocational.	To provide technicians during the planning, building, and initiation of the Institute Tecnico Vocational.	344.0	63.0			407.0	None.
Administration of SCIDE [9]	Cooperative education service.	To provide SCIDE with proper administration and fiscal supervision.	264.0	10.0			274.0	Do.
Rural education		The training of teachers and other pesronnel for community development aspects of the rural socioeducation development program.	458.0	131.0			589.0	
Urban education	Colegio Americano de Guatemala.	Assist the Ministry of Education in the reorganization of the urban school system by the establishment of a laboratory school.	2.0	11.0			13.0	
Adult education		To assist the Guatemalan Army to establish a vocational education program, particularly in agriculture.				1.0	1.0	Do.
Teacher training		To provide English language training and U.S. training costs for teachers receiving scholarships in the United States.		29.0			29.0	Do.
Urban youth activities	Public playgrounds	To provide constructive leisure time activities to Guatemala.			15.0		15.0	Do.
General education		To pay for 1st U.S. technicians and participants upon the reinstitution of educational assistance to Guatemala.	25.0	145.0			170.0	Do.
Improvement of San Carlos University.	University of San Carlos	To take an inventory of university resources, policies, and needs, and draw up plans for future development.			15.0		15.0	Do.
Total			1,668.0	518.0	34.0	1,491.0	3,711.0	
Local currency (counterpart) dollar equivalent.							1,877.0	

[9] Government educational cooperative organization.

HAITI								
Rural education	Ministry of Education and Ministry of Agriculture and Rural Development.	To establish and operate a long-range integrated program of rural education designed to provide maximum educational opportunity for all Haitian children and to wipe out illiteracy. Activities under 4 divisions: Teacher education, school construction, instructional materials, and administration.	1,239.4	221.7		958.9	2,420.0	None.
Local currency (counterpart) dollar equivalent.							851.0	
HONDURAS								
Educational Cooperative Service.	Ministry of Education, rural normal schools, 4 vocational schools.	The organizational development and staffing of the Ministry of Education and subsidiary education offices so they can assume complete responsibility for educational activities. Also to prepare national technicians in educational areas.				25.0	25.0	None.
Administration of Educational Cooperative Service.		Furnish general support to the Educational Cooperation Service.	192.0	20.0			212.0	Do.
General education	Ministry of Education, Divisions of Secondary and Primary Education, Escuela Superior del Profesardo, 3 normal schools.	To increase the percentage of literate persons and raise the level of education both of which are prerequisites to the social and economic development of the country.	163.0	93.0			256.0	Do.
Vocational education	Instituto Tecnico Vocacional, Escuela Granja Demostrativa, Jalteva Vocational School, Escuela de Artes Industriales.	To give vocational training to young people preparing to enter gainful employment in the crafts, trades, and agriculture.	166.0	4.0			170.0	Do.
Aided self-help school construction.		To assist the communities that provide local material, unskilled labor, and building sites for the construction of local schools. Provides material not available locally and technical advisory services.	70.0			352.0	422.0	Do.
School construction equipment and supplies.	Escuela Normal de Senoritas, Escuela Normal de Varones, Escuela Normal Mixta.	Expansion of normal schools including additional dormitories, buildings, laboratory equipment, etc. Preparing, printing, and distributing instructional materials, improving teaching staff.				299.0	299.0	Do.
Aid to American school	American School of Tegucigalpa.	To assist this elementary school, which offers U.S. type education in English to dependents of U.S. citizens and local personnel, in the constructions and equipping of the school.				33.0	33.0	Do.

Education programs, 1955–63—Continued

HONDURAS—Continued

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Aid to American-sponsored school abroad.	Escuela Agricola Panamericana at Zamorano, Honduras.	For faculty housing and replacement of wornout farm machinery.						None.
Total			591.0	117.0		709.0	1,417.0	
JAMAICA								
Trade and industrial education.	Ministry of Education, GOJ.	Provision of technical assistance to Ministry of Education in establishing a section within the Ministry for administration and supervision of expanded program of trade and industrial education.	139.0	122.0	11.0	10.0	282.0	None.
Trade training center	St. Andrew's Trade Training Center—a public vocational school administered by GOJ.	Provision of administration and classrooms and shop equipment for a center providing vocational training for youths 15 and over.				46.0	46.0	Do.
Holmwood Technical High School.	Holmwood Technical High School.	Provision of shop building and equipment for technical school.				58.0	58.0	Do.
Teacher-training facilities	Mico Teachers Training College.	Provision of 18-room lecture block as part of a program to double the capacity of the school.					[1] 120.0	Do.
Independence scholarships		Project involves approving 15 scholarships in areas determined by need for training.		75.0			75.0	Do.
Total			139.0	197.0	11.0	114.0	581.0	

MEXICO								
Education training support	Ibero Americana University	Training in business and vocational education		25.0			25.0	Catholic.
Educational training	University of Veracruz	Vocational education training		.9			.9	None.
Business training	National University	Business administration training		5.0			5.0	Do.
Economics support	University of Nuevo Leon	Provide professor of economics	8.0				8.0	Do.
Total			8.0	30.9			38.9	
NICARAGUA								
Elementary education (rural school construction).	Escuela La Salle Institute Nacional de Cristobal Colon.	To construct 500 rural school classrooms during fiscal years 1963–65.				120.0	120.0	None.
Elementary education (teacher training; educational materials development and production; and educational planning.	Ministry of Education	To assist the Ministry in becoming a more effective sector of National Government; to increase the number of the instructional staff; to decrease the number of untrained teachers; to provide textbooks and teaching-learning aids; to assist host government in educational planning and to establish manpower and other goals.	67.0	60.0		113.0	240.0	Do.
Rural and elementary education.	Rural normal school at Estell and 6 nuclear schools, Ministry of Education.	To establish and develop a rural normal school; to develop a system of satellite schools to serve as models; to train teachers, both preservice and inservice.	551.0	228.0	34.0		813.0	Do.
Vocational and industrial arts education.	Ministry of Education	To assist Ministry of Education in establishing and developing a vocational school. To demonstrate efficient and economical procedures.	247.0	118.0	160.0		525.0	Do.
Ministry of Education Planning Office.	Ministry of Education Planning Office.	To establish and develop an educational planning office; to train Ministry personnel in statistics, research, and planning.	44.0				44.0	Do.
Total			909.0	406.0	194.0	233.0	1,742.0	

Education programs, 1955–63—Continued

PANAMA

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Inter-American Cooperative educational service.	Ministry of Education	Assist Ministry of Education to improve quality of instruction in vocational schools, elementary teachers, and develop and produce teaching materials and textbooks.	1,800.0	300.0		500.0	2,600.0	None.
Educational advisory service	do	Support Ministry of Education programs to upgrade elementary school and vocational school instruction through teacher training and development of teaching materials and textbooks.	250.0	86.0	2.0	570.0	908.0	Do.
Higher education	University of Panama	Development of study and research programs in public administration, agriculture, and engineering at University of Panama and train Panamanians to qualify as full-time professors to staff the faculties of these disciplines.			1,188.0		1,188.0	
Total			2,050.0	386.0	1,190.0	1,070.0	4,696.0	

PARAGUAY

Rural educational development.	Ministry of Education, public schools.	6 teacher-training centers, school construction, prepare teaching materials, reorganization study.	91.0	24.0	16.0		131.0	None.
Cooperative Service of Education.	Ministry of Education, public normal secondary and elementary schools, San Lorenzo Rural Normal School, and the Technical Vocational School of Asunción.	Assist in preservice and inservice training of elementary and normal schoolteachers, in the development of an improved elementary school curriculum and to demonstrate its effectiveness, in establishing a superior rural normal school at San Lorenzo, in establishing a technical vocational school for the training of skilled workers.	1,275.0	415.0			1,690.0	Do.

National University, School of Public Administration.	National University of Asunción.	To assist the National University in its objectives of establishing a school of public administration which will provide academic training at higher education levels.	30.0	62.0	48.0	16.0	156.0	Do.
Rural health manpower	Faculty of Medical Sciences, National University of Asunción.	To advise and assist in the implementation of improvements in medical education.		66.0	153.0	254.0	473.0	Do.
Do	School of Nursing, Institute of Teaching.	To assist the school of nursing in training of professional nurses qualified to give patient care in the hospitals and public health agencies and to manage a nursing service unit.		43.0	113.7	89.3	246.0	Do.
Total			1,396.0	610.0	330.7	359.3	2,696.0	
		PERU						
Rural education		To improve and extend primary education in selected rural areas of Peru listed below (included in the amounts listed are materials for school construction and equipment, supplies, and teaching materials; these areas include approximately 560 schools in more than 600 communities):						
		Tingo Maria					72.3	None.
		Oxapampa					119.0	Do.
		Apruimac					30.9	Do.
		Puno					808.6	Do.
		Cuzco					478.8	Do.
		Resource community development					19.8	Do.
		Material development centers—establishment of 1,523 materials centers for professional education and teaching and learning aids:						
		Vocational agriculture:						
		Huancayo Institution					.1	Do.
		Various institutions					222.0	Do.
		Arts and crafts education					46.2	Do.
		Home and family life education					9.4	Do.
		Secondary education					19.8	Do.
		Prevocational teacher training					80.2	Do.
		Industrial education					90.4	Do.
		Primary education					38.9	Do.
		Printing materials					27.7	Do.
		Inservice teacher education					77.6	Do.
		Teacher education:						
		Escuela Normal Mixta Urugamba					597.5	Do.
		Escuela Normal Superior at Chosica					1,692.9	Do.

Education programs, 1955–63—Continued

PERU—Continued

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
These projects had the following totals:			1,141.0	348.9			[10] 4,447.5	
Basic education reform and development.	Ministry of Public Education.	To assist the Ministry of Public Education to reorganize and decentralize the educational system of Peru; to intensify the present school construction and equipment program; to expand and strengthen the existing level of teacher education; to expand, redirect, and improve the present system of vocational education to meet manpower requrements for the expanding economy; to create and support supplementary programs for children and adults of the country by preparation and distribution of free textbooks at the primary level, by scholarship grants to assist worthy students, by utilization of traveling libraries.	15.0	160.0	977.0	50.0	1,202.0	None.
Industrial training Peruvian Army (civic action).	Peruvian Armed Forces	To train a selected group of conscripts in the 5 military regions of Peru in a basic trade to equip them for earning a living for themselves and their families upon separation.	14.0			250.0	264.0	Do.
Total			1,170.0	508.9	977.0	300.0	* 7,403.4	
Local currency (counterpart) dollar equivalent							10.0	

[10] Total for service; no breakdown available.

* The corrected total is $10,345,600.

SAN SALVADOR

Construction and equipping educational planning and advisory services.	San Andreas Normal School, University of San Salvador.	(For all projects): Educational projects have been aimed at raising the level of literacy; improving and expanding the teaching forces; providing training and commodities in specialized fields, such as dentistry, engineering, audiovisual education, English language education, industrial and agricultural education; strengthening the administrative and planning capacity of the Ministry of Education; and providing educational facilities for dependents of American personnel in San Salvador.	506.0	241.0	251.0	325.0	1,323.0	None.
Primary school construction			22.0			200.0	222.0	Do.
University education	University of El Salvador		77.0	21.0		2.0	100.0	Do.
American grade school								
English language education			6.0				6.0	Do.
Total			611.0	262.0	251.0	527.0	1,651.0	

TRINIDAD

Vocational education	Chaguaramas Trade School and John S. Donaldson Technical Institute.	To upgrade 1,000 tradesmen during the 3 years that the program operated in the temporary quarters, then transfer the staff, equipment, and program to the John S. Donaldson Technical Institute where it would continue to operate.	30.0			144.0	174.0	None.
Vocational and teacher training.	St. Kitts Grammar School, Princess Margaret Secondary School, Dominica Grammar School, St. Mary's College, St. Vincent Grammar school, and Granada Boys' Secondary School.	To provide industrial and business education equipment.				45.0	45.0	St. Mary's College (Catholic).
Industrial arts school	Montserrat Secondary School.	To aid the Government of Montserrat develop its secondary school to better serve the training needs of the island. This is to be accomplished by expanding the program offerings at the Montserrat Secondary School.				12.0	12.0	None.
Secondary education, St. Lucia.	Vieux Fort Secondary School.	The establishment of a secondary school at Vieux Fort, St. Lucia, and the facilities, staff and program in a completely operable unit comprising the 1st step of a 400 student, coeducational comprehensive secondary school.		5.0		13.5	18.5	Do.
Teacher training facilities	Teacher Training College, Castries, St. Lucia.	To provide the buildings, equipment, staff, and a program of primary teacher training and upgrading in St. Lucia with a capacity of 50 trainees.		10.0		6.0	16.0	Do.

Education programs, 1955–63—Continued

TRINIDAD—Continued

[In thousands of dollars]

Project title	Name of institution assisted	Project purpose	Nature of assistance				Total	Religious affiliations
			U.S. technicians	Participants	Contract	Commodities		
Industrial education	Harrison College, Lodge School, Combermere School, Boys' Foundation School, Coleridge-Parry School, St. Leonard's Boys' School, Princess Margaret School, West St. Joseph Secondary School, and Parkinson School.	The establishment, the buildings, equipment, and staff for industrial arts departments.				72.0	72.0	None.
Liberal Arts College	University of the West Indies.	Provides for the architectural and engineering planning and for a feasibility study for a complete liberal arts college.				400.0	400.0	Do.
Educational development	Same as 1, 2, and 6	Provided funds for participants and part of the funds for technicians in support of projects listed 1, 2, and 6.	18.0	200.0			218.0	St. Mary's College, St. Lucia (Catholic) (in part).
Educational development and training.	All schools listed above	To furnish the technician elements in support of all other educational projects and commodities for demonstration.	342.0	37.0		50.0	429.0	
Special assistance in support of technical cooperation program.	College of Arts and Science, Jamaica; Princess Margaret Secondary School; St. Mary's College; St. Dominica Grammar School; Vincent Grammar School; and Grenada Boys' Secondary School.	Provided equipment for the College of Arts and Science in Jamaica and buildings complete with industrial education equipment at adjuncts to existing secondary schools. Provided road equipment funds for the Leeward and Windward Islands.				38.0	380.0	None.
Special assistance, University College of the West Indies.	University of the West Indies.	Provided funds for equipment for the science department at the Mona campus of the University College of the West Indies.				500.0	500.0	Do.
Total			390.0	252.0		1,622.5	2,264.5	

URUGUAY

Agricultural education	Facultad de Agronomia de la Universidad de la Republica.	Improve level of research and instruction in soils, animal sciences, pasture improvement, and range management.			360.0		360.0	None.
Farm mechanization and pilot production centers.	Universidad del Trabajo del Uruguay.	Umprove facilities and strengthen curricula of Universidad del Trabajo del Uruguay Farm Machinery School, and specialized schools in poultry industry, dairy industry, animal production, and horticulture.			578.0	551.0	1,129.0	Do.
Industrial education	Mechanical & Electrical Training Institute of Universidad del Trabajo.	Provide specialized training in mechanical, electrical, and electronic skills and improve instruction equipment.			107.0	100.0	207.0	Do.
Total					1,045.0	651.0	1,696.0	

VENEZUELA

Education	Ministry of Education and Ministry of Labor.	Provide support to all levels of education, particularly teacher training, development of comprehensive high schools, improvement of vocational skills, and programs for upgrading Ministry of Labor capabilities in labor statistics, manpower, and employment services.	129.0	205.0	247.0	136.0	717.0	None.
Total			129.0	205.0	247.0	136.0	717.0	

It is distressing that the records of AID are so poorly kept that the Agency is not in a position to give to the Congress accurate figures on where U.S. dollars have gone.

The figures submitted to Senator Morse on how much AID has been spent on education are inaccurate and, admittedly, incomplete.

Figures on four countries will serve to illustrate this point.

Israel

The report submitted to Senator Morse on Israel indicated a total of $762,000 in dollars and the equivalent of $5,988,000 in local currencies had been spent on education projects in Israel. The projects listed with the amounts expended were as follows:

(1) Teachers Training and Vocational Education	$605,000
(2) Vocational Training for Adults and High School Age Students	19,000
(3) Immigrant Vocational Training (ORT)	50,000
(4) Education	8,000
(5) State University of New York	80,000
Total	762,000

However, the presentation made to Congress for fiscal year 1961 shows one project for which $993,000 had been obligated—Project 271–27–163—for Management Training where the objects of the project were:

(*a*) the establishment of a Department of Business Administration within the Eliezer Kaplan School of Economics at Hebrew University providing a B.A. degree in Business Administration; and (*b*) the development of the Graduate School of Industrial and Managerial Engineering at the Israel Institute of Technology providing opportunity for advanced study to holders of B.A. or B.S. degrees.

This one project totals $231,000 more than the total of all projects listed in the material submitted to Senator Morse.

Again, in the budget presentation to the Congress for Israel for the fiscal year 1962, there is a project entitled "Agricultural Research, Extension, and Education" for which $1,346,000 was obligated. This project had the three goals set forth in the title. In describing the educational phase of the program, the presentation stated:

In *Education*, to help the Ministry develop a program using full-time teachers and to extend their duties to cover practical work on school farms, conduct day youth centers for unemployed immigrant youth, develop a more satisfactory Technical Agricultural Institute, and improve home economics education * * * . The number of full-time *teachers* has been increased, day school attendance has shown an upward trend, evening classes continue to be held for unemployed immigrant youth, and the Agricultural Institute's curriculum has been improved.

Again, Project 271–27–262 in the 1962 budget presentation to the Congress, for which $362,000 was obligated, was for "Executive Development" and the project was described as follows:

This project strengthens the operations of the Center by supplementing available Israeli skills by bringing in U.S. specialists with large management experience to train the Israelis who form the cadre of the Center. In addition, aid is being provided to a Resident Managers' School at the Center to train middle-level executives in finance, general production, manpower, marketing, and controllership.

In the compilation of AID projects, published annually by AID for public distribution, total education projects total $246,061 as compared to the $762,000 reported to Senator Morse. (See exhibit VIII–G.)

EXHIBIT VIII–G

Breakdown of education projects, Israel, published by AID for public distribution

Code No.	Description	Fiscal year	Amount
71–61–005	For Vocational Training of Adults	1955	$18,750
71–61–109	ORT Immigration Vocational Training	1955	50,000
71–61–175	Community Center	1955	12,000
71–62–164	Study Methods of Agricultural Education Participant	1955	5,000
71–64–071	For Teacher Training Workshops	1955	5,000
71–61–005	Vocational Training for Adults and School Age Students	1956	15,000
71–69–185	Education Supervision	1956	32,550
71–69–190	Education Participants	1956	9,761
71–61–005	Vocational Training for Adults and School Age Students	1957	3,000
71–69–185	Education (Supervisory)	1957	34,000
71–69–190	Education (Participants)	1957	1,000
71–69–251	Education Teacher Training and Vocational Education	1958	18,000
71–69–251	Teacher Training and Vocational Education	1959	13,000
69–251	do	1960	7,000
69–251	do	1961	19,000
W–69–AR	do	1962	3,000
	Total		246,061

In the paragraph quoted above from Dr. Baumgartner's letter transmitting the figures to Senator Morse, it was indicated that only figures coded under the title "education" had been given and that many AID projects often included an "educational" component but that to "examine these would consume extensive time and manpower and would, moreover, *yield data that are not as meaningful as those we have given you.*" [Emphasis added.]

I have set forth above additional educational projects gleaned from the AID fiscal year 1962 presentation to the Congress. These are not the only examples that could have been cited. Nor do they include projects closed before the 1962 fiscal year.

But even on the basis of this incomplete presentation, if we assume that the funds spent on the "Agricultural Research, Extension, and Education" project cited above were to be divided equally with only one-third allotted to education, the three examples of education projects cited above represent a total expenditure of $1,803,666 spent on these three unreported educational projects while AID had reported to Senator Morse that the education program in Israel amounted to only $762,000.

This is more than a 150-percent misstatement and, in my mind, a most meaningful figure.

Greece

In the published AID report on educational assistance to Greece, AID reported, through fiscal year 1962, that it had granted Greece $308,000 in educational project assistance. (See exhibit VIII–H.)

EXHIBIT VIII–H

Breakdown of education projects, Greece, published by AID for public distribution

Code No.	Description	Fiscal year	Amount
40-61-054	Post Graduate Training of Vocational School Graduates	1958	$35,000
40-61-054	Vocational Training	1959	59,000
61-054	Vocational Education	1960	94,000
61-054	do	1961	68,000
W-61-AJ	do	1962	52,000
	Total		308,000

In its report to Senator Morse, AID reported that it had given Greece, for educational projects, the total sum of $269,000 for a vocational education project (terminated in fiscal year 1962) for—

(*a*) post graduate training of vocational school graduates; (*b*) study of training methods in labor training within industry program; (*c*) vocational guidance; (*d*) vocational training experts.

In a report to Senator Ellender through fiscal year 1961, AID reported that the U.S. contribution to this project was $488,000.

In its budget presentation to the Congress for fiscal year 1962, AID reported estimated obligations through fiscal year 1962 for this project of $312,000.

The major portion of assistance to education in Greece was in the grants totaling $2,498,000 to American-sponsored universities in Greece. This will be discussed later in this section of the report.

Tunisia

According to the information submitted by AID to Senator Morse, we have granted Tunisia $2,010,000 in aid for education and $12,020,000 in local currency for the same purpose. According to AID, this was spent on the following:

(1) University of Tunis Law School	$398,000
(2) English Language Training at Bourguiba Institute of Living Languages	43,000
(3) Ariana Occupational Training Center	544,000
(4) Chott Maria Agricultural College	1,025,000
Total	2,010,000

However, the material furnished Senator Morse does not jibe with the material furnished the Congress by AID.

Thus, in its budget presentation for Tunisia for fiscal year 1962, there is shown one project—No. 69–129—under which $8,762,000 has been spent on school construction and equipment through fiscal year 1962 with the note:

Dollar expenditures have been made under nonproject Special Assistance to generate counterpart needed for school construction and equipment. In fiscal year 1962 the required counterpart ($2.7 million) will be generated by a Development Grant for a commodity import program.

The Tunisian Congressional Budget presentation for the same fiscal year, 1962, contained a project—No. 64–123—entitled "Teacher Training" under which $148,000 would be obligated to send women teachers to the United States for training.

Another project in fiscal year 1962 Tunisian presentation would obligate $230,000 to train 15 persons in the United States in engineering.

Meanwhile, the publicly disseminated reports by AID on project assistance in the field of education indicated that from 1958 through 1962 (fiscal years) AID has spent on education projects in Tunisia the total sum of $579,000. (See exhibit VIII–I.)

EXHIBIT VIII–I

Breakdown of education projects, Tunisia, published by AID for public distribution

Code No.	Description	Fiscal year	Amount
64–62–011	U.S. Rural Teacher Training Program (French Language)	1958	$18,000
64–66–021	Tunisian University Study Team	1958	6,000
64–62–011	U.S. Rural Teacher Training Program (French)	1959	2,000
64–64–070	Assisting Tunisian Textbook Preparation	1959	11,000
64–64–123	Bilingual Normal School Teacher Training	1959	50,000
64–64–072	Elementary School Assistance	1959	6,000
64–65–075	Strengthening Secondary Science Instruction	1959	6,000
64–66–021	Tunisian University Study Team	1959	7,000
64–070	Assisting Tunisian Textbook Preparation	1960	5,000
64–070	do	1961	8,000
64–123	Teacher Training	1961	38,000
69–034	Intensive English Language Training	1961	4,000
N–66–AA	Education	1962	418,000
	Total		579,000

Egypt

In response to Senator Morse's request, AID replied that the total spent in Egypt under the AID program between the years 1955 through 1963 had been $360,000. But AID's publicly printed reports showed that it had spent between the years 1956 through 1962 the sum of $2,070,454 on education projects in Egypt. This is approximately *seven times* the amount reported to Senator Morse. (See exhibit VIII–J.)

EXHIBIT VIII–J

Breakdown of education projects, Egypt, published by AID for public distribution

Code No.	Description	Fiscal year	Amount
62–61–211	Vocational Training Program of the Women's Health Improvement Association.	1955	$52,089
62–64–133	Training of Teachers for Rural Elementary Schcols of Egypt	1955	91,300
62–67–135	Rural School Development	1955	15,800
62–67–139	Fundamental Education	1955	18,500
62–68–138	Educational Research	1955	23,260
62–68–141	Administration of Projects of Egypt-American Joint Committee for Education.	1955	25,150
62–68–224	Educational Administration Training	1955	1,500
62–69–134	Educational Materials Service	1955	43,700
62–69–140	Vocational Education	1955	96,800
62–61–140	do	1956	95,944
62–61–211	Vocational Training Program of Women's Health Improvement Association.	1956	1,600
62–64–133	Teacher Education (Grades 1–6)	1956	115,746
62–64–136	Education Post Primary School	1956	15,655
62–67–139	Fundamental Education	1956	11,753
62–68–138	Educational Research	1956	35,960
62–68–141	Administration of Projects of Egypt-American Joint Committee for Education.	1956	53,485
62–68–224	Educational Administration Training	1956	1,000
62–69–134	Educational Materials Service	1956	93,210
62–64–133	Training of Teachers for Rural Elementary Schools	1957	33,000
62–68–138	Educational Research	1957	5,000
62–69–134	Educational Materials Service	1957	36,000
62–69–140	Vocational Education	1957	30,000
62–69–140	Vocational Education (United Arab Republic)	1958	1,000
69–254	Special Participant Program (United Arab Republic)	1960	548,000
69–254	do	1961	417,000
J–66–AG	Engineering Education—University of Assiut (United Arab Republic).	1962	10,000
W–69–AG	Special Participant Program (United Arab Republic)	1962	198,000
	Total		2,070,452

It should also be noted that just one project in the 1962 fiscal year presentation to Congress for Egypt showed that $1,253,000 would be obligated for a special participant program (Project No. 263–69–254) under which grants would be provided "for a maximum of 100 United Arab Republic Government officials and employees of private industry to pursue postgraduate studies in the United States." The middle figure—69—in the project number is the code for educational projects.

* * *

Another spigot of AID open to American-sponsored institutions of higher learning abroad is under section 214(a) of the Foreign Assistance Act of 1961 and section 400(c) of the Mutual Security Act of 1954. The latter has been noted above.

Section 214 provides:

(*a*) The President is authorized to use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for assistance, on such terms and conditions as he may specify, to schools and libraries outside the United States founded or sponsored by U.S. citizens and serving as study and demonstration centers for ideas and practices of the United States.

(*b*) The President is authorized to use, notwithstanding the provisions of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), foreign currencies accruing to the U.S. Government under any Act, for purposes of subsection (a) of this section, and for assistance, on such terms and conditions as he may specify, to hospitals outside the United States founded or sponsored by U.S. citizens and serving as centers for medical treatment, education, and research.

AID reported it had made grants of $21,352,451 to the following American institutions of higher learning under sections 214(a) and 400(c):

Grants to American institutions of higher learning abroad under authority of section 214(a) of the Foreign Assistance Act of 1961 and sec. 400(c) of Mutual Security Act of 1954 in Nesa region

	1959–63 total
American University of Beirut, Beirut, Lebanon	$14,725,000
International College of Beirut, Beirut, Lebanon	1,114,000
American Farm School, Salonika, Greece	412,500
Anatolie College, Salonika, Greece	352,000
Athens College, Athens, Greece	522,500
Pierce College, Athens, Greece	1,211,000
Robert College, Istanbul, Turkey	1,920,000
American University in Cairo, Cairo, Egypt (United Arab Republic)	1,095,451
Total	[1] 21,352,451

[1] This sum was incorrectly totaled by AID as $21,351,600 and given to Senator Morse. The correct total is $21,352,451.

I have been informed that grants under both these sections are now handled directly by Washington AID and not in the field.

At the time of the completion of this report only preliminary figures had been supplied to Senator Morse by the Department of Defense but they are sufficient to show that the Department of Education is in the "education program" in a big way, in addition to participant training. The following responses had been received:

[Outgoing cablegram]

DEPARTMENT OF STATE,
August 8, 1963.

Sent to: AIRTO/Circular I–165.
Subject: Civic Action Projects in Field of Education.
Reference:

In INF 341538 (272010 June) the Department of Defense requested the unified commands to instruct the MAP element in countries where there is a MAP-supported civic action program to submit to the USAID available information on activities of MAP-supported military units in the field of education.

You are requested to forward to AID/W attn: AA/NESD and information you have received or may receive from the MAP element on this subject. This information is urgently needed for a report being prepared for the Education Subcommittee of the Committee on Labor and Public Welfare of the Senate.

[Incoming cablegram]

DEPARTMENT OF STATE,
Received: August 12, 1963.

From: Phnom Penh.
No.: TOAID 168, August 12, 6 p.m.
Attention: AA/HRSD.
Subject: Civic action projects in field of education.
Reference: AIDTO Circular X–165.

1. MAP Cambodia has no activities field of education directly in support civic action. However, English language program for participants conducted in country by six contract employees and participant program itself affects RKG civic action projects indirectly.

2. Participant program includes following types courses:
   A. Operation/maintenance engineering equipment.
   B. Operation/maintenance ordnance equipment.
   C. Supply/maintenance quartermaster equipment.
   D. Supply/distribution POL.

3. Returned participants trained above subjects operate/maintain equipment distribute supplies used by FARK in RKG civic action projects.

4. FARK civic action program using MAP-furnished heavy equipment and paid partly through USAID military budget support has built approximately 100 elementary schools in sparsely populated frontier areas and is prime force behind education in these regions. Soldiers or their dependents often serve as teachers.

SPROUSE.

[Incoming cablegram]

DEPARTMENT OF STATE,
Received: August 13, 1963.

From: La Paz.
No.: TOAID 234, August 13.
Priority.
For AA/HRSD.
Reference: AIDTO Circ X–165.
Subject: Civic action projects in field of education.

MAP-supported 1st Motorized Battalion (infantry) of Viacha built one rural school in Charana under fiscal year 1962 rural school construction project (511N85AE). Remaining 41 rural schools constructed through civic action under this project were constructed non-MAP-supported units. Possible contribution MAP-supported units fiscal year 1963 rural school construction project depends solely whether such units closest in location to school sites to be selected.

No further participation MAP-supported Bolivian military units in civic action education programs.

STEPHANSKY.

[Incoming cablegram]

DEPARTMENT OF STATE,
August 14, 1963.

From: American Embassy, Guatemala.
To: Secretary of State, Washington, D.C.
State GRNC.
BT.
Unclassified priority TOAID 86 Fourteenth.
Subject: Civic action projects in the field of education.
Reference: AIDTO circular X 165, EITGHT.

No Civic action education project MAP-supported aiding specific education institutions nor any connection with religious bodies. Civic action education projects MAP-supported consist principally of literacy training in conjunction with Ministries of Education and Defense. Troops from MAP-supported units assist in self-help school construction, repairs of school furniture and facilities and school hot lunch program.

BELL.

[Incoming cablegram]

DEPARTMENT OF STATE.

From: American Embassy, Dakar.
To: Secretary of State, Washington, D.C.
State GRNC.
BT.
Unclassified priority TOAID 60 Thirteenth.
Subject: Civic action projects in field of education.
Reference: AIDTO circular X–165.
Attention: AA/HRSD.

No MAP-supported activities in the field of education to date. Starting next month, English language will be taught to selected Senegalese Army personnel.

MCCLELLAND.

DEPARTMENT OF STATE,
August 13, 1963.

To: AID/Washington. Attn: AA/HRSD.
From: U.S.A.I.D./El Salvador.
Subject: Civic action projects in the field of education.
Reference: AIDTO Circular X–165, Aug. 8.

Civic action projects in the field of education by MAP-supported units have been on a small scale. They vary on the basis of local needs and requests, and detailed information is lacking.

One Navy unit in La Unión has been holding literacy classes for fishermen, and an Army unit in the Santa Ana-Sonsonate area expects to begin such classes by the end of the year. A number of units have kilns for making bricks, and in past years a number of one-room rural schools were built. (Numbers are not available.) Other typical projects include the following:

(1) Twenty writing desks given to a music school.
(2) Repaired the roof of a national kindergarten.
(3) Provided three carpenters to finish the construction of a school.
(4) Built three trellises for a school.
(5) Provided soldiers to help move educational offices.

This year a rather extensive project was to provide transportation for the distribution of a portion of the first and second grade readers which were published under the regional textbook program. In the future it is expected that each of the 14 local garrisons will maintain a small library open to the public.

WILLIAMS.

[Incoming cablegram]

DEPARTMENT OF STATE,
August 15, 1693.

From: American Embassy, Teheran.
To: Secretary of State, Washington, D.C.
State GRNC.
BT.
Unclass TOAID 113 Fifteenth.
For: AA/HRSD.
Subject: Civic action projects, field of education.
Reference: AIDTO circular X–165.

Case history No. 265–N–61–AA on Armed Forces vocational training project being transmitted by airgram.

This civic action activity coordinated by MAP, IIA, and U.S. AID with financial support GOI plan organization.

MAP support in equipment, supplies, personnel.

U.S. AID provides technicial advisers. IIA provides teaching administration and student personnel plus plant facilities.

Activity outstanding example civic action and has high mission priority.

HOLMES.

[Incoming cablegram]

DEPARTMENT OF STATE,
August 16, 1963.

Fm Amembassy, Monrovia.
To SecState, Washington, D.C.
State GRNC.
BT.
Unclas TOAID 162 Sixteenth.
Subj: Civic action projects in field of education.
Ref: AIDTO circular X165.

MAP educational activity consists only English language literacy program military personnel designed achieve second grade level. Enrollment 67 students at present. Detailed airgram follows.

RHETTS.

23–147—63——25

[Incoming cablegram]

DEPARTMENT OF STATE,
Rec'd: *August 22, 1963.*

From: Saigon.
No.: TOAID 486, August 22.
Attention: AA/HRSD.
Subject: Civic action projects in field of education.
Reference: AIDTO Circular X–165, August 8, 1963.

Vietnam has no MAP-supported civic action programs in the education field. MAP support now being provided 21 ARVN schools including Armed Forces language school and total approximately 85 to 90 training centers for RVNAF, civil guard and self-defense corporations. Details re above facilities available Washington in MAP program submissions.

TRUEHEART.

FINDINGS AND RECOMMENDATIONS

FINDINGS

In calling for a breakdown of grants for education in foreign nations, it was shocking to find that AID and USIA were not in a position to reply readily due to their manner of keeping accounts. In fact, the reply from USIA stated that it destroyed its records after only 3 years.

IT IS THEREFORE RECOMMENDED THAT

AID revise its accounting system and that USIA discontinue destroying its basic records so that they can be in a position to advise the Congress and the public on what U.S. aid dollars have been spent.

IX. THE REFUGEE PROBLEM

Six years ago, the able and distinguished senior Senator from Minnesota, Mr. Humphrey, in his report on "The Middle East and Southern Europe" had this to say about the refugee problem:

Since the responsibility for creating the Arab refugee problem derives from the Palestine war and the U.N. partition resolution, the world community must share the blame for letting the problem go unsolved for 10 long years. In the United Nations we have salved our consciences by contributing to the support of these wretched people without coming to grips with the real problem of helping them to find a new and decent way of life. It is high time that the United States took the initiative in and out of the United Nations to bring about a generous and effective solution of the problem.

Excerpts from Senator Humphrey's report are reprinted as exhibit IX–A.

EXHIBIT IX–A

EXCERPT FROM THE MIDDLE EAST AND SOUTHERN EUROPE REPORT OF SENATOR HUBERT H. HUMPHREY ON A STUDY MISSION

* * * Nor can the United States or the West afford to temporize further with the problem of Arab refugees. Living on a bare subsistence level in wretched camps maintained by the United Nations, rootless, jobless, disillusioned, and embittered, these hapless people, now numbering 900,000, are a challenge to the conscience of humanity.

The refugee camps have become hotbeds of political intrigues deliberately fomented by Communist and anti-Western Arab agitators. They are breeding grounds of hatred for the United States and sources of political instability for the countries that harbor them.

Half of the refugees are now under 15 years old, a fact of tremendous significance in terms of an ultimate solution of this problem. It means that, despite the clamor of professional refugee leaders for a return to Palestine and the insistence of the Arab Governments on repatriation to their former homes, half of the refugees have in fact no roots in Palestine at all. They were either less than 5 years old when they left that country, or were born in the refugee camps in Arab States. To return them now to an alien society they have been taught to despise would be as self-defeating and unsatisfactory as abandoning them to mature in the appalling atmosphere of hopelessness which now pervades the refugee camps. The destiny of these young Arabs clearly lies in an opportunity for a productive and self-reliant life in an Arab environment and culture.

Since the responsibility for creating the Arab refugee problem derives from the Palestine war and the U.N. partition resolution, the world community must share the blame for letting the problem go unsolved for 10 long years. In the United Nations we have salved our consciences by contributing to the support of these wretched people without coming to grips with the real problem of helping them find a new and decent way of life. It is high time that the United States took the initiative in and out of the United Nations to bring about a generous and effective solution of the problem.

The facts of the situation themselves point to the only possible solution—the provision for the vast majority of permanent homes and tolerable livelihoods in the Arab States, and a commitment by Israel to accept a limited number of token repatriates.

Iraq is desperately short of people. Rich in resources of oil, land, and water, Iraq needs additional population to exploit its potential productive capacity. Experts estimate that the country could absorb at least 3 million, perhaps 5 mil-

lion, additional people. Iraq, moreover, has shown a disposition to accept immigrants from the refugee population. Five thousand have already been taken in without any appeal for U.N. assistance by the Government of Iraq. With help from the international community to defray costs of resettlement, the entire refugee population could readily be absorbed in that country alone, with benefit to the indigenous population.

Syria, while less richly endowed with natural resources, is also underpopulated. With some help, it could assimilate a substantial number of refugees with benefit to itself. As many as 200,000 refugees could be settled in the Jordan Valley if the Johnston plan of the United States for developing the Jordan River Valley were accepted by the Arab States.

The fact is that the Arab States have for 10 years used the Palestinian refugees as political hostages in their struggle with Israel. While Arab delegates in the United Nations have condemned the plight of their brothers in the refugee camps, nothing has been done to assist them in a practical way, lest political leverage over Israel be lost.

This is not to say that Israel has no responsibility for an ultimate solution of the problem. The Government of Israel has already disclosed its willingness to compensate the refugees for property left in former Palestine; the United States has offered to lend Israel the money. All that is necessary is to set up the machinery and establish the procedures under which compensation would be paid.

On the other hand, repatriation of all, or even a large number of refugees, by Israel is no longer possible. In the first place, Israel has accepted and settled some 900,000 immigrants, many of whom were in fact refugees from Arab States where repressive measures had made their lives intolerable. Furthermore, surrounded by nations which insist upon exercising rights of belligerency against her, it would be suicidal for Israel to admit a large group of immigrants whose whole indoctrination for the past 10 years has been one of hatred for the Jewish state. To do so would be to establish a fifth column inside the country.

Moreover, from the viewpoint of the refugees themselves, repatriation to Israel would result in bitter disillusionment. They would necessarily have to live in a society foreign to their own background and culture, and assume all the obligations of citizenship in a state which they have been taught to despise.

Nevertheless, Prime Minister David Ben-Gurion told me that the Government of Israel would be prepared to admit a limited number of refugees who would pledge to become constructive and productive Israeli citizens and not subversives. I am convinced that Israel would be willing to recognize the principle of repatriation, provided that that principle is implemented only by token numbers of refugees, perhaps admissible on a quota basis.

All of these things should be carefully explored by a new United Nations Good Offices Commission. It should be the duty of such a commission to press resolutely and unremittingly for a breakthrough on this critical refugee problem, exploiting every opportunity for initiating diplomatic conversation with and among the governments concerned.

Six years—and over $118 million U.S. dollars—later Senator Humphrey's remarks are still direct and to the point. In the intervening years the United States has not exercised the leadership in and out of the United Nations so vital to any meaningful effort to prevent the continued use of these refugees as a political football in the tense Middle East.

We seem to have lost sight of the fact that we are dealing with men, women, and children who should not be sacrificed for a cause, but who can, if they wish, have a life of economic usefulness.

Each year we have gone through vitriolic, recriminatory debate in the United Nations about renewing the mandate for the United Nations Relief and Works Agency and each year we have ended the debate with a renewal of its mandate in the same plodding, pedestrian old way. For a summary of the latest debate see exhibit IX–B.

[United Nations Review, February 1963]

THE PALESTINE REFUGEES

SITUATION CONTINUES TO BE OF SERIOUS CONCERN—GENERAL ASSEMBLY EXTENDS AGENCY'S MANDATE

The General Assembly has extended until June 30, 1965, the mandate of the United Nations Relief and Works Agency for Palestine refugees (UNRWA).

This action, taken on December 20, was under the terms of a resolution that had been recommended by the Special Political Committee and adopted by the Assembly in separate votes and as a whole by 100 votes in favor to none against, with 2 abstentions. In the Committee it had been sponsored by the United States and was subsequently amended as proposed by Cyprus.

The Assembly noted with deep regret that repatriation or compensation of the refugees, as provided for in its resolution of December 11, 1948, has not been effected, that no substantial progress has been made in the program for the reintegration of refugees either by repatriation or resettlement, and that the situation of the refugees continues to be a matter of serious concern.

The Assembly also expressed thanks to the Commissioner General and the staff of UNRWA for their continued faithful efforts to provide essential services for the Palestine refugees; and to the specialized agencies and private organizations for their valuable work in assisting the refugees.

It also thanked the United Nations Conciliation Commission for Palestine for its efforts to find a way to progress on the Palestine Arab refugee problem and requested the Commission to continue its endeavors with the member states directly concerned.

The Assembly directed attention to UNRWA's precarious financial position and urged noncontributing governments to contribute, and contributing governments to consider increasing their contributions, so the Agency could carry out its essential programs.

In introducing the report of the Special Political Committee, the rapporteur, Hermod Lannung, of Denmark, said that 19 meetings had been devoted to the consideration of the Palestine refugee question, "which again aroused considerable controversy." More than 60 statements had been heard by the Committee, and a great many further statements had been made in exercise of the right of reply.

The Committee had received three draft resolutions and one amendment in connection with the item.

The first draft resolution, tabled by 21 sponsors, would have called for direct negotiations between the parties concerned.

The second, presented by four sponsors, would have called for the appointment by the Secretary General of a United Nations custodian for the administration and protection of Arab property in Israel.

The third draft resolution was the one sponsored by the United States and approved by the Assembly. In response to appeals by members of the Special Political Committee, the sponsors of the two other draft resolutions did not press for a vote on their proposals after the U.S. draft resolution as amended was adopted. The Committee had given priority in voting to that draft at the request of the United States.

In explanation of vote before the voting in the plenary meeting of the Assembly, Dr. Salah El Dine Tarazi, of Syria, stressed that his delegation had voted in favor of the U.S. draft resolution in the Special Political Committee only after the committee had accepted the amendment submitted by Cyprus which noted the fact that so far no substantial progress had been achieved with regard to the repatriation or resettlement of the refugees. His government, together with the governments of other Arab nations, considered that the solution of the Palestine question depended on the Palestine Arabs themselves. It was for them to decide on their own future, and the request in the 21-power draft, calling for direct negotiations between the parties concerned, was in no way justified, Mr. Tarazi declared.

The Syrian representative commented that the Israeli delegation had voted in such a way in the Special Political Committee as to indicate it was not ready to allow the repatriation of the Palestine Arab refugees and their return to their homes.

Anything that was designed to hamper or block the return of the Arab refugees was doomed to failure, Mr. Tarazi asserted. His delegation requested a separate vote, by rollcall, on paragraphs 2 and 3 of the draft resolution.

Before the Assembly proceeded to the vote, the President announced that under the terms of the draft resolution in question it might prove necessary not only to provide certain staff and facilities in connection with the request that the United Nations Conciliation Commission for Palestine continue its endeavors with the member states concerned, but also to extend the existing staff of its technical office beyond the period contemplated in the initial 1963 estimates, and perhaps to supplement such staff.

Since the needs could not then be estimated, the Secretary General would report fully to the Advisory Committee on Administrative and Budgetary Questions as soon as actual needs were determined and, with its prior concurrence, enter into commitments in 1963, under the terms of the provisions relating to unforeseen and extraordinary expenses.

After the voting, Michael Comay, of Israel, said his delegation's votes in the Special Political Committee and in the plenary meeting were influenced by three factors:

Firstly, whatever the solution, it was clear that international assistance for the Palestine refugees would be required for considerable time. His government had always unreservedly supported such United Nations assistance, both in taking care of the essential needs of the refugees and in promoting their advance toward self-support and ultimate integration into productive life. Israel particularly commended the efforts made by UNRWA to teach refugee youth professional and vocational skills.

Secondly, the Israel delegation had consistently opposed the view that the efforts to seek a solution of the refugee problem should be based "on a single controversial paragraph torn out of the context of a resolution adopted 14 years ago." Such a course hampered endeavors to come to grips with the substance of the problem in the light of contemporary conditions, he said.

Thirdly, his delegation had voted for the continuation of the Palestine Conciliation Commission, and it would continue in the future to cooperate with the endeavors by the Commission to promote agreement between the parties.

In explanation of vote, Carl Rowan, of the United States, said his delegation was pleased at the speedy adoption of the resolution. It was a good resolution, and his delegation favored every paragraph in it. The United States hoped that it would be the wedge that would open the door to speedy and meaningful progress.

Dr. Adnan M. Pachachi, of Iraq, said his delegation had voted for the draft resolution because it included the expression of deep regret that the provision of the 1948 resolution regarding repatriation and compensation had not been implemented. That was the key paragraph, a further expression and reaffirmation by the Assembly of the commitment that the international community had pledged to the refugees.

Dr. Pachachi stressed that the refugee question was not negotiable and had not been so under United Nations resolutions. In fact, the 1948 resolution specifically said that the General Assembly resolved that refugees who wished to return might be permitted to do so, and those who did not wish to return should be compensated for any properties they left behind. The implementation of a promise and a commitment made by the international community in 1948 should not be delayed any further, he declared.

Muhammed S. Luqman, of Mauritania, said his delegation had abstained from voting on paragraphs 2 and 3 of the preamble because it had not yet noted any substantial results from the work of the Conciliation Commission. Moreover, Mauritania believed that the problem was exclusively between Israel and the Palestine Arab refugees, and not between Israel and the Arab States.

As the Special Political Committee opened the debate on the question of Palestine refugees on November 29, it heard Dr. John H. Davis, the Commissioner General of UNRWA, introduce his report for the year ended June 30, 1962.

The Agency, whose operations are financed by voluntary contributions, began work in 1950. It provides relief and other services to Arab refugees from Palestine who are now living in Jordan, the Gaza strip, Lebanon, and the Syrian Arab Republic. As of June 30, 1962, a total of 1,174,760 refugees—half of them under the age of 17—were registered with the Agency.

The Commissioner General is assisted by an Advisory Commission consisting of representatives of Belgium, France, Jordan, Lebanon, Syria, Turkey, the United Arab Republic, the United Kingdom, and the United States.

The Conciliation Commission for Palestine was asked by the Assembly in 1961 to "intensify" its efforts to carry out the provisions of the 1948 resolution referring to repatriation of Palestine refugees or for compensation.

Last March, the Conciliation Commission—whose members are France, Turkey, and the United States—announced the reappointment of Dr. Joseph E. Johnson as its special representative to visit the Middle East in pursuance of this objective. Dr. Johnson had previously visited the area on behalf of the Commission in September 1961, and he made another trip in April and May 1962.

The Special Political Committee also had before it a letter signed by 11 Arab delegations (Algeria, Iraq, Jordan, Lebanon, Libya, Morocco, Saudi Arabia, the Sudan, the Syrian Arab Republic, Tunisia, and the United Arab Republic) asking that "the Palestine Arab delegation, representing the views of the Palestine Arab people, the principal party to the Palestine dispute," be heard by the Committee. The letter, dated November 2, listed 13 persons as composing the delegation.

Introducing his report, Dr. Davis recalled that in his statement opening the discussion on the same question in 1959, he had outlined a 3-year plan for assistance to young refugees. In essence, the plan had been to hold relief expenditure per capita to the 1960 level in order that increased emphasis might be placed on expanding general education, teacher and vocational training, university scholarships, and loans and grants to worthy individuals. The additional expenditure had been met in three levels—through increased regular contributions, through appeals for extra-budgetary funds, and by drawing on the working reserve.

Dr. Davis said that it was now possible to predict the achievements of the program as follows: Throughout the 3-year period, the Agency would have held per capita relief expenditure at the 1960 level; it would almost have kept pace with the host countries in raising the level of education, through increased enrollment and by adding one more year of instruction to the curriculum, and it would have expanded its vocational and teacher training programs considerably.

In reviewing the developments which had made these achievements possible, the Commissioner General noted, for example, that in Jordan the vocational-training center for 400 male students remained in operation at Kalandia, and a new training center for 400 young men had been opened at Wadi Seer. A teacher-training center for 400 male students had been opened at Ramallah, and a combination teacher-training and vocational-training center for girls, with capacity for 633, had recently been opened nearby.

At Gaza, the capacity of the vocational-training center had been doubled, and it could now accommodate 400 students. In addition, in the Gaza strip, UNRWA had taken over responsibility for the agricultural-training center at Bei Hanoun, which could accommodate 80 boys; and a vocational-training center for 100 students had been built at Khan Younis.

As for Syria, the Agency had opened a new vocational training center, with accommodation for 400 male students, at Damascus, and another for 200 students at Homs.

In Lebanon, a new vocational training center for 400 male students had been opened at Siblin, and another, with a capacity of 264 students, was being built there to train vocational instructors and industrial foremen.

In addition, the Agency had arranged for about 400 students a year to take commercial training, on-the-job industrial training, and nursing and pharmaceutical training at centers operated by the host governments or private institutions.

Finally, through the cooperation of the Swedish Government, arrangements had been made to provide advanced training in Sweden for 50 instructors and industrial foremen a year.

UNRWA had also increased its total of university scholarships to some 500 a year. Since the budget was limited, priority had been given to educational needs. The cost of the loan-grant program had therefore been limited to $500,000.

On the financial side, Dr. Davis noted that regular contributions from governments had remained almost constant at about $34 million a year, or approximately the Agency's expenditure level for 1960. The Agency had therefore redoubled its efforts to raise money from extra-budgetary sources. It had managed to raise almost $6 million, to which it was seeking to add another $1 million for

2,000 scholarships of $500 each. Even with the extra-budgetary contributions it hoped to receive, he said, the Agency expected to end the 3-year mandate period with a cumulative deficit of about $4 million, which would have to be taken from the working reserve.

The Commissioner General said that if the Agency's mandate was extended beyond June 30, 1963, it would need an annual increase of $3 million in regular government contributions unless its program of assistance to young people was to collapse "with tragic consequences."

Dr. Davis then commented that the picture he had presented, though somber, did not reflect a completely hopeless position. At all events, it was an accurate picture of a situation that needed to be faced squarely.

The essential problem was to find the necessary funds for education while at the same time maintaining the relief services.

Dr. Davis expressed his gratitude to those governments, including those of the host countries, which had supported the UNRWA program, as well as to the individuals and voluntary organizations that had assisted the refugees.

Before the discussion, the Chairman of the Committee drew attention to the letter of 11 delegations concerning the hearing of the Palestine Arab delegation.

He noted that there was no rule covering this matter, but that at several previous sessions Dr. Izzat Tannous, Director of the Palestine Arab Refugee Office in Beirut and in New York, had been granted a hearing by the Committee. In 1961, in response to a similar request, the Committee had heard another spokesman, Dr. Emil AlGhouri.

The Committee granted, without objection, the request of the 11 Arab delegations.

After a procedural discussion, the Committee further decided—by a rollcall vote of 34 in favor to 16 against, with 42 abstentions—to hear Dr. AlGhouri, spokesman for the group, immediately.

Dr. AlGhouri said that the United Nations had been dealing with the Palestine issue and the "so-called" question of the refugees for 15 years, but it had not yet taken any concrete action to solve those questions.

The Organization had failed to fulfill its obligation in this regard, he maintained, because it had been under pressure from international Zionism and colonialism, and influenced by the policy of certain powers, particularly the United States, against the rights and true interests of the Palestine Arabs. Those forces intended to deprive the Arabs of the right to return to their homes, to legalize the illegal situation prevailing in Palestine, and to wipe out the Palestine Arab people as a national entity.

Dr. AlGhouri contended that the supporters of Zionism were constantly seeking to make the Arabs enter into negotiations with the Zionists, but to invite the Arabs to negotiate and recognize Zionist occupation, he said, is "to condone colonialism in its ugliest form."

Turning to the question of UNRWA's mandate and finances, he pointed out that the main contributing countries had often threatened to discontinue their contributions unless the Arabs accepted their plans. That, in his view, was a form of blackmail, and until the Palestine problem was solved and the Arabs returned to their homes, the United Nations had a moral duty to attend to their needs by further increasing its aid to them.

Dr. AlGhouri stressed that the Palestine Arabs did not want alms, and they also refused to be a pawn of political intrigues for the achievement of illegal purposes.

The Arabs were not poor, he went on. The property which they owned in "occupied" Palestine was worth thousands of millions of dollars. The annual income from that property exceeded $180 million. Moreover, until May 1948, the Arabs had owned 93 percent of the total area of Palestine, and the Jews just under 7 percent.

The Arabs had frequently appealed to the United Nations to have their property placed in the care of a United Nations custodian, who would pay the annual income to the legitimate owners, Dr. AlGhouri noted. Such a proposal had, however, been ignored. Yet, if approved, the income from Arab property would lighten the burden of the United Nations and improve the lot of the Arabs, he argued.

It was plain that the Zionists and their supporters were seriously encroaching on the principle of the inviolability of private property, which was upheld by international law, he added.

The "so-called" refugee question could not be divorced from the Palestine issue as a whole, Dr. AlGhouri emphasized, and the solution of the problem on the basis of justice was essential to peace and stability in the Middle East in particular and in the world in general.

Efforts were still being made to present the Palestine problem as a conflict between the Arab states and the Zionists, he declared. In reality, however, it was a conflict between the "Zionist alien invaders" and the Arabs of Palestine, the legitimate inhabitants of the country.

The Palestine Arabs were not refugees or people without a homeland. They were a people who were entitled to live in freedom, independence, and sovereignty.

Dr. AlGhouri stressed that the sooner the United Nations discharged its obligations and the sooner "the invaders" faced reality, the better it would be for all concerned, particularly "the invaders" themselves. In the last analysis, the Arab people alone would have the final word.

The Committee also heard statements by Muneer Rayyes and by Dr. Izzat Tannous, other spokesmen for the group.

GENERAL DEBATE

The first speaker in the general debate, Ahmad Shukairy, of Saudi Arabia, declared that 14 years after the Conciliation Commission had been entrusted with the task of repatriation and compensation, not one refugee had been repatriated or compensated. The United Nations had had 14 reports concerning Palestine refugee relief operations, and yet a solution was no nearer.

The Commissioner General had accurately indicated what was wrong when he had written of the feeling of the Arab people that an injustice had been committed against the Arabs of Palestine, that a country had been obliterated and a people uprooted and dispossessed.

Mr. Shukairy contended that the Palestine refugees, like the refugees from Angola, Kenya, and Rhodesia, were the victims of colonialism in its "most obnoxious form." Yet their situation was even worse than that of the latter, for, although the white settlers in the Rhodesias and South Africa had been able to impose their rule, they had not expelled the indigenous inhabitants from their homeland.

The greatest wrong done to the Palestine refugees had been the denial of the principle of self-determination, he charged.

It was clearly the duty of all member nations to curtail Jewish immigration to Palestine and to outlaw all organs engaged in promoting it. The prohibition of Jewish immigration, under the supervision of a neutral United Nations commission, was an absolute necessity which would open the door to a solution of the refugee problem and insure peace in the area.

Mr. Shukairy also proposed the launching of an international crusade against "the racialist and fictitious nationalist movements, such as Zionism." The latter was not to be confused with Judaism, which was a great religion worthy of respect, he declared. It should not be thought that the Arabs were anti-Semitic, for they themselves were Semites—far more than the Zionists.

The tragedy of the Arab refugees came from Zionism, he contended, and the only way of helping them to return to their homes was to combat Zionist activities all over the world. If nothing positive could be done to assist repatriation, the least that could be done was to prevent activities in support of expatriation.

The representative of Saudi Arabia said that in Argentina a national movement known as "Tacuara" had recently been started to combat Zionism. Since in his view the abolition of Zionism was the key to the refugee problem, he hoped that "Tacuara" would spread in Latin America and its principles be adopted in the United Nations.

A third proposal was that a United Nations custodian be appointed to administer the property of the refugees, who should be allowed to be self-supporting. The latest report of UNRWA's Commissioner General had referred to the physical privation suffered by the refugees and the psychological damage inflicted on them by their prolonged dependence on charity.

A fourth proposal put forward by the Saudi Arabian representative related to the so-called "economic refugees" numbering 317,000, who did not qualify for relief because they lived in villages near the armistice line. He proposed that they should be permitted to cultivate their lands and to graze their cattle. The

proposed United Nations custodian could be vested with additional powers to settle those people on their lands and help them to lead a decent and self-supporting life.

After 14 years of suffering and humiliation, Mr. Shukairy said, the refugees still stood by their demand for repatriation and would never give up their homeland. As a colonial issue, the problem of the Palestine refugees must be liquidated in the way in which all colonial problems were liquidated. Neither negotiation nor conciliation could ever lead to a lasting solution, since the problem was one of recognizing the United Nations Charter. If justice was still to be denied, redress would have to be sought outside the United Nations. That was the last alternative left to the Arab people.

RIGHTS OF REPLY

The statement by Mr. Shukairy was followed by a number of statements which were given under the right of reply to him and to others who replied to him. Thus some delegations interceded several times.

Speaking under the right of reply, Lucio Garcia del Solar, of Argentina, said that the so-called "Tacuara" movement in Argentina was not a national movement but was made up of youthful groups numbering fewer than 1,000 in a population of 20 million. The Argentine Government's policy was one of complete respect for human rights, and it could be counted upon to deal appropriately with any activities by that group which violated those rights.

Michael Comay, of Israel, exercising his right of reply, said that the central theme of the Saudi Arabian statement was that the only solution to the Arab refugee question lay in the dissolution of the state of Israel. Unfortunately that doctrine was being systematically pumped into the minds of the refugees and the Arab countries of the Middle East. When backed up by missiles and bombers, the theory became even more dangerous.

Mr. Comay stated that the United Nations had offered a plan for self-determination to both the Arabs and the Jews of Palestine. The Jews had accepted the compromise, but the Arabs had rejected it.

The Jewish state could be eliminated only by force, he asserted, and the United Nations had decreed that force must not be employed. The Arab states must therefore accept the Jewish state or defy the United Nations.

Israel was fully prepared to cooperate with any United Nations initiative for peaceful negotiations for an agreed settlement, he declared.

Mr. Shukairy, in reply, observed that only recently the United States had agreed to supply Israel with missiles on the pretext of helping it to defend itself. He thought it was almost unimaginable that a member of the United Nations should supply such highly dangerous weapons to another member which had four times been condemned by the Security Council for offensive action.

He contended that the situation in Palestine involved the question of the Palestine refugees, the internationalization of Jerusalem, and the territorial arrangement. Any negotiated settlement must deal with all three, and there could be no negotiation when Israel had already rejected all of them.

Abdul Moenem Rifa'i, of Jordan, felt he had a special responsibility to speak on the subject of the Palestine Arab refugees because it was to his country that more than 600,000 had fled when driven from their homes by the "Zionist terror."

After contending that the Zionists were preparing for further expansion and aggression, he said that they were conducting "so-called" charity drives all over the world to raise funds with which to finance such a move. Moreover, they were seeking to divert Arab water resources to the land on which new Zionist immigrants were settling.

The Zionists, he said, were also constructing atomic reactors in an attempt to manufacture atomic weapons and were securing missiles from the United States with which to increase their capacity for aggression.

The representative of Jordan stressed that the Arabs of Palestine must be reestablished in their homeland and must be enabled to return to their normal way of life before there could be any talk of a peaceful settlement. The problem was becoming more serious as the number of refugees increased.

In this connection, he drew attention to the plight of more than 300,000 so-called economic refugees, most of whom were living in Jordan, and of the thousands of children who were denied relief on account of budgetary limitations.

Mr. Rifa'i put before the Committee a summary of six points which, he said, formed the basis of the position taken by the Arab governments and peoples:

no aspect of the Palestine question could be subject to any kind of compromise, for such a compromise would be a form of national suicide;

the right of the Palestine Arabs to repatriation and compensation was inalienable, and it was for them to determine how they would exercise that right;

the United Nations should secure the opening of the borders of Palestine to permit the free return of the legitimate Arab inhabitants to their lands and properties;

the enforcement of the refugees' right to repatriation and compensation was exclusive and independent of the settlement of the other issues involved;

any suggestion that the Arab states should negotiate with Israel would accordingly be irrelevant and inapplicable and would be totally rejected by the Arabs;

Any scheme to resettle the refugee population in the surrounding Arab countries would be unrealistic and impracticable and would be categorically rejected. In this connection, the representative of Jordan drew attention to the Commissioner-General's remarks about the limitations of the host countries' capacity to absorb the refugee population.

Mr. Rifa'i also supported the proposal that a United Nations custodian be appointed to protect the property and property rights of the refugees and to keep an account of the income from such properties and see to it that it was paid to them.

The situation, he said, constituted a permanent threat to peace and stability in the Middle East. The Saudi Arabian representative had spoken for all Arabs when he had expressed the determination of the refugees never to renounce their homeland. He repudiated the suggestion in the U.S. press that Mr. Shukairy had been expressing only his personal views.

INTER-AMERICAN SYSTEM

Ramon Huidobro, of Chile, referring to the so-called "Tacuara" movement in Argentina, said he could not believe that the Government and people of Saudi Arabia and of the other Arab countries hoped for the growth of a movement that was contrary to the laws of friendly countries and undermined the very foundation of the inter-American system, which was built upon racial and religious tolerance and coexistence. The spread of those Latin American principles to the rest of the world would do more to promote the cause of the Palestine refugees and of peace in general than dissemination of doctrines of hatred and genocide.

Mr. Shukairy, replying, said he admired the high principles and juridical achievements of Latin America and agreed that genocide was to be condemned. However, Zionism was in itself a movement of genocide: that was why he had appealed to the countries of Latin America and of the rest of the world to outlaw it and to encourage any movement which was opposed to it.

Dr. Tarazi, of Syria, also affirmed that the views expressed by the representative of Saudi Arabia were those of the Government and people of Syria and of Arabs everywhere.

Hussein Zulfacar Sabri, of the United Arab Republic, argued that Israel, which continued to flout the resolutions of the Security Council and the General Assembly, was trying to confront the United Nations with a "dead end" by compelling all the member states to believe that the Charter offered no solution for the Palestine situation. It wished to force the member states to wash their hands of all responsibility and to consign the question to direct talks between the parties concerned.

If the United Nations fell into that trap, he warned, it would be signing the death warrant of a million Palestinians whose homeland had been plundered.

The United Arab Republic representative contended that, at the 16th session, Israel had tried to secure the adoption of a resolution in favor of direct talks. It was now trying once again to move the member states to vote for the formation of a new commission to pave the way for direct talks between Israel and the Arab States. It would indeed be a new commission, since its task would go beyond the mandate of the Conciliation Commission, he added.

Mr. Sabri contended that if the latter Commission, even with a limited

mandate, had been unable to report any progress, it was because Israel had systematically ignored its existence. The various armistice agreements signed by a number of Arab States and by Israel, he said, Israel had time and again repudiated. Every military clash since the signing of the agreements had been initiated by Israel, he charged. Such "brazen" flouting of international obligations was unprecedented in modern history, except in the case of Nazi Germany, which, like Israel, had been racialist and expansionist. Israel had proclaimed itself the homeland of a "chosen people" and aimed to extend its sway from Dan to Beersheba and from the Euphrates to the Nile.

The representative of the United Arab Republic suggested that a United Nations commission be instructed to examine, on the spot, Israel's many "flagrant" violations of the armistice agreements.

If Israel sought direct talks with the Arabs, he said, it was simply to rivet its hold on property which it had usurped, to make new territorial claims and to hatch fresh invasion plans.

The equitable solution of the Palestine problem would, in his view, lead not only to the restoration of the rights of the Palestinian Arabs but also to the emancipation of millions of Jews, for Zionism had proved itself to be the most anti-Semitic institution Judaic communities had ever had.

As an initial step toward a solution, a United Nations custodian should be appointed for Arab property in occupied Palestine to pay over the revenue from that property to the Commissioner-General of UNRWA so that the latter might pursue his humanitarian activities with no need for international charity.

In addition, Mr. Sabri proposed that member states could be invited to investigate the activities of local Zionist organizations and, when their true nature came to light, proclaim them to be foreign agencies.

The appointment of a United Nations custodian for Arab property was also endorsed by Dr. Abdul Hakim Tabibi, of Afghanistan, who said that such an act would lighten the financial burden of UNRWA and give back to the Arab refugees their dignity.

He also felt that the mandate and composition of the Conciliation Commission should be revised to enable it to take at long last the effective measures required of it under the Assembly's 1948 resolution by applying paragraph 11 concerning repatriation or compensation.

Replying to Mr. Sabri's charges against Israel of aggression and expansionism, Mr. Comay referred to what he termed Egypt's invasion of Israel in 1948, the proclamation of a state of war, the illegal blocking of the Suez Canal, and constantly reiterated threats. He went on to say that in 1957 the Sudan had complained to the Security Council of Egyptian military occupation of part of its territory; in 1958 Jordan and Lebanon had brought complaints to the Council arising out of aggressive activities and subversion by Egypt; and recently Syria had regained its independence and no longer maintained relations with Egypt; Turkey, Iraq, and Jordan had also broken off diplomatic relations with Egypt; Saudi Arabia had followed their example after the bombardment of its territory by aircraft of the United Arab Republic; only recently Radio Cairo had called, in the name of Arab unity, for the assassination of the King of Saudi Arabia and the King of Jordan; and there was an Egyptian army of 15,000 men fighting in Yemen, "murdering and pillaging."

It was thus clear, Mr. Comay stated, that the United Arab Republic was the main troublemaker in the Middle East, and that Cairo was the only "imperialist" capital there. The only reason the Israel-Arab agreement had become a scrap of paper was that Egypt had violated the letter and spirit of the agreement by sending armed bands to commit "murder, robbery, and sabotage" in Israel territory.

The Israeli representative took the strongest exception to the comparison of his country with Nazi Germany. Six million Jews had been slaughtered by Hitlerite Germany. It took a Nazi mentality to make such a comparison, he said; there was nothing surprising about that since many Nazis were working for the Government propaganda machine in the United Arab Republic.

Mr. Shukairy considered Mr. Comay's remarks irrelevant, since the internal affairs of the Arab world were no concern of Israel. At the United Nations, the Arab family formed a common front which no one could breach. He rejected all the attacks on the Arab States, for which Radio Cairo was the symbol of Arab renaissance.

Israel had committed aggression not only against the Arab people in Palestine but against the United Nations as a whole by its unrelenting opposition to the will of the international community, whose decisions it continually violated, Mr. Shukairy asserted.

In 1947, after the international community had decreed that Jersualem should be internationalized, the Israel authorities had rejected the decision on the grounds that Israel could have no other capital. As for respect for human rights, the Conciliation Commission bore witness to the fact that Israel had rejected repatriation even in principle. Israel had refused to cede one iota of the territory it had conquered and over which it exercised authority—surely that was the language of war. Mr. Shukairy commented. The aggression commited by Israel in 1956 showed clearly that it had no respect for international law.

Sir-El Khatim El Sanousi, of Sudan, under the right of reply, pointed out that the representative of Israel had referred to an incident which had nothing to do with the subject under discussion. In sharing the views of the other Arab States, the Sudanese Government rejected with contempt all interference in the domestic affairs of the Arab world.

Mr. Sabri, also in reply, said that the Eichmann trial had given indications of the complicity between the war criminal and members of Zionist organizations. Mr. Comay's attack on the United Arab Republic showed that information had come to light which Israel had persistently tried to hide.

Mr. Rifa'i, of Jordan, protested against Israel's "slanderous" allegations regarding the relations between Jordan and the United Arab Republic and against the "malicious" attempt to make use of the name of the King of Jordan. Jordan considered that any differences of opinion between Arab countries were such as might arise "within any family." Jordan would be the first to defend the common aspirations of all the Arab countries.

Dr. Tarazi, of Syria, considered that the "mendacious comments" by the representatives of Israel were diversionary maneuvers by the Zionists and imperialists to take advantage of a special situation which they in fact had helped to bring about. It was false to say that Syria had recovered its independence in 1959. As former mandated territories, Syria and Lebanon had become independent in 1945, in accordance with the charter, Syria had never lost its independence. In 1958 Syria and Egypt had decided to form a single state, the United Arab Republic; in 1961 Syria had resumed its former status as a separate entity.

Dr. Adnan M. Pachachi, of Iraq, declared that the peoples of Iraq and of the United Arab Republic were members of one great nation, united by common hopes and problems, which one day would undoubtedly realize its aspirations for independence and unity. On the question of Palestine, there could be no difference of opinion between Iraq and the United Arab Republic.

The Zionist movement, he said, was dragging the Jews down the same path that had been followed by the Nazi movement. The Security Council had condemned Israel on several occasions. Israel also bore the heavy responsibility for the death of Count Bernadotte, murdered on a mission when he was under the protection of the Israeli authorities.

Nadim Dimechkie, of Lebanon, said that, like Nazism, Zionism was responsible for "murders committed in cold blood, and for the uprooting of a people and religious discrimination." Just as the Nazis had claimed the loyalty of Germans outside Germany, the Zionists claimed the loyalty of Jews outside Israel. In any case, Israel, an alien body in the Middle East, had no business to interfere in relations between the Arab States.

Mr. Comay felt that the protestations of Arab unity which his intervention had elicited would have been more convincing if accompanied by concrete proof. Because Arab States were Israel's closest neighbors anything which concerned them must necessarily also concern Israel. He said anyone who tried to attribute to the Israeli Government the slightest responsibility for the death of Count Bernadotte, or who sought to involve Jewish organizations in the crimes of Adolph Eichmann was uttering a "shameful falsehood." Any comparison between Nazi Germany and Israel aroused the indignation of any decent person, Jew or non-Jew, Mr. Comay said.

"AGAINST ISRAEL ON ALL FRONTS"

In his later statement in the general debate, the representative of Israel said that the Arab countries had sought to vilify and besmirch Israel by the most varied and vicious accusations. The humanitarian aspects of the situa-

tion of the refugees and the need to insure their welfare were completely subordinated to their overriding urge to exploit the subject in order to launch a fierce propaganda offensive against the State of Israel on every front. Their central theme was that Israel had no right to exist and should be destroyed. Their central demand was that the United Nations should cooperate in that destruction.

After conceding that one of the most valuable purposes of the United Nations was to provide a forum for the free discussion of any dispute, Mr. Comay stated that this issue was the only one in which the right to independence and the territorial integrity of a sovereign member state were openly challenged, and in which overt threats were made to destroy it by force of arms. If such doctrines could be preached with impunity from the very rostrum of the United Nations the charter must be regarded as having become meaningless.

Israel felt no enmity toward the Arab people, with whose legitimate aspirations it sympathized. It would go on believing in a future in which it would be able to live in harmony with them. There were many states which felt good will toward the Arab nations and Israel and who wished to see the dispute between them resolved peacefully in the interests of all concerned, particularly the refugees. The friendship and understanding of those states and their people were a precious asset, and it was for them that the Israeli Government wished to set the record straight.

Mr. Comay noted that it had been asserted that the refugee issue had been brought about by some sinister force called Zionism, about which "a great deal of nonsense" had been spoken. Actually, he commented, Zionism was one of the "most moving and constructive national movements in history." It was absurd to suggest that Zionism had somehow become an offshoot of imperialism. Was Arab nationalism to be called imperialist because on several occasions the United Kingdom had helped a number of Arab countries to become independent, he asked.

Mr. Comay stressed that most Jews felt historical, religious and emotional ties with the Israeli people and did much to assist the progress of the country. There was no question of divided loyalty as far as they were concerned, and Israel claimed the political allegiance only of its own citizens, whether Jewish or Arab.

From the very beginning of the Zionist movement, the representative of Israel said, the Jews in Palestine had sought to live in peace with their neighbors, to share with them the benefits of their work and to demonstrate that Jews and Arabs could live together in equality and friendship. There had been a time when that vision had been shared. In this connection, he referred to the agreement of friendship signed in January 1919 between the Zionist leader, Dr. Chaim Weizman, and the main spokesman of the Arab world, Emir Feisal, who had later become the first King of Iraq.

In Palestine itself, during the mandate, Mr. Comay said, a network of economic, social, and personal relationships had been established between the Arab and Jewish inhabitants.

After reviewing the events since the end of the Second World War, he noted that in 1947 a resolution had been adopted by the General Assembly that provided for the establishment of an Arab state and a Jewish state linked in an economic union. However, at that time, the Arab contention had been that Palestine formed part of the Arab homeland and should become an Arab state.

That claim, Mr. Comay said, was still vehemently maintained, although it should be noted that it had been rejected unanimously by the 11 members of the United Nations Special Committee on Palestine, as had the Jewish claim to the whole of western Palestine.

The representative of Israel recalled the proclamation of independence of the State of Israel on May 15, 1948, which, he said, had appealed to the Arab inhabitants to return to the ways of peace and play their part in the development of that state with full civil rights and due representation in all state organs. The secretary-general of the Arab League had replied to that appeal by announcing to the press that there would be a war of extermination which would go down in history like the crusades.

Moreover, on the very morning of Israel's independence, Egyptian aircraft had already been dropping bombs on the civilian population of Tel-Aviv, Mr. Comay stated. The former Secretary-General of the United Nations, Trygve Lie, had said in his book, "In the Cause of Peace," that the invasion of Pales-

tine by the Arab States had been the first armed aggression which the world had seen since the end of the war.

One week after the establishment of the State of Israel, the Security Council had called for a cease-fire. When Egypt had replied in the negative, the Council had threatened the Arabs with sanctions, and a month's truce was then arranged.

In the negotiations under the auspices of the United Nations Conciliation Commission, Mr. Comay said, the problem had been the refusal of the Arab delegations to accept the existence of Israel or to meet with the Israeli delegation.

The Israeli representative refuted the Arab charges that his country was an expansionist state. Israel and its Arab neighbors could sign a peace treaty which would allay the fears of the Arabs, he declared.

Moreover, a nonaggression pact could be concluded, disarmament arrangements with reciprocal inspection and control could be made, and the territorial integrity of the parties could be guaranteed by the United Nations or the great powers. If the Arab States rejected those proposals, he argued, the reason was clearly not that Israel wanted to occupy Arab territory but that the Arab States wanted to occupy Israel.

REFERENCES TO NAZISM

The Israeli representative then turned to what he termed a "particularly revolting aspect of Arab propaganda"; namely, the parallel drawn by certain speakers, especially the representative of the United Arab Republic, between Israel and Nazi Germany.

It was odd, he commented, that such accusations should come from those who themselves were not above reproach by reason of their associations with Nazism. Mr. Comay noted that, at the previous session, Mrs. Golda Meir, the Foreign Minister of Israel, had recalled that the representative of Saudi Arabia had once been a close associate of the ex-mufti of Jerusalem, the head of the Palestine Arab High Committee, and that the ex-mufti had spent the war years in Germany and had collaborated with the Nazis in their program for the extermination of the Jews.

Furthermore, it was known from newspaper accounts that former SS officers held high posts in the Government of the United Arab Republic, he said.

Turning to the question of Arab refugees, the representative of Israel observed that much had been said about their feelings, and those feelings should be regarded with understanding and sympathy. However, the Israelis also had certain feelings which the UNRWA report did not take into account.

The Jews, he said, retained the memory of the suffering which they had experienced, particularly under the Nazi regime. They were resolved that there should never again be homeless Jews, and they would spare no effort to enable the million people who had settled in Israel to rebuild their lives. The pioneering spirit of the Jews should not be forgotten, nor should their love for their country, their desire to protect it against any danger, their respect for the human person and their desire for social justice and peace.

It could not be a question of peace at any price and certainly not peace at the price of the destruction of the State of Israel, he asserted. There was a growing realization that the United Nations had no alternative but to invite the parties to negotiate a settlement by peaceful means.

Representatives of the Arab States had said that such negotiations would be pointless unless Israel was prepared in advance to renounce its sovereignty and to amputate its territory and lay it open to destruction.

In reality the main object of such negotiations, Mr. Comay said, would be to avoid war, relax tension, to reduce wasteful arms expenditures, to reach a rational settlement of the refugee problem and to undertake fruitful cooperation in many fields, such as that which had grown up between Israel and a number of Asian and African states.

Speaking in the exercise of his right of reply, Mr. Sabri, of the United Arab Republic, said that Mr. Comay's statement that Zionism was a movement for the national liberation of the Jews was proof that Zionist organizations existed outside Israel, and that they must accordingly be regarded as foreign organizations.

Dr. Pachachi, of Iraq, also speaking under the right of reply, referred to some of the "most flagrant untruths" stated by Mr. Comay. For example, the Jews, far from having a unique and privileged bond with Palestine, had lived there,

in a Jewish state, for only about 400 years and had been preceded and followed by numerous other peoples. Zionism had not claimed an empty desert, he argued, but a country inhabited for more than 13 centuries by a large majority of Arabs. Anyone who wished to assume rights over a country which did not belong to him could do it only at the expense of the legitimate inhabitants. Zionism had therefore been, from its origin, a force of aggression.

Regarding the so-called Feisal-Weizman agreement, the Iraqi representative commented that even if the authenticity of that agreement was admitted, it must not be forgotten that Emir Feisal was not competent to conclude it, since he was in no way the authorized spokesman of the Arabs in Palestine. In any case, it had been stipulated that the agreement would lapse if the guarantees promised to the Arabs were not respected.

Dr. Pachachi denied that the Arabs of Palestine had benefited from the activity of the Jews in Palestine. Not only had the charter of the Jewish Agency for Palestine forbidden Jewish enterprises to employ Arabs, he said, but as soon as land had been obtained from the Arabs by coercion, the Arab occupants had been expelled from it in favor of Jewish immigrants.

Regarding the partition resolution referred to by the Israeli representative, Dr. Pachachi contended that the Zionists and their supporters had succeeded in having the resolution on the partition of Palestine carried by forcing the hand of various member states. That decision had, moreover, been immediately violated, not by the Arabs, as the representative of Israel contended, but by the Israelis themselves.

The representative of Iraq said that Mr. Comay pretended to be shocked by the parallel between Zionism and Nazism. In the opinion of Dr. Pachachi, the Zionist state could not in fact exist except at the cost of the persecution and destruction of the Arabs of Palestine.

Israel had been the first to break the partition resolution, and it was that aggression which had created the problem of the refugees, he asserted.

Also commenting on the statement by the representative of Israel, Mr. Shukairy said that the Arab identification of Zionism with colonialism and imperialism could be proved by reference to statements of Dr. Weizman and to many unimpeachable sources.

As to Mr. Comay's remarks about the grand mufti of Jerusalem, Mr. Shukairy said that a brief review of the grand mufti's career would show that during the Second World War the mufti was hunted by the British authorities. Berlin had been the only place in which he could take refuge in order to avoid arrest by the British.

While the grand mufti had been building up the Arab movement for the liberation of Palestine, and trying to persuade the British not to establish a Jewish national home there, the Zionist leaders had been soliciting support for their cause from all the major powers. They had adopted a different approach to each one, Mr. Shukairy contended, but in every case they had used arguments calculated to appeal to the colonialist instincts of the governments concerned.

Mr. Comay had denied that Zionism destroyed the loyalty of Jews to their mother country, Mr. Shukairy said. Yet Mr. Ben-Gurion had contended that when Jews in other parts of the world used the words "our Government" in speaking to their fellow Jews, they usually meant the Government of Israel.

As to the agreement between Prince Feisal and Dr. Weizman, he said, that agreement contained no provision accepting a Jewish national home in Palestine.

The Saudi Arabian representative noted that the question of responsibility for the war in Palestine and the flight of the Arab refugees came up at every session. In this connection he commented that of the 25 resolutions by the Security Council on the Palestine problem, not one referred to Arab invasion of Israel. The sole purpose of the military intervention of the Arab States, Mr. Shukairy maintained, had been to save the Palestinians from being massacred by Jewish terrorist organizations as a result of the departure of the British military. Regarding direct negotiations between Israel and the Arab States, there was no assurance that any agreement which Israel entered into would be respected, in view of the number of times it had violated the armistice agreements and the resolutions of the United Nations.

Dr. Tarazi, of the Syrian Arab Republic, also rejected the idea of negotiations between the parties concerned, and in this connection his delegation fully endorsed the statement made by Mr. AlGhouri on behalf of the Palestine Arabs. Syria accordingly believed that the Palestine issue should be settled

through the intermediary of representatives of the Arab population of that country.

His delegation also believed that the appointment of a United Nations custodian of the property of the Palestine Arabs was an urgent necessity.

Similar views were expressed by Nadim Dimechkie, of Lebanon, who stressed that the United Nations was bound not only morally but legally to defend Arab property rights. As to the claim by Israel that it desired peace and was willing to enter into negotiations, Mr. Dimechkie commented that Israel had repeatedly emphasized that it would not yield an inch of territory, and only recently the Israel Parliament had declared that it would not permit the return of the Arab refugees. Israel's only interest in peace was to legalize its crimes and violations, he asserted.

The delegation of Lebanon wholeheartedly endorsed the Commissioner-General's request for funds, as well as his appeal to member states which so far had not contributed to UNRWA to accept a share of responsibility toward the refugees.

Mikhail Menshikov, of the USSR, stressed that the subject under discussion was of exceptional importance from the humanitarian standpoint. At the same time it had great political significance because it directly influenced the international situation in the Middle East. In his view, there could be lttle hope of solving the problem unless its fundamental political aspect was recognized and satisfaction was given to the demands of the refugees that they should be repatriated and enabled to support themselves by their own labor in their homeland.

The General Assembly had clearly defined its position in the matter when it had adopted paragraph 11 of its 1948 resolution confirming the inalienable rights of the refugees to repatriation and to compensation for the property they had lost. The Soviet Union had always called for recognition of these rights and maintained that a settlement should be effected in accordance with that resolution.

Hermod Lannung, of Denmark, felt that the contention of certain representatives that Israel was to be equated with the Nazis of Hitler Germany, and that the Israelis behaved like the Nazis, could not be left unchallenged.

Those who made such a contention, he said, were either unaware of the true nature of nazism and of the crimes committed by the Nazis or were indifferent to Nazism and its true character, which was even more deplorable.

The Nazi treatment of all Jewish people was one of the darkest and most shameful chapters in human history, he emphasized. It seemed indecent to equate Israel, whose people had suffered so much, with those who had inflicted so much suffering on them.

The representative of Denmark did not think that by implying any similarity between those atrocities and the matters under discussion the representatives in question in any way strengthened their own case.

Mr. Comay expressed his appreciation of the Danish representative's statement which, he believed, voiced the feelings of all civilized men and women, regardless of race or state.

Carl T. Rowan, of the United States, believed that the main responsibility for solving the problem was with the five states directly concerned—Israel, Jordan, Lebanon, the Syrian Arab Republic and the United Arab Republic.

Conciliation efforts by third parties, however earnest, fair, ingenious, and well-intentioned, would not succeed if the sovereign states on both sides of the armistice line were not prepared to solve the problem and display genuine concern for the refugees as human beings above all else.

As to the proposal that a United Nations custodian should be appointed to administer the property in Israel, Mr. Rowan did not think that it offered a realistic basis for compensation or aid for the refugees. In fact, the proposal was a retrograde step, he thought, since it was clearly designed to undermine the very foundation of Israel's sovereignty.

The U.S. Government was profoundly disappointed by the course which the dispute had taken over the years. Since no solution perfect from all points of view could ever be found, each side should be prepared to sacrifice some part of its desires. Every new proposal should be thoroughly explored, and every initiative offering any hope of progress should be encouraged.

Mr. Rowan was of the opinion that there had been little emphasis on the measures being taken by UNRWA to provide the refugees with food, education, and medical attention. Considering the means at its disposal, the Agency was doing excellent work, he declared.

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The U.S. Government did not share all the views expressed in the Agency's latest report, but it was convinced that the Agency was ably fulfilling a function of prime importance not only to the refugees but also to the five member states directly concerned.

The refugees had been encouraged to look to the United Nations for help. It was now for the Organization to respond effectively to that challenge.

Negotiations between the parties concerned were urged by Michel Gallin-Douathe, of the Central African Republic. To achieve the negotiated solution which international opinion constantly adjured the Arabs and Jews to seek, he said, the first step would be for the Arab countries to recognize the resolution of November 29, 1947, not only in order to benefit from its provisions but also in order formally to recognize the right of Israel to exist and to declare their willingness to live at peace with it.

While there was no doubt regarding Israel's willingness to negotiate, Israel encountered the systematic opposition of the Arab countries which, bent on destroying it, rejected any discussion ab initio and accused the negotiators, whom they refused to hear, of being unyielding.

The representative of the Central African Republic urged the Arab countries to understand that such an attitude would divert them from the course leading to the peaceful settlement of a dispute of which the Arab refugees were the standing victims.

Mr. Gallin-Douathe emphasized that it was necessary to negotiate, even without hope. If the negotiations proved fruitless, they would at least have had the merit of replacing violent language with diplomatic dialogue, and would perhaps make it possible eventually to approach the problem in a constructive spirit.

The proposal for negotiations was also endorsed by Arsène Assouan Usher, of Ivory Coast, who saw it as a means to avoid war and the arms race. But first, he said, came the problem of the refugees. While it was true that the Israeli authorities had asked the Arabs not to leave their homes and had assured them that there was room for everyone in an independent state, the Arabs had been seized by panic and had fled. Politics had taken a hand, and distrust was firmly rooted.

The delegation of the Ivory Coast was convinced that if that distrust could be dispelled, the Israel authorities would be able to work out a satisfactory solution with the Arabs.

On the other hand, Mr. Ataullah, of Pakistan, believed that, in seeking a solution, it was necessary to take into account above all the freely expressed desires of the refugees themselves. To act otherwise would be to commit a breach of the provisions of the Charter and of the recognized principles of democracy and self-determination and to create a threat to peace and stability in the Middle East.

Noting that the refugees persisted in demanding the application of the provision which gave them the choice between repatriation and compensation, his delegation also requested the appointment of a United Nations custodian for the administration and protection of Arab property in Palestine.

B. N. Chakravarty, of India, was also of the opinion that every effort must be made to implement the 1948 resolution, which offered the only possible solution, he said.

In deciding to partition Palestine against the wishes of the Arab population, he maintained, the United Nations had automatically assumed the responsibility for the future of the people affected.

India felt profound sympathy for the Palestine refugees and fervently hoped that peace and harmony would soon be restored in the Middle East. Meanwhile, he stressed, the activities of UNRWA must continue.

OBLIGATIONS ON BOTH SIDES

O. P. Gabites, of New Zealand, believed that the Arab States had an obligation to drop their pretense that Israel did not exist, while Israel had an obligation to make itself acceptable to its Arab neighbors. It would thus be easier for both sides to take practical steps to improve the situation of the refugees.

For example, the Arab States should encourage the refugees to establish self-supporting projects under the auspices of UNRWA. In his view, much more could be done along such lines without prejudicing the ultimate choice of repatriation or compensation.

Israel, for its part, could prove its good intentions and provide more convincing evidence of its desire to live at peace with its neighbors by providing for the full compensation of those refugees who might not wish to live in Israel and by offering a significant number of refugees the opportunity to return to their homes, in cooperation with UNRWA and on the understanding that their repatriation would be subject to the normal requirements of national security.

As to the proposal to appoint a United Nations custodian for the protection of Arab property, the New Zealand representative said it was a "partisan" proposal and therefore most unlikely to improve the climate.

His delegation took exception to some of the "irrelevant" statements made in the debate and, as a country which had given asylum to refugees from Nazism, it endorsed the views expressed by the delegation of Denmark.

In a further intervention on behalf of Israel, Mrs. Golda Meir, the Israel Foreign Minister, said that although the committee was discussing the report of the Commissioner-General of UNRWA, very little had been said by the Arab representatives about the actual work of the Agency, and no suggestions had been made by them for improving its method of work to enable more refugees to find means of self-support in their new surroundings.

Rather, she said, the Arab delegations had asserted that the Jews were not a people and had no real connection with the Holy Land, and that Zionism was a "sinister imperialist conspiracy."

The first expression of Zionism had occurred, she said, when the Children of Israel had been led by Moses out of Egypt into the Promised Land. The Jewish State had several times been conquered, and the Jews had been driven into exile, but they had never severed their historical and spiritual links with the land of their fathers.

It was therefore natural that the Jewish people, persecuted in many countries simply because they were Jews, should view the return to their country of origin as the sole means of regaining their national dignity, and that a movement to achieve that end should have been organized.

The Foreign Minister of Israel declared that those who sought by oratory and vituperation to change historical facts obviously failed to comprehend the tragedy of the uprooting of the Jewish people. They also forgot that parallel with the Jewish national movement there had developed an Arab national movement. Before the First World War not a single independent Arab state had existed. Now there were independent Arab States with a total area of more than 3 million square miles, whereas the State of Israel had only 8,000 square miles.

The Arab refugee problem was the direct result of the war which the Arab States had launched against Israel in 1947 and 1948, she contended.

Israel itself had, since 1948, received more than 500,000 Jewish refugees from Arab countries—practically the same number as that of Arabs who had left the area which was now Israel. The Arab refugees from Palestine were the only people compelled to remain refugees. The Arab countries, she said, fiercely opposed any constructive plan of resettlement or integration, being only too happy to use the refugees as an "instrument of a destructive policy," which was contrary to the charter.

COMMENT ON REPORT

Turning to the report of the Commissioner-General of UNRWA, Mrs. Meir noted that Dr. Davis, "going somewhat beyond the scope of his mandate," had seen fit to tell of the feelings of the whole Arab Middle East. However, he had not referred at all to the feelings of the people of Israel, nor had he told of the spirit and intent with which the Arabs claimed repatriation.

Mrs. Meir commented that whereas as the United Nations High Commissioner for Refugees was able to report each year on the progress being made toward a constructive solution of similar problems in the rest of the world, the latest report of Dr. Davis, in her view, recommended the exclusion of all economic and development projects for the future of the refugees.

In support of his negative position, Dr. Davis asserted, among other things, she said, that the refugees were for the most part unemployable since they had not been able to learn a trade by the traditional methods of family apprenticeship. Such an argument, Mrs. Meir stated, ignored the fundamental changes now taking place in the economy of the Middle East—indeed, in the economy of all developing countries.

Moreover, the Foreign Minister asserted that the refugee problem was far from being of the magnitude indicated by the UNRWA figures.

Based on the total number of Arabs in Palestine before partition as calculated by the administration of the mandated territory, the number of those who had remained in or returned to Israel, and the number of those who had been and were still resident in the part annexed by Jordan or in the Gaza Strip annexed by the United Arab Republic, the Israel delegation estimated that the total number of Arabs who had left the area which was today Israel could not have exceeded 540,000 to 550,000.

Mrs. Meir declared that the Arab governments must not be allowed to turn the refugees into an instrument of war against Israel. Her delegation had always voted in favor of appropriations for UNRWA, but, like other delegations, it considered that those funds should be used not only for the immediate welfare of the refugees but also for constructive endeavors which would enable them to become productive members of their communities.

As to the proposed appointment of a United Nations custodian for the administration and protection of Arab property in Israel, it should be remembered that the General Assembly had repeatedly rejected such a proposal, Mrs. Meir stated. The United Nations had no competence to interfere with Israel property law, for Israel was a sovereign state.

The Foreign Minister said that her Government had already cooperated with the Conciliation Commission on a number of questions concerning refugee property, such as the identification and evaluation of Arab immovable property, the release of refugees' blocked accounts in Israel banks, amounting to more than $9 million, and the transfer of the contents of many safe-deposit lockers left behind by Arab refugees.

She recalled the legislative measures taken by her Government with regard to refugee property, and the fact that the property had been taken over by the state for integration into the national economy. The figures given by Arab spokesmen about the extent of the Arab land holding in what had become Israel territories, she contended, were completely incorrect, and the property had certainly not brought the Israeli Government the alleged vast revenues.

Mrs. Meir said her Government had from the outset offered to pay compensation, but any negotiations on the subject must, of course, take into account claims relating to the property which half a million Israel citizens had left behind in various Arab countries and which these countries had confiscated, as well as the assets of Israel taken over or destroyed during the war in areas under Arab control.

The Israel delegation welcomed the proposal calling for the settlement of disputes by peaceful negotiations. It represented the only hope for the future of the Middle East, she declared.

If the problem had simply been one of refugees as such, it would have been solved long ago. The obstacle to its solution was as the billigerant attitude and the policy of the Arab States, Mrs. Meir asserted.

Mr. Dimechkie, of Lebanon, under the right of reply, recalled that the Danish representative, supported by the New Zealand representative, had protested against the comparison that had been drawn between Zionism and Nazis. Within the context of the discussion, however, it was much more relevant to mention the great wrongs done to the Palestine Arabs than the suffering of the Jews under the Nazi regime.

The Arab States, he said, would continue to point out the "striking analogies" between the Nazi regime and Zionism, and considered that they would be doing mankind a great service thereby.

Mr. Dimechkie was of the opinion that the statement of Mrs. Meir confirmed his conviction that Israel intended to go on flouting the Assembly resolutions of 1947 and 1948 and all those adopted since.

Mr. Sidky, of the United Arab Republic, exercising his right of reply, said it was completely untrue that the Gaza Strip had been annexed by his country. The Palestine refugee population of that area had retained their separate personality and had their own institutions.

AMENDMENT BY CYPRUS

Before introducing his amendment to the U.S. draft, Zenon Rossides, of Cyprus, said he was convinced that the "acrimonious" character of the debate was not the expression of a fundamental enmity between two peoples that had lived together in harmony for centuries but was due simply to the determination of both sides to defend rigid positions.

It was to be hoped, therefore, that the 21-power draft resolution and the 4-power draft, which were obviously contentious, would be withdrawn.

The 21-power proposal appealed for direct negotiations between "the governments concerned." It was sponsored by the following delegations: Burundi, the Central African Republic, Congo (Brazzaville), Costa Rica, Dahomey, the Dominican Republic, El Salvador, Gabon, Guatemala, Haiti, Iceland, the Ivory Coast, Liberia, Luxembourg, Madagascar, the Netherlands, Niger, Rwanda, Sierra Leone, Upper Volta, and Uruguay.

The four-power draft, submitted jointly by Afghanistan, Indonesia, Mauritania, and Pakistan, requested the appointment of a United Nations custodian for Arab property in Israel.

In suggesting negotiations, Mr. Rossides said, the sponsors of the 21-power draft doubtless had the best intentions, but in the circumstances the feeling that an "unmitigated injustice" had been done was so strong that negotiations could only exacerbate hostility and lead to results contrary to those desired.

The representative of Cyprus then noted that his delegation had previously favored the proposal of a United Nations custodian for the protection of the Arab property. However, the situation in the Committee had developed in such a way that its retention could only increase dissension, he believed.

On the other hand, the U.S. draft resolution, proposing to extend for 2 years the mandate of UNRWA, and to continue the Conciliation Commission, did not appear to have given rise to strong objections, and with one amendment it might even be unanimously acceptable.

Cyprus therefore submitted its amendment to incorporate in the U.S. draft a third preambular paragraph reiterating the contents of the third preambular paragraph of the corresponding resolution adopted at the 16th session.

If the draft were adopted with that amendment, Mr. Rossides said, it would offer hope of progress, for the Conciliation Commission, in pursuing its efforts, would have to take into consideration the provisions of paragraph 11 of resolution 194 (III), the 1948 resolution, and thus insure adequate protection for the interests of the refugees. The Committee could then consider at the 18th session what progress had been made toward the repatriation of refugees or the payment of compensation to those who did not wish to return. If it was felt that the Conciliation Commission had not been advancing in the right direction, the whole matter could be reconsidered, the representative of Cyprus pointed out.

The Cyprus amendment was adopted by a rollcall vote of 68 in favor to 2 against (Israel, United States), with 34 abstentions. Six delegations were absent.

The vote on the U.S. draft resolution as a whole, as amended, was 101 in favor to none against, with 2 abstentions (Cameroon, Israel).

Mr. Usher of Ivory Coast, said on behalf of the sponsors of the 21-power draft that, in a spirit of solidarity and conciliation, the sponsors had decided not to press their draft resolution to a vote; yet they continued to feel that a solution could be found only through peaceful negotiations.

After appeals from Mr. Rossides, of Cyprus to the four sponsoring delegations not to press for a vote on their proposal for the appointment of a United Nations custodian for Arab property, the sponsors agreed not to insist on a vote on their draft resolution.

Dr. Abdul Hakim Tabibi, of Afghanistan, one of the cosponsors, said that, in taking that step, he hoped that the U.S. draft resolution would be effectively applied, that the Conciliation Commission would take the most vigorous measures to meet the claims of the refugees, and that the Secretary-General would insure the application of earlier Assembly resolutions, taking the rights of the refugees duly into account.

Some 15 years after the armistice in the Israeli-Arab War, where stands the refugee problem?

In size, as of June 30, 1962, there were, according to figures released by UNRWA, 1,174,760 refugees as follows:

Gaza (Egypt)	268, 614
Jordan	639, 145
Lebanon	144, 774
Syria	122, 227

Age-wise the population was divided as follows:

Age	Number of refugees	Percent
0 to 15 years	471,840	40.2
Over 15 years	702,920	59.8

About half the total number of refugees are under 18. Some 30,000 refugees become adults every year. Some 40,000 refugee babies are born annually.

In the early days, 33 percent of the refugees lived in UNRWA camps; now, in 1962, the figure has risen to 40 percent in the 57 camps—8 in Gaza, 25 in Jordan, 16 in Lebanon, and 8 in Syria. Camp population in 1962 was divided as follows:

Jordan	207,731
Gaza	168,472
Lebanon	63,623
Syria	20,504
Total	460,330

UNRWA operates 401 schools, employing 4,243 teachers. The 1962–63 academic year enrollment is as follows:

	Elementary			Preparatory			Total		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
Gaza	20,448	18,496	38,944	7,237	5,737	12,974	27,685	24,233	51,918
Jordan	25,701	21,192	46,893	6,454	2,324	8,778	32,155	23,516	55,671
Lebanon	10,478	7,870	18,348	2,109	756	2,865	12,587	8,626	21,213
Syria	9,413	6,742	16,155	3,356	1,358	4,714	12,769	8,100	20,869
Total	66,040	54,300	120,340	19,156	10,175	29,331	85,196	64,475	149,671

It was not until 1960, however, that UNRWA began to open vocational training facilities. In 1962, it had the following centers operating:

Country	Center	Type	Number of courses	Capacity
Gaza	Gaza	Vocational	14	368 men.
	Beit Hanoun	Agricultural		75 men.
Jordan	Kalandia	Vocational	15	392 men.
	Wadi Seer	do	16	404 men.
	Ramallah	Teacher training		400 men.
	Ramallah	Teacher training		300 girls.
		Vocational	11	333 girls.
Lebanon	Siblin	Vocational	16	396 men.
Syria	Damascus	do	16	392 men.
	Homs	Teacher training		196 men.

UNRWA reports:

Two other centers, a Technical and Teachers Training Institute in Lebanon and a Marine Trades Center in the Gaza Strip, will also be in operation by the end of 1963. When all 11 centers are in full operation, they will have a total enrollment of about 4,000 trainees, and produce some 2,000 graduates annually. More than 700 graduated in 1962.

As of June 30, 1962, UNRWA employed 11,651 persons including 182 international personnel and 11,469 locally recruited persons, distributed by location as follows:

Distribution of personnel by location

	International	Locally recruited	Total
Headquarters (including New York and Geneva liaison offices and Cairo office)	104	388	492
Gaza	12	3,541	3,553
Jordan	40	4,433	4,473
Lebanon	15	1,717	1,732
Syria	11	1,390	1,401

and distributed by activities as follows:

Distribution of personnel by activities

	International	Locally recruited	Total
Education and training	50	5,303	5,353
Health	15	3,430	3,445
Common services (including Commissioner-General's Office, liaison offices, legal services, finance, procurement, communication services)	84	971	1,055
Supply and transport	12	987	999
Registration and basic subsistence	7	416	423
Other	14	362	376

The cost of the program, as given by UNRWA, is shown in the table on the following page.

Income, expenditure, and working capital [1]

[In thousands of U.S. dollars]

Period	Income									Expenditure	Working capital
	Contributions from governments							Other income	Total income		
	United States	United Kingdom	Canada	France	Host countries	Other governments	Total government contributions				
UNRPR: [2] Dec. 1, 1948, to Apr. 30, 1950	16,000	4,435	1,041	1,867	881	2,413	26,637	1,443	28,080	30,727	2,647
UNRWA:											
May 1, 1950, to June 30, 1951	27,450	6,200	1,401	2,857	1,215	355	39,478	1,346	40,824	[3] 33,599	7,225
Year ended June 30, 1952	50,000	12,400	----------	2,572	1,029	1,685	67,686	1,018	68,705	28,573	47,573
Year ended June 30, 1953	16,000	6,200	600	2,076	779	1,213	26,868	440	27,308	26,779	48,620
Year ended June 30, 1954	15,000	5,000	515	1,233	263	673	22,684	575	23,259	29,192	42,530
Year ended June 30, 1955	16,700	4,500	515	872	373	714	23,674	594	24,268	29,223	37,461
Year ended June 30, 1956	16,700	4,500	500	599	312	734	23,345	572	23,917	32,199	29,014
18 months ended Dec. 31, 1957	31,372	8,100	772	308	497	1,325	42,374	1,073	43,447	52,464	20,196
Year ended Dec. 31, 1958	22,996	5,600	2,075	252	437	1,267	32,627	1,105	33,732	32,778	21,186
Year ended Dec. 31, 1959	23,000	5,400	2,075	264	661	1,320	32,720	1,405	34,125	35,016	20,406
Year ended Dec. 31, 1960	23,000	5,624	3,060	183	675	1,189	33,731	2,629	33,360	34,674	22,242
Year ended Dec. 31, 1961	24,350	5,400	2,069	182	756	1,628	34,385	2,306	36,692	39,051	20,077
Year ended Dec. 31, 1962 [4]	24,700	5,400	925	192	644	1,678	33,539	2,165	35,705	36,440	19,342
Total, UNRWA	291,268	74,324	14,507	11,590	7,641	13,782	413,111	15,230	428,342	409,988	----------
Total, UNRWA and UNRPR	307,268	78,759	15,548	13,457	8,522	16,195	439,748	16,673	456,424	440,715	----------

[1] Based on the Annual Report of the Commissioner-General of UNRWA, 1961–62.
[2] United Nations Relief for Palestine Refugees.
[3] Includes the $2,646,909 deficit left by UNRPR.
[4] Estimated figures.

These are the bare, cold statistics of the refugee problem. Even these statistics have been much criticized. Arnold Hottinger, in his article entitled "The Palestinian Refugees—An Unsolved Problem" in the Swiss Review of World Affairs, November 1961, wrote:

UNRWA is confronted with two major tasks: First, to ascertain, as accurately as possible, the actual number of refugees; and second, to help only those, but all those, who really are entitled to help. On these tasks, the Arab Governments have only rarely cooperated with the organization; often they categorically rejected UNRWA's attempt to investigate the refugee population. The organization may not resort to any fingerprinting or similar methods of identification anywhere. In Syria, it has no right at all to examine the financial situation of individual refugees. In Jordan, it is not granted any access to any of the government population control records or agencies. In Gaza, it may not ask any questions regarding the refugee statistics that are handed out to it. In Lebanon it may conduct its own investigations, but the highly individualistic way of life of the inhabitants makes an effective supervision of the 136,500 scattered refugees all but impossible; investigations are actually undertaken only in response to the refugees' mutual denunciations. * * *

The only possible—rough—check is a comparison of the figures with the statistics of the Arab population of Palestine before the start of Arab-Israeli hostilities. These statistics—UNRWA uses the census carried out by the British in 1944—contain some factors of uncertainty, due to the migratory movements of the war years and still more due to the unknown number of Bedouins then living in Palestine. The figures must, moreover, be adjusted to the estimates of the growth of the population since 1944, on the one hand, and the losses suffered during the hostilities, on the other; the number of Arabs who have remained in Israel and the number of Arab emigrees not registered with UNRWA must be deducted. After all these adjustments have been made, the statistics would seem to allow the conclusion that there are about 50,000 irregular entries on the lists of the organization. * * *

Assuming that a mortality rate of 15 per mill is realistic—even 20 per mill could be justified—one may gather that the lists must contain the names of at least 100,000 deceased persons, and that the official number of refugees registered with UNRWA—1,151,024 persons on June 30, 1961—exceeds the actual figure by at least 150,000, but not more than 200,000.

Forgetting this "numbers game" for the time being, what of the human side of the problem?

Some, but by far not all, of the refugees live in the UNRWA camps, many of which are on a par with or better than the homes of many of the inhabitants of the host countries.

An article in the October 1961 issue of The Atlantic Monthly by Martha Gellhorn entitled "The Arabs of Palestine" states:

* * * The plan and facilities of every UNRWA camp are alike; they differ only in size and are better or worse depending on whether they are newer or older and on the character of the people who live in them. Each camp has its clinic and school (or schools), warehouse center for distributing rations, "supplementary feeding station," where hot meals are served to those who need them, village bazaar street with small shops, market booths, cafes. The bigger the camp, the bigger the bazaar.

Martha Gellhorn's account of her visit to refugee camps and her analysis of the situation are excellent, and are reprinted in this report as exhibit IX–C.

EXHIBIT IX–C

THE ARABS OF PALESTINE

(By Martha Gellhorn)[1]

According to Arab politicians and apologists, this is what happened, this is the authentic view, these are the facts. Doubt is treasonous. There can be only one truth, according to Arab politicians and apologists, and it belongs to them:

In 1948, war took place between five Arab nations of the Middle East and the Jews in Palestine. This war was caused by the United Nations, whose General Assembly resolved to partition Palestine into two states, one for the Palestinian Arabs, the other for the Jews. The Arab nations and the Palestinian Arabs would not accept this monstrous decision. They were obliged to protect themselves against it, with force. The United Nations operated as the tool of the Western Imperialists, notably Great Britain and the United States. The United Nations wanted the Jews to proclaim the upstart state of Israel. Because of the Western Imperialists, who favored Israel, the Arabs lost the war. By massacre, threatening broadcasts, pointed bayonets, and the murderous siege of cities, the Jews drove hundreds of thousands of Arabs out of their homeland. For thirteen years, these Arab refugees have languished in misery around the borders of Israel. The United Nations (Western branch) bears the blame for these events and must repair the damage. The condition of the refugees is a sore on the conscience of honorable men. The Israeli government refuses to welcome back to their homeland the refugees, now swollen to more than a million in number. This refusal demonstrates the brutality and dishonesty of Israel, an abnormal nation of aliens who not only forced innocent people into exile but also stole their property. There is no solution to this injustice, the greatest the world has even seen, except to repatriate all Palestinian refugees in Palestine. Palestine is an Arab country, now infamously called Israel. Israel has no right to exist, and the Arab nations will not sign peace treaties with it but will, by every means possible, maintain the state of war.

The details of the Arab case vary, depending on the political climate of the moment and the audience. However, the Palestinian refugees always remain the invaluable, central theme. The case is painted the color of blood in the Arab countries: Revenge and Return. For the Western public, tears replace blood; the Arab case rests on the plight of the refugees and is a call to conscience rather than to arms. But no Arab statesman has ever promised final peace with Israel if only the million Palestinian refugees may return to their former homes.

The best way to consider this case is close up, by looking at the Palestinian refugees themselves, not as a "problem," not as statistics, but as people. The Palestinian refugees, battered by thirteen years in the arena of international politics, have lost their shape; they appear as a lump and are spoken of as one object. They are individuals, like everyone else.

Despite the unique care and concern they have received, despite the unique publicity which rages around them, the Arab refugees, alas, are not unique. Although no one knows exactly how many refugees are scattered everywhere over the globe, it is estimated that since World War II, and only since then, at least thirty-nine million *non-Arab* men, women, and children have become homeless refugees, through no choice of their own. Their numbers grow every year; Angloans are the latest addition to the long list. The causes for this uprooting are always different, but the result is the same: the uprooted have lost what they had and where they came from and must start life again as handicapped strangers wherever they are allowed to live.

The world could be far more generous to these unwilling wanderers, but at least the world has never thought of exploiting them. They are recognized as people, not pawns. By their own efforts, and with help from those devoted to their service, all but some six million of the thirty-nine million have made a place for themselves, found work and another chance for the future. To be a refugee is not necessarily a life sentence.

The unique misfortune of the Palestinian refugees is that they are a weapon in what seems to be a permanent war. Alarming signs, from Egypt, warn us

[1] Martha Gellhorn, novelist, journalist, and former war correspondent, has recently returned from a journey to the Middle East, where she went to see the "Palestinian Refugee Problem" in terms of real life, real people. Here she reports how the Arab refugees and the Arab Israelis live, and what they say about themselves, their past and their future.

that the Palestinian refugees may develop into more than a justification for cold war against Israel. We ignored "Mein Kampf" in its day, as the ravings of a lunatic, written for limited home consumption. We ought to have learned never to ignore dictators or their books. "Egypt's Liberation," by Gamal Abdel Nasser, deserves careful notice. It is short, low-keyed, and tells us once again that a nation has been ordained by fate to lead—this time, to lead the Arab nations, all Africa, all Islam. The Palestinian refugees are not mentioned, and today, in the Middle East, you get a repeated sinking sensation about the Palestinian refugees: they are only a beginning, not an end. Their function is to hang around and be constantly useful as a goad. The ultimate aim is not such humane small potatoes as repatriating refugees.

The word "refugee" is drenched in memories which stretch back over too many years and too many landscapes: Spain, Czechoslovakia, China, Finland, England, Italy, Holland, Germany. In Madrid, between artillery bombardments, children were stuffed into trucks to be taken somewhere, out of that roulette death, while their mothers clung to the tailboards of the trucks and were dragged weeping after the bewildered, weeping children. In Germany, at war's end, the whole country seemed alive with the roaming mad—slave laborers, concentration camp survivors—who spoke the many tongues of Babel, dressed in whatever scraps they had looted, and searched for food in stalled freight cars though the very railyards were being bombed. From China to Finland, people like these defined the meaning of "refugee."

No one could wish to see even a pale imitation of such anguish again. In the Middle East, there would be no high explosive, no concentration camps, but the imagined, expected scene was bad enough; lice and rickets and tuberculosis, bodies rotting in the heat, the apathy of despair. Why, in 1961, did I have such a picture of the Palestinian refugees? Obviously from what I had read, as one of the average absorbent reading public; notions float in the air exactly as dust does. Nothing that I had read or heard prepared me for what I found.

What do they look like, the undifferentiated mass known as the "Palestinian Refugee Problem"? What do they think, feel, say? What do they want? How do they live, where do they live, what do they do? Who takes care of them? What future can they hope for, in terms of reality, not in terms of slogans, which are meaningless if not actually fatal, as we know.

The children are as fast as birds, irreverent as monkeys, large-eyed, ready to laugh. The young girls, trained by carrying water jars or other heavy household bundles on their heads, move like ballerinas and are shrouded in modesty and silence as if in cocoons. The young men, crudely or finely formed, have in common the hopefulness and swagger of their new manhood. The middle years seem nondescript, in both sexes. After this the women, who age quickly but not as quickly as the men, wear unpainted experience on their faces; they look patient, humorous, and strong. When the men have grown visibly old, they turn into a race of grandees. Their color, infant to patriarch, ranges from golden fair to mahogany dark, all warmed by the glaze of sun. The instinct for hospitality, the elegance of manner have not been exaggerated.

UNRWA (the United Nations Relief and Works Agency for Palestine Refugees in the Near East), inheriting its role from previous caretakers, has been the splendid mother-and-father of these people for eleven years. In the course of its parenthood UNRWA has spent about $360 million on the Arab refugees, this money having been contributed by members of the United Nations, with smaller but loving donations from private charitable organizations as well. Of the total the United States provided more than $238 million, Great Britain over $65 million—but spread across the years and in varying amounts, sixty-one states, including Israel and the Holy See, have helped with cash. The Soviet Union has never paid one cent. This is a tiny note of malice: Arab refugees often express tender emotions for the Soviet Union, whereas most of the village orators blame the United States and England, or that bogey, "Western Imperialism," for their exile.

In the so-called "host countries," Lebanon, Jordan, Syria, and Egypt, UNRWA runs fifty-eight refugee camps. The camps in Egypt are not in Egypt but in the Gaza Strip, which is Palestine; Egypt is the *de facto* mandatory power, the land and the government of the Gaza Strip are Palestinian. The majority of camps in Jordan are also on what was the territory of Palestine, now annexed to Jordan.

UNRWA has never yet been allowed to make a total proper census of its refugee population, so statistics about the number of ex-Palestinians are nothing

except the best estimate possible; UNRWA itself says this. Over half of the registered Palestinian refugees do not live in camps, but have made more or less comfortable private arrangements varying from first-class houses, at the top, to hand-built Hooverville shacks, at the bottom. UNRWA calculates that, at the end of June, 1960, 421,500 refugees were living in their camps, almost double their camp population ten years ago. The advantage of living in a camp is that life there is rent free; and for the poor, the standard of housing and sanitation in an UNRWA camp is better than that of the native population.

The international personnel of UNRWA, Americans and Western Europeans, is small; 128 men and women work in four countries. The mass of those who serve the Palestinian refugees are Palestinian refugees themselves, something over 10,000 of them. UNRWA is running a world, simply, a little welfare state. It makes villages, called camps, and keeps them clean and free of disease, feeds, educates, trains teachers and technicians and craftsmen, operates clinics and maternity centers, sends out visiting nurses, encourages small private enterprises with small loans, distributes clothing, soap, kerosene, blankets, provides hospitalization, footballs, youth clubs, mosques.

UNRWA is a kind, impartial parent: it has no favorites. However, people are all different, luckily; and though one man will arrive in exile as a destitute refugee and in time own a whopping Chevrolet and be a self-employed taxi driver, with a cozy home and a smiling wife in a flowered print dress and a gleaming refrigerator in the dining room, another will remain in whatever shelter UNRWA gave him, sitting either on his own floor or at a café table, waiting for nothing, or for divine intervention, or for the mailed, promised, delivering fist of Nasser. UNRWA did not invent the human condition.

Of UNRWA's fifty-eight camps, I visited eight—in Lebanon, the Gaza Strip, and Jordan. The plan and facilities of every UNRWA camp are alike; they differ only in size and are better or worse depending on whether they are newer or older and on the character of the people who live in them. Each camp has its clinic and school (or schools), warehouse center for distributing rations, "supplementary feeding station," where hot meals are served to those who need them, village bazaar street with small shops, market booths, cafés. The bigger the camp, the bigger the bazaar. I also went round two hospitals, two vocational training schools, and was received in two private homes, having been invited by refugees.

My guide and chaperone was an UNRWA employee, a Palestinian Arab, who served as translator when needed. My system was to say: please show me your best and your worst camp, and if time permits, let us also look at the in-between. In the camps, I knocked on any door and many. Nothing was planned. We chatted at random and went wherever I liked. In the Gaza Strip, I was accompanied for a day by a young Palestinian in a pin-striped suit; he or someone like him is a cross every foreigner has to bear. He is local Secret Service, and the refugees know this; he is an ardent Nasserite, as apparently all Palestinian government officials in Gaza are, or must appear to be; and he is by avocation a propagandist and demagogue. At one Gaza camp, besides this young gent, I had an escort of three Palestinian cops who lent an even heavier note to the proceedings. Otherwise, my visits were uncensored. I may have seen a true cross section of the Palestinian refugee population, and I may not have. I only know that I saw real people in the flesh, and a large number of them, and I know what they said. When the word "they" appears on these pages, it means those Arabs whom I saw; it means nothing more.

Beirut is a lovely boom town, an entrancing mixture of Asia Minor and France, with scenery to lift the heart and glamour hotels all over the lot and more abuilding. We set off, my Palestinian guide and I, in a shiny car for an UNRWA camp in the Lebanese hills. My guide, like his colleagues who accompanied me elsewhere, was an executive, responsible for an UNRWA department, dressed in a Western business suit, a self-assured, middle-class Organization Man. The refugees are not only individuals, but they come from widely different social backgrounds. Men of the class of my guides would not be living in refugee camps; they might work in them as doctors or teachers.

This camp was inhabited exclusively by Christian Arabs. I wondered aloud at a separation by creed. My guide was a Muslim and said that Christian camps were always cleaner and superior to Muslim ones, and besides, very few Christians lived in camps; they arranged their lives better on their own.

The camp consisted of little cement or frame houses rambling over the hillside, a village of poor people, disorderly and beflowered and cheerful. School was

letting out for lunch; troops of children, dressed in the pinafore uniform that small boys and girls wear in Italian schools, meandered home, shouting bye-bye at friendly, giggling length. They are Roman Catholics here, but the young teachers are refugees, not priests. They have to teach the children about Palestine, since most of them have never seen the country and even the oldest cannot remember it. The children are taught hate, the Garden of Eden stolen from them by murderers; their duty is to live for Return and Revenge.

The miniature white clinic had only one customer, a nice-looking girl of twenty-one who had brought her fourth baby for a checkup. Her husband works in Libya; she too lived there for a few years but returned. Libya is very expensive; she can live here with his parents and thus save money for the future. The resident nurse, a buxom elderly woman, said they had no real sickness; in summer, the children got a bit of conjunctivitis and diarrhea; oh, no, trachoma is very rare, and besides, we cure it; there's some chicken pox now. My guide announced that if any refugee needed an operation he was taken in an ambulance to a hospital in Beirut where UNRWA reserved beds and paid for everything; you would have to be a rich man in Lebanon to get such good and speedy treatment. Her fourth baby, I mused, and she only twenty-one. Yes, yes, said my guide, the refugees have a higher birth rate than any other Arabs, and healthier children.

Refugees receive a monthly basic food ration of flour, pulse (dried peas, beans, lentils), sugar, rice, oils, and fats; this amounts to 1500 calories a day per person, increased in winter to 1600 calories a day, and it is not enough. The refugee must find some way to earn money to increase his diet, or keep poultry or rabbits, or grow vegetables. Many had planted tiny gardens here, but charmingly and with more enthusiasm, they also grow flowers for the joy of the thing. There is a daily milk ration for children and pregnant and nursing mothers; and hot meals are served in the "supplementary feeding station," to those who need them, on the doctor's order. In this camp, said my guide, 85 per cent of the people have work. If there are hardship cases, when no one can bring money to the family, UNRWA's Welfare Section steps in. This pattern is universal.

If you think it your duty, I said, to make everything seem better than it is, don't. I'm not on an inspection tour, I only want to get some idea of what life is really like. He stopped, offended, in the middle of the stony path and explained: here, in Lebanon, 80 per cent of the refugees are better off than they were in Palestine. Twenty per cent are not. The 20 per cent were small capitalists, and there is much rivalry with the Lebanese in business, they make obstacles. Also it is political; they do not give the refugees citizenship, you understand, because the main part of the refugees are Muslims and that would upset the balance here, where the Christians rule. I do not speak to you of the rich Palestinian refugees; they are richer than before, they are very happy.

We went to pay the required *visite de politesse* to the camp leader. Every camp leader acts as an appointed village mayor; he has to keep the place running, serve as liaison officer with UNRWA local headquarters, and handle the complaints of his own people. Sitting in his neat office, with my guide, the principal of the school (a former member of the Palestinian police), and the camp leader, I listened to the first of what became an almost daily Mad Hatter conversation.

It went like this:

"The Arab countries invaded Israel in 1948 to save the Palestine Arabs from being massacred by the Jews."

"Were there massacres? Where?"

"Oh, yes, everywhere. Terrible, terrible."

"Then you must have lost many relatives and friends."

This, being a tiresome deduction from a previous statement, is brushed aside without comment.

"Israel overran the truce lines and stole our country. We left from fear. We have a right to our property, which brings in 47 million pounds a year in income. If we had our own money, we would need nothing from UNRWA. Our own money is much more. We do not have to be grateful for the little money spent on us. We should have our own."

"Then, of course, you want to return to your property and to Israel?"

"*Not* to Israel. Never to Israel. To our own country, to our own part."

"But didn't the Jews accept Partition, while the Palestine Arabs and the Arab governments refused?"

"Yes, yes. And England protected the Jews. An Arab was arrested if he carried a pistol only to defend himself, but Jews could go through the streets in tanks and nothing happened to them. Also, England told the Arab states to attack Israel."

The principal of the school then spoke up. "In our school, we teach the children from their first year about their country and how it was stolen from them. I tell my son of seven. You will see: one day a man of eighty and a child so high, all will go home with arms in their hands and take back their country by force."

On this warlike note, we left. My guide had seemed a sober contented fellow until our little meeting, whereupon he sounded like a politician running recklessly for office. He then astonished me again.

"It can all be solved with money," he said. "Now the people have nothing in their mouths but words, so they talk. Money fills the mouth too. If every man got a thousand dollars for each member of his family, for compensation to have lost his country, and he could be a citizen in any Arab country he likes, he would not think of Palestine any more. Then he could start a new life and be rich and happy. And those who really do own something in Palestine must be paid for what they had there. But those are not many. Most had nothing, only work."

High on a mountaintop, with a down-sweeping view of orange groves and the satin blue of the Mediterranean, is a small Muslim camp named Mia Mia. Here one whole Palestinian village, amongst others, had landed; they came from a mountaintop in Galilee, a place called Meron. Their headman, or village leader, the Muktar, plied us with Coca-Cola and Turkish coffee in his exile's parlor. He is a beautiful man, perhaps sixty years old, lean, with exquisite manners. He wore the handsome white Arab headdress, held in place by the usual black double-corded crown; he was dressed in a well-preserved cream silk jacket, a white silk shirt, pressed gray flannel trousers, polished Italianate black shoes.

Whilst we sucked Coca-Cola through straws and studied his son's pitifully bad but lovingly executed paintings—a portrait of Nasser; Christ and the Virgin—the Muktar talked. Seventeen people of his village were massacred, which was why they fled, but an old blind woman of 104 was left behind and the Jews poured kerosene over her and burned her alive. How did they know, if they had all fled? Well, then the Jews went away and some villagers crept back and found her, and besides, the United Nations Truce Commission also found her.

My guide looked embarrassed. The Truce Commission was a shaky point. It was a strain to believe that the UN military observers, occupied with armies and frontiers, would have had time to investigate each atrocity story in the country. I wondered where the families of the massacred and the cremated were; everyone knows everyone else in a village, surely the surviving relatives were the best witnesses.

"I could tell you many such stories," said the Muktar.

"I am sure of it," said I. "But please tell me about Meron."

So I heard of Meron, their beautiful stone houses, their lovely groves, their spacious and happy life in Eden; all lost now. I could readily imagine this aristocrat living in a palace on a mountaintop and decided that I would later go and see his home; but for the moment I accepted a rose from him, and we set off to pay calls in the camp.

A woman of forty or so, with a face like the best and juiciest apple, and lively eyes, seized me and hauled me into her house. She began, with gestures, to deliver an oration. She touched the ceiling with contempt, pulling bits away; she called upon heaven to witness her misery. Her voice soared and fell in glorious rhythms. She loved doing it and I loved watching it. In mutual delight, we smiled more and more as the tale of woe unfolded, until she could keep it up no longer, burst into roars of laughter, and kissed me copiously. My guide seemed unduly glum about all this, perhaps because this day we were three; a European UNRWA official had joined us.

"She is a big liar," said my guide, when we had left her house. "She lies as she breathes. We gave her all the material for a new roof. She sold it. She is so poor that she is going to make a pilgrimage to Mecca this year. She does not have to make a pilgrimage. Do you know what that costs? One thousand pounds."

In Lebanese money, this amounts to about $350—a fortune.

"Oh, she is a terrible bad one."

"I loved her," I said. "She's one of my favorite types of people in the world. A really jolly open crook. I hope she has a wonderful time at Mecca."

"But we have to fix her roof anyhow," said the UNRWA official.

In our suite of followers, I had noticed a tall boy of sixteen or seventeen, with fine intelligent eyes, a happy face, and a fresh white shirt. I spoke to him in English, and he understood; I asked whether we could visit his family. His house was no larger than any other, but clean, peaceful, and touching, with orderly furniture and picture post cards tacked to the walls. His mother was blind from cataract, and his grandmother seemed older than time, of a generation so old that she had tattoo marks on her checks.

The boy had graduated from high school and now worked as manager of the food distribution center in the big camp (14,000 inhabitants) on the plain below. He must have been very competent and very reliable to merit this job. He hoped to become a TV-radio engineer. He did not speak of Palestine. There was work he wanted to do, wherever a man could do such work. UNRWA is now building a vocational training school in Lebanon; it should be open in the autumn. With any luck, this boy will learn the technical skill he so desires and make his own life independent of anyone's charity.

We heard shrill painful child's crying and went toward the sound. A child of about two was tied by the ankle to a chair, howling the same word over and over. A younger child was silently trying to hold its body up, clinging to the arm of another chair. On a clean mat, on a clean little sheet, a baby twisted its body restlessly, but its legs lay still. All three were remarkably good-looking, all seemingly husky and well formed.

The camp leader carried on a short barking exchange with their young mother and reported: "She is twenty-five. None of the children can move their legs; the legs will not hold them. The child is tied because he can pull himself out of the house and get hurt. She says, please, will you help her?"

Speaking French to the UNRWA official, because no one else there knew the language, I said, "She can easily have five or six more children like this. It is terrible for her. The visiting nurse ought to explain about birth control."

"You don't know what you're saying. UNRWA could not touch such a thing, not even mention it. Here are these people, and the name of their country does not exist on the map any more. If we start teaching them birth control, we will be accused of trying to wipe out the people too. Besides, the men would never allow it. They want to have a lot of sons; it is a matter of pride with them. And politics enters too, as into everything; I've heard them say it. We need to have many children and grow and increase so that the world will never forget us."

"They're doing well, from what I've seen."

"About 30,000 babies a year."

The camp leader, escorting us to our car, remarked that no one here had any work. He delivered a short speech in English; he was a very nice, gentle man. "All the men do is sit in café and suffer, suffer. A young man sees time running, running, and he gets old with no years. If I did not got my land to hope for, I lose my brains."

On our way to Beirut, the UNRWA official said, "Eighty per cent of the men in that camp work. It's quite a prosperous little camp."

"Do they lie just for the fun of it?" It had been a long day.

"Well, it's natural in front of us. If they earn too much, they are taken off the ration lists. If they earn above a certain amount, they aren't eligible for the services. Free medicine and doctoring and schooling. So, obviously they don't want us to know."

"Like non-refugees with the income tax collectors?"

"That's it."

"Do you know what they are earning?"

"Not really. How could we? Of course, if anyone has regular employment, we eventually learn of it and cut down the rolls."

The refugees, in camps as well as outside of camps, do find work of some sort; otherwise, on 1500 calories a day, they would soon become and look like a severely undernourished, sickly group. UNRWA's health statistics can be relied on; they know how many refugees use their medical services and for what reason and with what results. The standard of health is unusually high and is one of UNRWA's finest achievements.

On the plain below Mia Mia, the land is green with citrus groves, banana plantations, where nothing grew before. This is the work of refugees; someone should be very grateful to them. Refugees who were city dwellers in Palestine

gravitate to city work: taxi drivers, employees, merchants. No matter what official attitudes are, all of these people tend to seek their own previous level, under the universal refugee handicap of starting from scratch, of being exploitable, and in competition with established locals. Besides, they are living in a part of the world where poverty is an endemic disease and it is hard for anyone to make a good living, unless you are born into a silver-spoon family.

Out of the blue, my guide announced: "There is no crime in the camps. No thefts, no fires, no blood feuds. It is much better than it was in Palestine. They know they are all brothers in refuge. There were a few murders some time ago; someone raping, something like that. It is natural. But no crime."

And this is true. In all the camps. Exile has taught one valuable lesson: how to live peacefully and lawfully together.

To enter the Gaza Strip you require a military visa from the Egyptian government in Cairo. I had arrived in Cairo expecting to proceed like the wind directly from there to Gaza but was informed, by the local UNRWA press officer, that this permit took two or three weeks to get, and sometimes you never got it. Besides, there was only one UNEF army plane to Gaza each Saturday, and they didn't like carrying anyone except their own personnel; besides, it was now Thursday, and tomorrow was the Muslim Sunday, and indeed all looked hopeless. I foresaw bumming a jeep ride over the sandstorming desert and infiltrating into the Strip somehow; but meantime I called on the Egyptian authorities.

Because of the Muslim holy day, and the number of passport photos I needed and the number of offices I had to run between, it took about four days to get the visa, and every minute was enjoyable. The Egyptian officials could not have been kinder, and I loved seeing them, the new ruling class, who remind me, in their cheerful, inchoate, important busyness, of many new ruling classes I have observed round and about, over the years. It is difficult to believe that these pleasant young men, in shirt sleeves or uniforms, with their numerous callers, their telephones, their mounds of mimeographed forms, their empty Turkish coffee cups, have any connection with the vainglory, the xenophobia, the anti-Semitic hatred that smear the press and pour over the air of their fascinating city.

The Gaza Strip, from all accounts, would be a real hell hole. It is a roughly rectangular slice of land, on the southernmost Mediterranean frontier of Israel, some forty kilometers long by five to ten kilometers wide, and 365,000 people, refugees and residents, live on it. I imagined it as a sand dune, packed solid with human flesh, blazing hot, hideous, and filthy. It is none of these. The weather was so idyllic—a china-blue sky and a constant cool breeze—that I assumed this was special luck and at once asked my charming landlady about it. No, the weather in Gaza was always delightful. She had lived here for thirty years; there were two "sticky" weeks in the summer, otherwise you could not find a more benign climate. Flying over the Strip, I had noted plenty of sand, but also plenty of green. There were always citrus groves in Gaza, my landlady reported, Gaza was famous for them, but since the refugees came these had greatly increased, as had the general cultivation. Anything grows here, she said, exhibiting her blossoming garden.

Then I remarked that Gaza town was a beehive of activity, with all the UNEF soldiers, Danes, Norwegians, Indians, Canadians, Yugoslavs, who patrol the Israeli-Gaza border and spend money in the town in their free time, and the Egyptian upper crust which oversees the Palestinian officials, and UNRWA and visitors and the local residents and, indeed, the refugees. The refugees seemed to bring prosperity with them; it was most mysterious.

Not at all, said my landlady, we do not know why we are not completely bankrupt; but she was adding a third floor to her already roomy house, so great is the demand for lodgings. Sizable villas are being built in what must be the fashionable section of Gaza. The main square boasts an array of parked Mercedes, finned pastel American cars, and humbler Volkswagens. The taxis in Gaza are new. There is an imposing movie theater, in the ugly world-wide chromium-and-junk style; there are abundant cafés and numerous ill-lit dingy shops, typical of the region. An economist could surely answer this riddle: if no one has any money, what are these eccentric merchants and purveyors of services doing?

The refugee camps are much larger than those in Lebanon, small towns by Middle Eastern standards. They are by no means luxury establishments, but many people live in a nastier state in American and European slums. The poor villagers of Gaza are not as well housed or cared for as the refugees. The Gaza Strip is not a hell hole, not a visible disaster. It is worse; it is a jail—

with a magical long white sand beach, and a breeze, and devoted welfare workers (UNRWA) to look after the prisoners.

The Egyptian government is the jailer. For reasons of its own, it does not allow the refugees to move from this narrow strip of land. The refugees might not want to leave at all, or they might not want to leave for good; but anyone would become claustrophobic if penned, for thirteen years, inside 248 square kilometers. A trickle of refugees, who can prove they have jobs elsewhere, are granted exit visas. The only official number of the departed is less than three hundred, out of 255,000 registered refugees. It seems incredible. Rumor says that more refugees do manage to go away illegally, by unknown methods.

These locked-in people—far too many in far too little space—cannot find adequate work. Naturally, there is less chance of employment than in the other "host countries." Meantime, they are exposed to the full and constant blast of Egyptian propaganda. No wonder that Gaza was the home base of the trained paramilitary bands called commandos by the Egyptians and Palestinians, and gangsters by the Israelis—the fedayin, whose job was to cross unnoticed into Israel and commit acts of patriotic sabotage and murder. And having been so devastatingly beaten by Israel again, 1956, has not improved the trapped, bitter Gaza mentality; it only makes the orators more bloodthirsty.

Another Mad Hatter conversation, practically a public meeting, took place in the office of the leader of two adjacent camps, a man in charge of some 29,000 people. The camp leader, the self-appointed orator, sat behind his desk. The Secret Service youth, mentioned earlier, the quiet UNRWA Palestinian, my regular chaperone, and the three uniformed cops of highish rank completed the company.

First the camp leader told me how rich they had all been in Palestine and how miserable they were now and how much land they had all owned. I do not doubt for 1 minute how much land some of them owned, nor how rich some of them were, and I did not point out this subtle distinction: if *everyone* owned the land claimed, Palestine would be the size of Texas; if *everyone* had been so rich, it would have been largely populated by millionaires. To gild the past is only human, we all do it; and to gild it with solid gold is even more human if you are a refugee. This part of his address was already so familiar that I could have recited it for him.

Then he spoke of Jaffa, his native town. The Jews surrounded the city, firing on all sides; they left one little way out, by the sea, so the Arabs would go away. Only the very old and the very poor stayed, and they were killed. Arab refugees tell many dissimilar versions of the Jaffa story, but the puzzler is: where are the relatives of those who must have perished in the fury of high explosive—the infallible witnesses? No one says he was loaded on a truck (or a boat) at gun point; no one describes being forced from his home by armed Jews; no one recalls the extra menace of enemy attacks, while in flight. The sight of the dead, the horrors of escape are exact, detailed memories never forgotten by those who had them. Surely Arabs would not forget or suppress such memories, if they, too, had them.

As for those Arabs who remained behind, they are still in Jaffa—3,000 of them—living in peace, prosperity, and discontent, with their heirs and descendants.

"The Jews are criminals," the camp leader continued in a rising voice. "Murderers! They are the worst criminals in the whole world."

Had he ever heard of Hitler?

He banged his table and said, "Hitler was far better than the Jews!"

"Far better murderer? He killed six million Jews as a start," I observed.

"Oh, that is all exaggerated. He did not. Besides, the Jews bluffed Hitler. They arranged in secret that he should kill a few of them—old ones, weak ones—to make the others emigrate to Palestine."

"Thirty-six thousand of them," said the Secret Service man, proving the point, "came here, before the war, from Central Europe."

"It's amazing," I said. "I have never before heard anywhere that the Jews arranged with Hitler for him to kill them."

"It was a secret!" the camp leader shouted. "The documents have been found. Everyone knows. It was published. The Jews arranged it all with Hitler."

There is a limit to the amount of Mad Hattery one can endure, so I suggested that we visit the camp. I knocked on a door at random, before the camp leader had a chance to steer me anywhere. Two young married couples lived here. In a corner by the courtyard wall stood a group of visitors, silent Arab women, in their graceful long blue dresses, slightly hiding their

faces behind their white head veils. The older women wore silver coins on chains across their foreheads; this is very pretty and is also guaranteed to prevent sickness of the eyes. It was useless to try to lure the women into talk, but one of the husbands talked freely. The Secret Service youth translated.

"It is the blame of America that this happened, because they help the Jews. We only want America to help us to get back to our land."

"How?" I asked. "By war?"

"When the Arabs are united, we will make the war."

"What do you want from us then? Arms to make this war with?"

"No, we want you to stop giving arms and money to Israel. Just now Kennedy has given Israel $25 million for arms."

"I do not believe that the U.S. government has ever given or sold arms to Israel. What about the arms Nasser gets from Russia and Czechoslovakia?"

"That is all right. That is different. They are peace-loving nations. They only want to help the undeveloped countries."

The Secret Service man put in: "America offered us arms, but with conditions. We will not accept conditions. So we take from the Eastern countries, who give without conditions."

"What do you do?" I asked the fat young husband.

"Nothing."

"What would you like to do?"

"Be a soldier and fight Jews."

This oratory pleased the public very much.

"Do you all like Nasser?" I asked, politely.

Wide smiles. General joy.

"We do. Certainly. Oh, of course. He will unite us and make us strong. He is our leader."

For rest and relaxation, together with thousands of locals, I went to the School Sports Day. Fifty thousand refugee children attend school on the Gaza Strip, 98 per cent of the possible school population. In Gaza's spacious stadium, 2000 school children were gathered. They ranged from tiny tots, the Brownies, in berets and ballet-skirted orange uniforms, to boys in running shorts and muscles. They paraded past the governor of the Gaza Strip in the viewing stand, led by girls in colored outfits who formed the Palestine flag. The human flag was followed by the Brownie babies, Girl Scouts, Boy Scouts, girl gymnasts, and boy gymnasts. "We dressed every one of them," an English UNRWA official said. "This show costs us about two thousand dollars, but it's worth it. It gives them something to look forward to. They all love it." They loved it and their admiring families loved it and the public loved it.

The children had marched in earnest stiff-legged style. ("Like the British Army," I said. "Like the Egyptian Army," he said.) They then lined up in formation, and a loudspeaker blared out Arabic. Three times the children shouted a unanimous, squeaky but enthusiastic reply to the loudspeaker's commanding male voice.

"What are the cheers for?"

"The first is: 'Long Live a Free Palestine.' The second is: 'Long Live the United Arab Republic.' The third is: 'Long Live Gamal Abdel Nasser.'"

I stayed to see the white-clad girl gymnasts, as graceful as a field of Isadora Duncans, doing lovely swaying motions with blue gauze handkerchiefs.

The Vocational Training School at Gaza is a freshly painted group of buildings, with well-kept lawns, flower borders, scrubbed Spartan self-respecting dormitories, and impressive workshops equipped with the complex machinery that modern life seems to depend on. The boys were on their playing field that afternoon, a holiday, marking white lines for various sporting events to come. A few of them drifted back and wanted to show off every inch of their school. Did they like it here, did they enjoy their work, were they happy? Needless to ask; the answer glowed and shone on them. The graduates of this school find good jobs for which they are trained; amongst its many other parental functions UNRWA operates a placement bureau throughout the Middle East. This is the new generation, the UNRWA graduates, and you find them everywhere in the Arab refugee world. They have not yet been crippled by exile, regret, or hate, and they may well be the brightest citizens of the Arab future. They are the source of all hope.

Two accidental conversations stick in my memory. Once, lost in the UNRWA compound of offices, I chanced on a pretty, dark secretary, who told me the kind of inside human angle of history which is more interesting than any other. In

1956, when the Israelis took the Gaza Strip, during what they call the Sinai campaign and we call Suez, for short, telephone communication was restored between the Strip and Israel, which is, after all, just across the fields. In the midst of enemy occupation, the secretary's sister-in-law rang up from the small town where she lived in Israel, to have a chat. How was everyone? The sister-in-law reported that they were fine, her husband was doing very well, they had a nice house and no trouble of any kind. The Secretary, recalling this family news, said, "I think if we had all stayed where we were, nothing would have happened to us. All this would not have come about. And what is it for? My children have never seen Palestine. I tell them; and in every school, every minute, they are always told. But when they are grown? The people who knew Palestine will die, and the young ones—will they be interested?"

The second memorable talk took place at the Sewing Center. The Sewing Center is another of UNRWA's camp inventions, and it is self-supporting. UNRWA Sewing Centers teach dressmaking and new uses for traditional Palestinian embroidery—vast tablecloths and sets of napkins, blouses, skirts, which sell at good prices to local customers and to city specialty shops. Hundreds of refugee girls earn small wages and stave off boredom, while learning a trade. The Gaza center was managed by a bustling cheerful plump Palestinian refugee, who would be taken for a bustling cheerful plump young Jewess in any Western country; but, of course, Arabs and Jews are the same race, Semites. The young manageress showed me massive tablecloths (which none of us would be grand enough to own or get washed), and she praised her girls, who sat on a long porch, embroidering, flattered, giggling.

It was as clear as if she wore a sign, but I asked anyhow: "You're happy, aren't you?"

"I have a nice husband, and two children, and a comfortable house. I like my work very much; it is very interesting. Yes. We are happy." And she smiled. Such a smile. The world isn't lost, not even on the Gaza Strip.

Most of the Christian Arab refugees live scattered around Gaza in rented private houses. A few Christian families asked for free government land at the edge of a Muslim camp, the usual free allotment of building materials from UNRWA, borrowed extra money, and built their own houses with small well-tended gardens. My UNRWA guide, himself a Greek Orthodox Arab, took me to visit one of these trim, respectable self-made homes, belonging to a family he had known before in Jaffa.

The old mother was half blind; the recurrence of eye disease is a Middle Eastern, not a refugee affliction. My guide and this family had not seen each other for some time, and immediately after their first greeting, the old woman wept with incurable grief and was consoled, gently, but as if he had done so often before, by my guide. He explained: this family had suffered a great tragedy. One of the sons was killed by shellfire, in Jaffa.

I report this because it was the only family I met where an actual human being was known to be dead. Here, at last, the infallible witness testified; and here this death, thirteen years old, was mourned as if it had come upon them yesterday. My UNRWA guide behaved as if this case were unique and deserved the aching pity which everyone feels for those who have lost a loved member of the family in war.

I left Gaza, wishing that I could take all the young people with me, and not to Palestine, but out into a wider world. Their destiny should not be to go back, but to go forth. They need exactly the opposite of what the Jews need. There is plenty of room for both needs.

Officially, over 600,000 Palestinian refugees live in Jordan, more than in the other three "host countries" put together. But legally there is no such thing as a refugee in Jordan. The refugees are full citizens of Jordan; they have every right and privilege and opportunity that a born Jordanian has. Many of the Palestine Jordanians are contented and have made good lives, despite the limitations that a hot, barren, undeveloped country places on all it inhabitants.

Much of the barrenness and poverty could have been corrected by a scheme for the use of the waters of the Jordan River, to irrigate land now wasted. Eric Johnston, who was President Eisenhower's special representative to implement this life-giving plan, finally reported: "After two years of discussion, technical experts of Israel, Jordan, Lebanon and Syria agreed upon every important detail of a unified Jordan plan. But in October 1955 it was rejected for political reasons at a meeting of the Arab League."

Judging by the refugees I saw in Jericho, in camps outside Jerusalem, in Jerusalem itself, the boon of citizenship fosters sanity. The emotional climate in Jordan is noticeably different from that of the Gaza Strip. A school principal stated that children are taught the history of Palestine, "without politics." Exactly what this means, I cannot say. In Jordan, a refugee's education and self-reliance showed at once in his politics. The better educated, the more able do not waste their time on thoughts of violent revenge, and give their loyalty to King Hussein. The more ignorant and less competent nourish themselves with a passion for Nasser, war, and Return.

Two men, living next door to each other in a camp outside Jerusalem, aptly illustrate this difference in personality and politics. The camp watchman, who lived in a new little UNRWA house which was already a pigsty, with empty sardine tins on the floor, a filthy yard, rags for bedding, announced, "We were evicted by force, and so we will return. Led by Nasser and Hussein and all the Arab leaders." His neighbor, an old man, had cleared the stony ground around his house and made a flourishing vegetable garden. Inside his courtyard you could hardly move for the rows of drying laundry. He did not have a word to say about war or force or Arab leaders. He said that he would rather starve to death than not give his grandchildren education. "As long as I live and can work, my grandson will go to the university."

The largest Jericho camp is run by an objectionable tyrant, yet its cleanliness was nearly Swiss. "I gave them six thousand trees," said the refugee-tyrant, speaking in his capacity of God. "Five years ago, the Muktars [the village leaders] would not let me give the people trees; they said if they plant trees, the people will never want to go home." Now trees rise over the walls that separate the little houses, and more trees are to be distributed. An inexhaustible supply of clean water flows from twenty-one water points. Forty thousand people live here in solid dwellings, under the stern eye of their tyrant; bird-fast children play in the streets.

"How is your name? Are you well? Good-by! Good night! Hello, leddy!" The children chirped and circled; the tyrant tried roughly to shout them off. One boy, determined to have his say, presented me with a whole English sentence.

He took me to his home, four airy rooms (one lined with chairs for visiting), a neat yard, presided over by a smiling serene-faced mother, very proud of her son who could speak alone in a foreign language to a foreign guest. He told me, slowly, of his life, his family, and his ambitions. He was 13 and had studied English here for two years in school. He had never talked English with anyone before, except his teacher. After this encounter, I visited some English classes in another camp to watch the miracle in the making. The boy wants to become a teacher.

"In this country?" I asked, waiting for the expected cry, "No! In my country! Palestine!"

"No, not in this country, in Jerusalem or Amman."

So finally I realized, as I should have all along, that "country" means town or village; when the Arab peasant refugees talk of their country—even if they happen to be in it, as they are here—they are talking about their own village, their birthplace. The boy's mind had gone no farther than the big cities of the only country he knows; his mind may travel much farther than that. The highest ambition of all the best students is to become a teacher or a doctor. Teachers and doctors are needed throughout the world, and the Arab world needs them intensely.

Jordan has a Vocational Training School also, as happy and hopeful as the school in Gaza. Here I foregathered with a class of budding plumbers, another set of citizens the world can well use. They were very merry in their blue work clothes and greasy hands, and full of plans for the future. One wished to go to Kuwait, one to America. One boy said he wanted to plumb in Palestine. The youngest and smallest of them, in a curiously wise voice—both bored and dismissive—said, "Oh, all that will take a long time." None of them was interested enough to go on with it.

The only place that looked as I originally expected refugee life to look was in the Jordanian part of divided Jerusalem, in the old Ghetto. Jews had festered in those lightless rat holes, jammed among the ancient stones, for longer than one can imagine; for 13 years, Arab refugees have endured the same hideous life. This is medieval misery and squalor; nothing like it exists in the modern world.

From a fetid passageway, a straight-backed, cleanly dressed, handsome boy bounded into the cobbled alley street. He took the arm of his teacher, who hap-

pened to be my guide that day; they were good friends. He was the star pupil of his class. Where could he possibly study? In the street, the boy said, anywhere outside. He has known no other home than a single damp room, a dungeon, where he lives with his bedridden grandfather, his parents, and a brother.

"All the boys from here are good boys," the teacher said, and his amazement showed in his voice. "And very witty." He meant "intelligent," I later discovered.

Did the UNRWA Director know of this vile slum? No, said the camp leader. I hurried off to ask why UNRWA allowed human beings to live in such revolting squalor. Whereupon I was informed that the Director had visited the Jerusalem Ghetto within 2 weeks of taking on his job. UNRWA had tried, at various times, to move these refugees, who refused to go because they preferred living inside the city. But now, since their birth rate had risen at such lightning speed, they were more than ready to leave, and within the year they would be settled in a new camp outside Jerusalem. There were two more dreadful refugee slums in the "host countries"—I did not see either; these were the only subhuman living conditions, and it was not UNRWA's fault they continued. They would, in time, be eradicated.

Despite all difficulties, UNRWA runs a welfare state; no other exists in the Arab Middle East. "The refugee has a net under him; the local population has none." Quote from an UNRWA official. It should be stated that the UNRWA personnel loves its Arab charges, which is not only right but essential. You cannot help those you do not cherish.

With my suitcases packed, and my mind overpacked with "treasonous" doubts, I set off for Israel, across the street. I had not dared tell anyone, including the Western UNRWA officials, of this intention; to have been in Israel, to go to Israel, is enough to brand you as an enemy and, more possibly, a spy. The Arab psychosis (an ornate word but not too strong) about Israel is official, and infectious. There may be many reasonable people in the Arab countries who are able to think calmly about Israel and about Arab-Israel relations; if so, they choose safety and keep their mouths shut.

When it comes to moving from one side of Jerusalem, which is Jordan, to the other side of Jerusalem, which is Israel, the world of dream sets in. You take a taxi, through normal streets, and suddenly you arrive at a small Jordanian frontier post, also in a city street. You wait, in this little shack, while your passport is checked against the exit list. After this formality, a charming courteous young porter carries your suitcases half a block. You tip him, and he deposits them on the porch of a house which is no longer there. Artillery fire removed it, years ago. Around you are shelled houses; one side of the street is Jordan, with laughing soldiers in the shelled houses; one side of the street is Israel, with washing hung out on lines. You walk a half block farther, leaving your bags behind. You are now at the Israel frontier post, another shack. Like crossing the river Styx, this is a one-way journey. When you have left Jordan for Israel, you cannot return by this road. The Arab blockade of Israel thus extends to foreign visitors. You would have to fly from Israel to neutral territory and start all over, provided the Arabs still like you, after a visit to Israel.

Since you will not be admitted to any Arab country if you have an Israeli visa on your passport, you carry your Israeli visa on a separate sheet of paper. Other nations than ours present their traveling citizens with two passports. After the Israeli border police have checked your visa, an equally charming courteous young porter, an Israeli, collects your bags from the porch of the nonexistent house in no man's land. You tip him and put the luggage in a taxi and drive a few blocks to your hotel. From your hotel in Israel you have a fine view of the beautiful wall and the Old City of Jerusalem, where you were residing three quarters of an hour ago.

There is not a war on, not by any terms we know. The object of this non-peace-non-war exercise is to destroy Israel, which remains undestroyed. I cannot see how it helps the Arab countries, but perhaps it does. Perhaps they need one enemy they can agree on, as a unifying force, as cement for their nationalism.

I wanted to visit Palestinian Arabs in Israel, the ones who stayed behind, the non-refugees. Seeing them at home, I thought I might better understand the mentality of their brothers in exile. Some important clue was lacking, but I could not name it or define it.

The driver of my car, on the journey in Israel, was an Israeli Jew, born there, who speaks Arabic as his second mother tongue and looks so like Nasser that it is a joke. I said I wanted to visit the village of Meron, on a mountaintop in Galilee. He said that at Meron there was an ancient temple of the Jews, the grave of a famous rabbi, a synagogue, a Yeshiva (the Orthodox Jewish equivalent of a Catholic seminary), but nothing else to his knowledge. Let us go and find out, I said. So we drove north through this country, which is a monument to the obstinate, tireless will of man. In 1949, the new immigrants, like ants on the hillsides, were planting trees: their first job. It looked as if they were planting blades of grass and seemed a pitiful act of faith. Now the trees have grown.

There are countless changes in Israel, but the Arab villages along the road to Nazareth have not changed. The old adobe or field-stone houses cling to and grow from each other. They are charming, picturesque, primitive, and wretched; but not to Arab peasants. This is the way it always was; this is the way they like it and want to keep it.

We drove up the mountain. Between the synagogue and the heroic ruins of the two-thousand-year-old temple, we did indeed find Meron, the home of the aristocrat who had offered me a rose on a mountaintop in Lebanon. There were not more than twelve houses in the village. The Muktar's palace is a long narrow stone shed, with an ugly narrow porch along the front. Instead of beams, bits of rusted railway track hold up the porch. The other small houses were built of the honey-colored, rough field stone, with traditional graceful doors and windows. Inside, the houses were like stables unfit for decent animals. The rich fields and groves the Meron refugees had described were the steep slopes of the mountain behind, where the villagers cultivated tobacco and some fruit and fig trees. In their day, the village had no electric light or water; the women carried water on their heads from the wadi at the foot of the mountain. The view is a dream of beauty. Hardship for hardship, Meron is no better than their refugee camp, Mia Mia, perhaps not as good; but memory is magical, and Meron was home.

Beside these pretty stone hovels tower the remains of a great temple. The blocks of granite in the fragmented wall are as massive as those in the wall of Solomon's Temple in Jerusalem. The broken pillars are enormous, unadorned, and suddenly Samson is real and pulled down real pillars as heavy as these. Here, two thousand years ago, the Jews were praying in a new temple, for two thousand years is not all that much in the history of the Jews or of this land. And here, with weeds around their low walls, stand the abandoned houses of the descendants of warrior strangers, the Arabs who came to this country and conquered it when the temple was some six hundred years old, doubtless already a ruin. Were the villagers of Meron happy when they lived on this mountain; did they think it Eden then? And why did they run away? The war never touched this place.

On January 1, 1960, according to Israeli statistics, 159,236 Muslims, 48,277 Christian Arabs, and 22,351 Druses lived in Israel. These people will have increased, but that is a good enough basis to work on; roughly a quarter of a million Arabs by now. The Jewish population, coming together here from the four corners of the earth, was 1,858,841. These dissimilar people live on eight thousand square miles of quite beautiful, laboriously and lovingly reclaimed rock heap and sand dune—of which one third is irreducible desert. The Druses, a separate and secret sect, are a phenomenon; they are content. They trust and approve of the Jews; they are loyal citizens of Israel. The remaining Arabs are something else again.

On this tour, I visited a Christian Arab village near the Lebanese frontier; a Muslim Arab village on the coastal plain near Acre; two Muslim villages near the Jordanian frontier; a new Muslim settlement near Tel Aviv—the exact copy of a new Jewish settlement, built by the government; and a Roman Catholic priest, in the beautiful Crusader city of Acre.

My idea was to search out Arab schoolteachers, on the grounds that they would probably speak English, were educated men, would know the feelings of their communities, and would have thought about Arab problems. Arabs, living in their own communities, have their own schools, by their own wish, where the children are taught in Arabic, according to Arab principles. Nissim, my driver, was to serve as translator until I had found someone I could talk to; he was then to disappear. I did not want anyone to feel hampered by his alien presence. I might have spared myself anxiety. The candor of the Arabs is proof of their freedom inside the state of Israel; they are not in the least cowed.

In the Christian Arab village, the schoolteacher was an attractive lean young man, with prematurely gray hair, working in his garden in the cool of the evening. He had a good modern house, a young modern wife, and after six years of marriage, a first baby, a six-month old girl named Mary, whom he and his wife so adored that neither of them took their eyes off the child at the same moment. He was healthy, prosperous, respected, freely doing his chosen work, loved and loving; by any standards, a fortunate man. After hours of listening to him, I had grasped the lacking clue, and felt hopeless.

"Great Britain helped the Jews," he said. "The English gave weapons to the Arab countries, and they gave weapons to us. In this village we were all armed; we all fired at the Jews, every one of us. But our bullets were no good; the English gave bad bullets to the Arabs. Four out of five of the bullets were no good. When we saw this, we ran away to Lebanon for two weeks and then we came back."

"Were any of you killed in these battles?"

"No, no one. Yes, we refused Partition. We did not want the Jews here; we wanted the whole country for ourselves, as is right. We only lost because of the United Nations and the Western powers.

"The Ottoman Empire crushed the pride of the Arabs. The Western powers divided the Arabs into many nations, after the First World War, to keep them weak. In the 1948 war, the next village was bombed by the Jews; when we saw that, we knew we had no hope."

(Pause for breath: the Jewish Air Force at the time consisted of nineteen Piper Cubs, a nice little plane, not a bomber; the next village was a good seven or eight miles away.)

"Now we have military zones, all along the frontiers. We must ask for permission to travel or work in different places. They have taken our land which is in the military zones. Yes, they pay for it, but very cheaply."

"At the price it used to be worth in the Mandate? Before it was improved by the Jews?"

"Something like that. No, even cheaper. Just now two boys from this village were caught on the Lebanese frontier; the Lebanese police sent them back. The Israelis are holding them for interrogation. How could such boys be spies?"

"I don't know. But you do remember that the Arab countries are at war with Israel? I should think it might be hard for the Jews to know what Arabs they could trust."

"They are right not to trust 50 percent of the Arabs in this country."

"How can they know *which* 50 per cent?"

"Oh, they know everything. They have a C.I.D. agent in every Arab village. He is a Jew, and everyone knows him."

"What's the use of having a secret policeman if everyone knows he's a secret policeman?"

"There are plenty of informers. I don't know what it is that has taught all Arabs to be spies." He said this with real despair.

"There is compulsory education in this country up to the age of fourteen. That is a very good thing. We did not have such a thing before. But the Muslims do not send their girls to school half the time and do not send the boys if they can earn. Then what? The fine for the father is only five pounds. What is five pounds to the father?"

"Do you really mean that you want the Jews to supply the schools and the law which makes education compulsory, and also to force the Arabs and Druses to send their children to school and take advantage of this education? Wouldn't that make the Jews even more unpopular?"

He admitted, with a smile, that this might be the case and went on: "Nasser buys arms from Russia because he could not get them from the West. Egypt has twenty-two million people, so it needs many more arms than the Israelis, who are only two million. But Nasser is not crazy; he will not make war. He spends as much on social reform as on arms. All children now go to school in the Arab countries."

"Have you ever visited the Arab countries? Have you been to Egypt?"

"No."

We drank more coffee; we lit more cigarettes. I braced myself for further enlightenment.

"The Arab Kings were not the true representatives of the Arab peoples when they made war against Israel. Now all the refugees should come back and we should have Partition."

At this point, I decided to make one long, determined stand to see whether there was any meeting ground of minds on a basis of mutually accepted facts and reasoning.

"Please bear with me and help me," said I. "I am a simple American, and I am trying to understand how the Arab mind works, and I am finding it very difficult. I want to put some things in order; if I have everything wrong, you will correct me. In 1947, the United Nations recommended the Partition of Palestine. I have seen the Partition map and studied it. I cannot tell, but it does not look to me as if the Arabs were being cheated of their share of good land. The idea was that this division would work, if both Jews and Arabs accepted it and lived under an Economic Union. And, of course, the Arab countries around the borders would have to be peaceful and cooperative or else nothing would work at all. The Jews accepted this Partition plan; I suppose because they felt they had to. They were outnumbered about two to one inside the country, and there were the neighboring Arab states with five regular armies and forty million or more citizens, not feeling friendly. Are we agreed so far?"

"It is right."

"The Arab governments and the Palestinian Arabs rejected Partition absolutely. You wanted the whole country. There is no secret about this. The statements of the Arab representatives in the UN are on record. The Arab governments never hid the fact that they started the war against Israel. But you, the Palestinian Arabs, agreed to this, you wanted it. And you thought, it seems to me very reasonably, that you would win and win quickly. It hardly seemed a gamble; it seemed a sure bet. You took the gamble and you lost. I can understand why you have all been searching for explanations of that defeat ever since, because it does seem incredible. I don't happen to accept your explanations, but that is beside the point. The point is that you lost."

"Yes." It was too astonishing; at long last, East and West were in accord on the meaning of words.

"Now you say that you want to return to the past; you want Partition. So, in fact you say, let us forget that war we started, and the defeat, and, after all, we think Partition is a good, sensible idea. Please answer me this, which is what I must know. If the position were reversed, if the Jews had started the war and lost it, if you had *won* the war, would you now accept Partition? Would you give up part of the country and allow the 650,000 Jewish residents of Palestine—who had fled from the war—to come back?"

"Certainly not," he said, without an instant's hesitation. "But there would have been no Jewish refugees. They had no place to go. They would all be dead or in the sea."

He had given me the missing clue. The fancy word we use nowadays is "empathy"—entering into the emotions of others. I had appreciated and admired individual refugees but realized I had felt no blanket empathy for the Palestinian refugees, and finally I knew why—owing to this nice, gray-haired schoolteacher. It is hard to sorrow for those who only sorrow over themselves. It is difficult to pity the pitiless. To wring the heart past all doubt, those who cry aloud for justice must be innocent. They cannot have wished for a victorious rewarding war, blame everyone else for their defeat, and remain guiltless. Some of them may be unfortunate human beings, and civilization would collapse (as it notoriously did in Nazi Germany) if most people did not naturally move to help their hurt fellow men. But a profound difference exists between victims of misfortune (there, but for the grace of God, go I) and victims of injustice. My empathy knew where it stood, thanks to the schoolteacher.

"Do you follow the Eichmann trial?" I asked. An Arabic daily paper, weeklies, and radio station thrive in Israel.

"Yes. Every day." He wrinkled his nose with disgust.

"Do you not imagine that all the Jews in Israel believe this massacre of their people could have been prevented if the Jews had had a homeland to escape to? Don't you think that they knew, also, what you just said: there would have been no Jewish refugees from here—they would be dead or in the sea? Doesn't that perhaps explain them to you a little?"

He shrugged, he smiled; with these gestures he tacitly admitted the point, but it was of minor importance. "In 1948, the Arabs were not united; that is why we lost. In 1956 the Jews beat Nasser. He will never make war. But when there are five million Jews here in Israel, the Jews will make war, because they will need more land."

"Israel is about the size of New Jersey, a state in America. Some six million people live quite comfortably in New Jersey. Israel could become an industrial state, a very useful one."

"No, it cannot. The Arab nations will not allow it. They will not trade with Israel. They will not let Israeli ships go through the Canal. They do not wish Israel to do these things. They will not accept Israel."

"It is hopeless," I said. "In my lifetime, those who threatened war sooner or later produced it. If Arab-Israel politics keep up like this, my friend, perhaps all of us, everywhere—you and your wife and Mary, and my child and my husband and I—will have the privilege of dying in the same stupid final war."

He thought I was making a rich foreign joke. He has never seen even a corner of a real big war; he cannot imagine it. He thinks war is something that lasts a few weeks, during which you shoot off bad bullets at a remote enemy, no one is killed, you run away for a bit and then come home to your undamaged houses and lead a good life, indeed a better material life than before. None of these Arabs has suffered anything comparable to what survivors of modern war know; none can imagine such catastrophe.

The Christian schoolteacher sent me on to a friend of his, a Muslim schoolteacher, in a village called Masra on the plain near Acre. The Muslim schoolteacher was a young black-eyed beauty, who received me in a bleak cement-walled room, scantily furnished with an ugly desk, wardrobe, straight chairs, and day bed. He wore striped pajamas, traces of shaving cream, and a princely ease of manners. We got right down to business.

Before 1948, the population of Masra was 350; now it is 200. They owned little land, they had worked on neighboring *kibbutzim* and in Acre factories. They always had good relations with the Jews. "No one here shot at Jews; and no Jews shot at us." (Note the order of the sentence.) But now Masra had grown and swollen; 900 refugees lived here.

"Refugees?"

"Yes, people from those villages."

He gestured out the door, across the fields.

"What? From villages nearby?"

"Yes, yes. Those villages. They are maybe seven kilometers away."

"And you consider them refugees?"

"Of course. There was no fighting near here, but the people are frightened, so they fled to the Druse villages, where they know they will be safe, because the Druses were always friendly with the Jews, and after, they came here. The Israeli government will not let them go back to their villages. The government offered them other land, but they will not take it. Before the war, only my father sent his sons to school from this village. Now we have a school and 240 children in it, 100 girls and 140 boys. We have a water tap at every house and electric light; never such things before. No one owned a radio; now there are 100 radios and frigidaires too. The people earn good wages."

"Then everyone must be happy."

"No. The people are not glad. They want to go back to their old houses, even if there is no light or water or money."

They knew the refugees were "living under good conditions"; he had brothers in Lebanon and Syria who were doing well. How did he know? They wrote messages to the Israel radio, which broadcast them, and the Lebanon radio sent messages back; that way they heard news of their families.

But all the refugees should return and Israel should be partitioned. I put the same proposition to him as to his Christian colleague; if the Arabs had won the war, would they accept Partition?

"No, never, of course not. We would let some few Jews live here as immigrants but not be masters, not in any part of Palestine."

"Why do you think the refugees left in the first place?"

Well there was much fear. Then, they all knew about Deir Yassin and expected the same to happen to them. Inside Israel, the Arabs do not need or use the refugees' stories of massacres; they do not have to account for flight, since they are still at home. They know what happened around them, and their neighbors know, and such stories would be pointless. But they do speak of Dir Yassin, which was a genuine massacre and took place in the village of that name, near Jerusalem, on April 9, 1948.

Before the official Arab-Israel war started (on May 15, 1948) there had been months and months of "incidents." ("From the first week of December 1947, disorder in Palestine had begun to mount. The Arabs repeatedly asserted that they would resist partition by force. They seemed to be determined to drive that

point home by assaults upon the Jewish community in Palestine."—Trygve Lie, "In the Cause of Peace," Macmillan, 1954.) By February, 1948, aside from scattered Arab attacks on scattered Jews, and reprisals for same, the "Arab Liberation Army" had moved into Palestine from the north, and Jersualem was bombarded, besieged, and cut off. The Jews were trying to run food to the beleaguered Jewish population of Jerusalem. A lot of Jews were getting killed in that effort, in Jerusalem and elsewhere, and in the eyes of some Jews not enough was being done to prevent or avenge this. The state of Israel did not exist; no functioning Jewish government could control this anarchic, deadly phase of undeclared war.

Two famous illegal groups of militant Jews, the Stern Gang and the Irgun Zvai Leumi, had their own ideas on how to fight fire with fire. The British regarded them both as terrorists. The Jewish Agency and their undergound army, the Haganah, which were the official Jewish authorities in Palestine, also rejected the Stern Gang and the Irgun Zvai Leumi, because of their ruthlessness. Under the circumstances that created them, these two outlawed bands do not seem very different from Resistance groups, Partisans, or Commandos, all of whom were admired as patroits, and none of whom obeyed the Queensberry rules.

The Irgun Zvai Leumi, in any case, behaved like desperate men at war, not like the millennial inheritors of a high moral code. The village of Dir Yassin lay close to besieged Jerusalem and its life-line road. According to the Irgun, Dir Yassin was a nest of snipers and armed Arabs; an effective enemy concentration. On their own, the Irgun decided to attack Dir Yassin. Their leader was killed by Arab fire from the village; the Irgun fighters then went brutally mad and shot everyone in sight. Two hundred and fifty Arabs were killed.

To this day, Israelis cannot get over their shame for Dir Yassin while failing to remind themselves, the Arabs, and the world that murder, horribly, begets murder; and they could present a longer casualty list of Jews killed by Arabs, before and after Dir Yassin, during the twilight period of terror that preceded open war.

The news of Dir Yassin spread like the tolling of a funeral bell throughout Arab Palestine. According to their own ethical code and practice of war, Dir Yassin must have seemed a natural portent of the future to the Arabs. They intended to massacre the Jews; if the Jews were victorious, obviously they would massacre the Arabs. As the beautiful schoolteacher pointed out, Dir Yassin threw the fear of death into vast numbers of the Arab population. In panic, they fled from Palestine.

Since we were talking about war, we came easily to the subject of Nasser.

"Here they love Nasser. All love him. He is Arab person. They do not believe what he says on the radio—kill the Jews, kick them into the sea. So long he says it, and nothing happens. It will not be war. Something else will arrange, but not soon."

The Christian Arab schoolteacher had told me of a priest in Acre whom I should see, but I could not find him. Instead, I directed myself toward the nearest church steeple, rang a doorbell beneath, and was admitted by an enormous, rotund priest in a brown cassock. He looked like an Arab but was an Italian. He had lived in this country for nearly thirty years and had learned how to survive: by laughter. He laughed at everything, and it was an awesome sight, as if a hippopotamus broke into silent mirth.

We settled on his stiff upholstered visitors' chairs, and he ruminated on the problem of the refugees. If there was the choice between a big financial compensation or return, only 50 per cent of the refugees would wish to return, and most of those who came back would not stay. "They could not endure how this country is run. The discipline. The work." The refugees are kept thinking of Palestine by the Arab leaders, by propaganda. Why not build factories and arrange land resettlement in the Arab countries? (The Arab governments do not wish this, Father.) Give the money to the Arab governments and tell them to get on with the job and control it. (How?) By force. (But what force, Father?)

He often told Arab priests about the thirteen million refugees who came from East Germany to West Germany; they were all absorbed into West Germany and enriched the country. Why would not 800,000 Arab refugees enrich the Arab countries, which were big and underpopulated? But it is no use; Arabs have never heard of any other refugees or any other problem than their own, and they cannot think about that, in a practical way.

The whole problem is between the East and the West; the Arabs are very happy in the middle, using blackmail. This would stop if the East and the West came to terms or if the West was united and strong and could impose its will. (But how, Father?)

Ah well, the Jews might as well let the refugees come back; the Arabs here are loyal to the state. ("The ones I've seen detest the Jews and the state, Father, and you know it." I expected his laughter to make a sound, it was so violent.) Yes, yes, that is true, but they do nothing. There is no resistance, no underground. Think what they could do if they really wanted to, with the Arab countries all around as a base. (Some Arabs did for a long time, Father—until 1956, in fact; look at the countless incidents with the U.N. police force called out to investigate murders, thefts, sabotage.) Oh, that was nothing, nothing to what they could do if they really wanted to.

With another mute roar, he told me that the Arabs said, First we will finish with the Shabbaths, and then with the Sundays. They never changed their ideas. They went around looking at the women and the houses they would take when they managed to get rid of the Jews and the Christians. He laughed himself into a good shake over this one.

I asked about the Eichmann trial and the reaction of his Roman Catholic parishioners. Well, his Christian Arabs thought Eichmann was right, because the Jews were the enemy of the German state. They were always the enemy of the state; the Pharoahs had to drive them out of Egypt, the Persian King tried to clear them out, Ferdinand and Isabella kicked them out of Spain. No one could live on good terms with them, so Eichmann was right. (Horrified, really horrified, I said, "Surely that is not a Christian attitude to the most appalling murders we know about?" He found it terribly funny that I should expect a Christian attitude from Arabs.)

"I do not like either Arabs or Jews," the priest announced with great good humor, "but I serve them with my whole heart, as I must."

He asked me at the door whether there are any Christian Arabs in refugee camps. Yes, I had seen a camp of Christians in Lebanon.

"I am surprised. There must be very few. I would have expected them to manage better. They do not dream all the time. They have more contact with reality than the Muslims."

By now I could foretell one local Arab account of reality. First they explain that they did *not* lose the war against the Jews; various others are responsible for the defeat. Then they boast cheerfully of their present material well-being, as if they had invented prosperity. At this stage, the Israeli Jews might be wisps of smoke; they had nothing to do with building the country. However, Arabs are miserable; although they never had it so good, it is not good enough, owing, of course, to the Jews. Usually these Arabs say how much they love Nasser and in their devotion are curiously remindful of Nazi Austrians, twenty-five years ago, when they praised the handsome distant leader, Adolf, from whose hand all blessings would flow. What they believe they now want is to bring the refugees home and partition the state. They have not considered this as a practical matter, nor imagined its effects on their new-found prosperity.

I visited a school in a village where prosperity had broken out like a rash—new houses, shops, hospital, high school, bigger elementary schools—and the teachers harangued me as foreseen. After telling me how well off everyone was, and bragging of their growth, they told me they were all unhappy and poor because they had owned 40,000 *dunams* of land (10,000 acres) and now only owned 10,000 *dunams*. But another Arab, who had not overheard this conversation and was employed as an agricultural inspector, explained that the 10,000 *dunams* were irrigated, which was new, and also they were scientifically farmed, and therefore produced far more than the 40,000 *dunams* had. To listen to these conversations is work for a psychiatrist, not a journalist.

I yearned for my silent hotel room in Jerusalem, but Nissim had two heart's-desires, and Nissim was such a nice man that I could not refuse him. There was a "great lady" he wanted me to meet, a Muslim. "She began a Muslim women's club all alone, she," Nissim said. "Such a thing has never been. What a brave woman. The Muslims go to a place and learn together, and hear lectures, the women. Is it not wonderful?" I could see that Nissim was by nature a suffragette. He also wanted me to visit a new village of government-built houses, which the Arab citizens buy on the installment plan by paying a low rent. Not everyone has a chance to own such fine, inexpensive houses, and Nissim—like all Jewish Israelis—is ardently proud of every improvement in his country.

First we called on the lady, who lived in a modern villa, luxurious by middle-class standards anywhere and palatial by Middle Eastern standards, very shiny and tasteless. Nissim thought it wonderful; so did she, with well-bred restraint. She was young, charming, just returned from her school-teacher's job, bathed and dressed for the afternoon in a sleeveless red dress. She spoke of her Muslim women's club, whose members ranged in age from fifteen to sixty, and learned sewing, cooking, child care, listened to lectures, and were enthusiastic over their new venture. I am a suffragette like Nissim and was delighted. Then the predictable complaints began. The peasants, she said, have work and money and don't care about anything else. But the educated people suffer; they have all this education, and after they finish their studies, what can they do? Only the professions, and business, and a few are elected to Parliament; but they cannot get positions in the army. Her husband, a pharmacist, has to take four buses to reach his place of work, but here is this village of eight thousand people without a pharmacy; why don't the Jews open a pharmacy?

"If there is such a crying need for a pharmacy here, why doesn't your husband start one himself? This is not a Communist state; there are no laws against private enterprise. You are well-known people, full and free citizens. You could certainly raise a loan, if you need it."

You are not supposed to argue about complaints; it is abominable manners. Her face closed like a lovely olive-colored trap.

"The Israelis say that they do not conscript Arabs—except the Druses, who insisted on it themselves—because the only people the Israeli Army would ever have to fight are Arabs. It seems decent to me, and it seems like reasonable military security. How would your men feel if called upon to fight fellow Arabs, who might be their blood relatives and intended to be their liberators? Do you think it is a good job for a man to join an army he cannot serve with his heart, and would sell out if the time came? That may be excellent work for spies, but not for soldiers."

She opened her closed face to say, "Yes, I see. But it *is* our country."

It was too hot, and too futile. Besides, I was tired of the convention which apparently requires non-Arabs to treat Arabs as if they were neurotic children, subject either to tantrums or to internal bleeding from spiritual wounds. This girl did not strike me as a pathetic weakling.

"Only by right of conquest," I said. "In the seventh century. The Jews got here first, about two thousand years ahead of you. You haven't lived as masters in your own house for a long time. Aside from the Crusaders, the Ottoman Turks bossed you for a steady four hundred years, before the British took over. Now the Jews have won back their land by right of conquest. Turn and turn about," I said, feeling as beastly minded as an Arab myself. "Fair's fair."

"How was it?" asked Nissim, who had been waiting in the car. "She is fine, isn't she? Think that she starts to teach the Muslim women. No other one did."

Israelis are the first to explain (and who can know better?) that it is painful to be a minority; the Arabs in Palestine became a minority suddenly. It is grievous (as who knows better than Israelis?) to be separated from the numerous, needed members of your family. Israelis will also explain that the Arabs in Israel are torn in two: their racial loyalty belongs to the enemies of Israel, and they are afraid; if the Arab nations make war against Israel, as is regularly promised on the radio from Cairo, Damascus, Beirut, what will be their fate? Would the outside Arabs regard them, the Arabs inside Israel, as collaborators, traitors?

The emotional position of the Israeli Arabs is tormenting (and is held in that torment by the Arab radio stations), though they are materially secure, protected by equal justice under law, and by an almost exaggerated respect for their feelings. If the Arab nations made peace with Israel, it is possible that all Israeli Arabs would relax, be happy, and wholehearted supporters of Israel. If not, not. No one, after listening to Israeli Arabs, could believe that Palestinian refugees would be either contented or loyal citizens of Israel.

The new village, that so pleased Nissim, was rows of small plastered houses painted in pastel shades, or white with pastel-colored woodwork. They have a porch-veranda, two fairly large rooms, a kitchen, a shower-washroom, and small gardens. No working-class Arabs I saw anywhere in the Middle East possess houses like these, but the owners were not satisfied, as I knew they would not be. One boy of about fourteen could speak English; boys of this age are valuable informants—they parrot their elders without reflection.

"We are very poor," he said.

"How can you be very poor and live in these houses? You have to pay for them."

"We must to work very hard. More harder than before. Terrible work. We have no land."

"Wasn't farming hard work?"

"No. That was easy. Not like now."

"How does your family manage?"

"My brother works. In Tel Aviv. In a gasoline station. That is terrible hard work."

When we left, the pretty, healthy children ran beside the car, shouting. I waved. Nissim looked queer, something was wrong; that chronic optimist seemed sad.

"What the mater, Nissim?"

"Nothing. What the children say."

"You mean just now, shouting?"

"Yes. They say: 'Where you going, bastard? I spit on you.' "

What for, I thought, what for, and will it never stop?

"Do you hate the Arabs, Nissim?"

"No. Of course, no."

"Why not?"

"What is the good of hate?"

What indeed? Arabs gorge on hate, they roll in it, they breathe it. Jews top the hate list, but any foreigners are hateful enough. Arabs also hate each other, separately and en masse. Their politicians change the direction of their hate as they would change their shirts. Their press as vulgarly base with hate-filled cartoons; their reporting describes whatever hate is now uppermost and convenient. Their radio is a long scream of hate, a call to hate. They teach their children hate in school. They must love the taste of hate; it is their daily bread. And what good has it done them?

There is no future in spending U.N. money to breed hate. There is no future in nagging or bullying Israel to commit suicide by the admission of a fatal locust swarm of enemies. There is no future in Nasser's solution, the Holy War against Israel; and we had better make this very clear, very quickly. Long bleak memories will recall the Sudetendeutsch and Czechoslovakia. In a new setting, Palestine refugees assume the role of the Sudetendeutsch. Israel becomes Czechoslovakia. Propaganda prepares the war for liberation of "our brothers." Victory over a minor near enemy is planned as the essential first step on a long triumphant road of conquest. A thousand-year Muslim Reich, the African continent ruled by Egypt, may be a mad dream, but we have exeprience of mad dreams and mad dreamers. We cannot be too careful. The echo of Hitler's voice is heard again in the land, now speaking Arabic.

Unfortunately for us all, including the Arabs, the Middle Eastern Arab nations have been hit by independence and the twentieth century at the same time. It is a lot to handle, and they are not handling it safely or sanely. The Cold War does not help them; it encourages folly. East and West both treat the Arabs with nervous anxiety; placatory and bribing, East and West keep their eyes fixed on the geographic location of the Arab states and the immense amount of oil under their deserts. No one does or can talk practical facts about Israel to the Arabs; it would be useless. Even the soundest Arab leaders have tied their own hands tight in an official hate policy. At present, any Arab government which urged a quick, peaceful, advantageous settlement of the Palestine Refugee Problem would be mobbed. The mobs have been indoctrinated for thirteen years, as have the Arab refugees.

The Palestinian refugees could have been absorbed into the economic life of the Arab countries long ago, despite the remark of UNRWA's Director—in his 1960 report—that jobs do not exist for the refugees in the Arab countries. Of course they do not exist; if they did, the Arab standard of life would be a finer and a better thing than it is now. The jobs must be made; but the Arab countries need to have the jobs done as much as the refugees need to do them. The Director of UNRWA states, in the same report, that the majority of Palestinian refugees are unskilled peasants and there are enough or too many of those in the Arab countries already. No doubt. But unskilled peasants, all over the world, have learned to become skilled factory workers or scientific farmers, at very short notice; that ability to learn is what makes our modern industrial civilization tick . The Yemenite Jews who moved in a week from the Middle

Ages to Israel, the unskilled Polish peasants operating the Nova Huta steel mills are obvious examples of this transformation. Neighboring Arabs regard the Palestinian Arabs as outstandingly intelligent. I would think this reputation deserved. There is no reason to believe that they cannot learn as others have.

Where there's a will—and as much unused land and wasted water, mineral and oil resources, underpopulation and undeveloped industries as in the vast Arab territories—there's a way. "Western Imperialists" would have to contribute most of the cash for the way, and it would be cheap at the price. It is more expensive to maintain paupers forever than to establish free, self-supporting citizens. One outlay of capital is futile and never ends; the other is a capital investment, humane and profitable, and pays for itself. It pays in buying peace, and we don't have to argue which is the better bargain, peace or war. "Western Imperialists" should provide the way; the Arab governments would have to provide the will.

Economics are not all, and the tragedy of most refugees is not that they starve in their countries of adoption, but that their hearts and minds and souls starve. They are lonely strangers who do not speak the language of the new lands, or know its customs; they are aliens. But the Palestinian refugees look, think, feel, and organize themselves socially as the Arabs of the "host countries" do. They speak the same language, they practice the same religion. The Christian minority would find fellow minority Christians in every Arab country except Lebanon, where they are on top. The Palestinian Arabs are not foreigners in the Arab world; they are members of their own family.

According to Arab politicians and apologists, the Palestinian refugees refuse to become integrated in the Arab world; it is Palestine or nothing for them. Everyone shouts for the Palestinian refugees, and at them, and about them, but no one has ever asked the refugees what they themselves want: where do you want to live: what do you want to do? My tiny personal Gallup poll unearthed plenty of refugees who were happy where they were and had no desire to return to Palestine, no matter what; and plenty of refugees who longed to emigrate to the richer Arab countries, where the future looks brighter, or out into the great non-Arab world. Except for one Christian Arab from Jaffa, who thinks Jews more honest than Arab Muslims and better people to do business with, none of them wanted to return to Israel, as Israeli citizens, and dwell in peace with their Jewish neighbors. We need a secret poll of both sexes, from the age of twelve onward, to discover the refugees' own wishes for their own lives. The poll would have to be secret because it is impossible, even perilous, for an Arab refugee openly to disclaim interest in Palestine. Such a freethinker would be marked a traitor to the Arab cause. Man is a political animal, but he also wants to live. Politics have offered a very dry crust to these refugees for a very long time.

Yet the Arab governments insist that the Palestinian refugees are a political problem. Once a year, formally, they brandish these waiting lives at the U.N. Assembly. The rest of the year, with different degrees of intensity, depending on their domestic politics, they wield these waiting lives to stir up Arab hate at home. The Arab governments say they will not accept the existence of the state of Israel, now or ever. The logical conclusion is that, when ready, they intend to burst from their cold belligerent status into hot armed conflict and terminate Israel's existence. We cannot force the Arab nations to make peace with Israel, but we have to prevent them from making actual war—for the sake of all human life, their own included. A vital preventive act would be to remove the Palestinian refugees as a justification of war.

Is it fruitless to offer terms to the Arab governments? We cannot hurry them, or threaten them. Their pride has been scarred; they are uncertain noisy adolescents in a tricky clever adult world; their nationalism is new, and they suspect insults or attacks on it, from every side; they do not live easily with themselves or with each other; and they have not yet understood that a nation is only as strong as its people—arms laid on top of disease, illiteracy, and poverty are a useless burden. But if we know our own minds, are patient, firm, and generous, in time the Arab governments might allow us to enrich their countries.

Our Western offer should be clear: UNRWA is to continue as a bridge to the future; we will pay for the bridge and the future—Palestinian refugees are gradually to become Arab citizens, earning their own livelihood on land, in industries, which our money and technical help will make available. All of this, but not another penny for a political problem. The Palestinian refugees

must be taken out of politics forever and given the same chance that millions of refugees have had before them: a chance for work, private peace, and private life.

Would the Arab governments reject such an offer flatly, in pique, and turn UNRWA over to the Russians? The Arab leaders do not care for Communism at home. Russia, as parent and teacher of hundreds of thousands of young Arab refugees, would not charm them. In the ugly East-West rivalry for Arab affection (and oil and geography), we might for once risk taking a reasonable, compassionate line. We are not likely to be outbid in this field. The Arab governments do not love us, but they fear the proselytizing Communists more.

UNRWA has been a splendid mother-and-father and can serve the refugees as a guide to the future. UNRWA's greatest gift to the refugees, to the Arab world, and, indirectly, to us all is the education and health of its charges. UNRWA should receive more money and be considered primarily an educational institution. In my opinion, UNRWA will be with us for some time, an admirable training school for young Palestinians and a kindly old folks' home for aged Palestinians. But UNRWA too must be taken out of politics. Its work should not be subject to Arab political supervision; none of its activities should be used for Arab propaganda purposes; and its Western personnel must keep themselves rigorously detached from the Arab-Israel controversy.

The Palestinian refugees are a chain reacteion. Arab politicians and apologists would have us believe that the explosion began with the Balfour Declaration to "view with favour the establishment in Palestine of a home for the Jewish people." More likely, the explosion started in the depths of time when the Romans drove the Jews from their one and only homeland, the soil that grew their history, the Bible. Nearly two thousand years later, Hitler and his followers committed such barbarous crimes against the Jews as all Christendom and all Islam, barbarous too, had never inflicted in the centuries of the Jewish dispersion. The Nazis and the gas chambers made the state of Israel inevitable: the Palestinian Arabs and the five invading Arab armies determined the boundaries of Israel.

The Palestinian refugees are unfortunate victims of a brief moment in history. It is forgotten that Jews are also victims in the same manner, of the same moment. The Arab-Israel war and its continuous aftermath produced a two-way flight of peoples. Nearly half a million Jews, leaving behind everything they owned, escaped from the Arab countries where they lived to start life again as refugees in Israel. Within one generation, if civilization lasts, Palestinian refugees will merge into the Arab nations, because the young will insist on real lives instead of endless waiting. If we can keep the peace, however troubled, the children of Palestinian refugees will make themselves at home among their own kind, in their ancestral lands. For the Jews there is no other ancestal land than Israel.

In the above-mentioned article, "The Palestinian Refugees—An Unsolved Problem," Arnold Hottinger states:

Graphically the refugee population can be described as forming a number of concentric circles. The center is formed by the inhabitants of the camps. On the whole they are the helpless victims of their fate, which includes not only the original flight of 13 years ago, but the many political, economic, and cultural circumstances which have prevented them until now from building a new life for themselves in the countries of refuge. Around this nucleus gather the circles of those who have more or less succeeded in adapting themselves to life in the host countries. The large majority of those who live outside the camps but yet claim the aid of UNRWA have succeeded in integrating themselves with their host countries at least in a purely physical sense. Economic adaptation however proved very difficult for many. There are all kinds of aged persons incapable of doing any work, casual laborers in the rural areas constantly in search of employment, white-collar employees, professional people and entrepreneurs a few of whom have become millionaires.

While in Jordan an effort has been made to assimilate these refugees politically, such assimilation is rejected by the other host countries—Lebanon, Syria, and Egypt as the administrator of the Gaza Strip. It is not even favored much by the refugees themselves. Although officially the Jordan Government grants equal rights to "Palestinians" and "Transjordanians" within the country, in administrative and social practice every Jordanian is at once classified either as a Transjordanian or a Palestinian. This division is a necessity due

to the attitude taken by the two groups toward the Jordan state. A Palestinian for example is not readily admitted to the Jordanian "Bedouin army," since, not without reason, his loyalty is subject to doubt.

In Lebanon a number of predominantly Christian Palestinians (estimates fluctuate around 20,000) have succeeded in acquiring Lebanese citizenship. But in talking with such people one will soon note that most of them consider this citizenship as a transitional rather than a permanent tie with a new fatherland. Their real loyalty is to an Arab Palestine or to a Pan-Arab state of the future that would include Palestine.

The farther one moves away from the center of the camps and their inmates and out toward the more peripheral circles of the better off middle class, the greater the influence which these refugees exert on the fate of their community. The less therefore the Palestinians themselves have to suffer from their refugee status, the more decisive their influence on the situation of the refugees as a whole. The "Palestine specialists" who exist in all Arab countries, and who are always called upon when refugee problems are discussed on the political level, are well-to-do, well-established Palestinians. The best known among them perhaps is Dr. Shukairi, permanent delegate of Saudi Arabia to the United Nations, famed for his tirades of hate against Israel. To the same group belong well-known Lebanese owners of newspapers, businessmen and professional politicians from Syria, government officials from Jordan, industrialists and entrepreneurs in Iraq and Kuwait. They are those circles on the periphery of the refugee complex who determine the Arabs' Palestine policy, and to a considerable extent also determine the attitude of the refugees themselves. As educated men they have access to the mass media of communication, as respected businessmen and technicians they have influence on the governments. They have succeeded in asserting their opinions in Palestine questions as the only acceptable, and they watch carefully lest any Arab deviate from this line and be it only by the breadth of a hair. Even the Governments submit to the power of their propaganda instruments, and rivalries among them regularly work in favor of the "orthodox" Palestine thesis, each Government seeking to outdo its rivals by even sharper anti-Israel declarations.

Up until recently, UNRWA has conceived of its duties primarily as those of relief—its rehabilitation duties have been largely overlooked.

This concept of functions must be reversed—and reversed quickly. We cannot continue for another 15 years to permit people who can perform usefully and who can make a valuable contribution to the economic growth of their areas to vegetate in idleness.

It is most disconcerting to walk through a refugee camp in the middle of the day and see hundreds of able-bodied young men sitting idlely by listening to the radio. The younger generation is willing to rehabilitate itself. Don Peretz, in his article "The Arab Refugees: A Changing Problem," in the April 1963 issue of Foreign Affairs, states:

The younger generation is no less bitter about its refugee status, no less resentful toward those responsible, and no less determined to regain its homeland, but its reactions are less self-destructive. The youth realize that only through strength can they attain their ultimate objective, and that strength will be created through self-improvement, not self-destruction. Consequently they not only are willing to accept opportunities for education, vocational training, and employment, but eagerly search them out. Having appraised realistically the chances of an early return to Palestine, they seek normal lives now. They want to marry, raise children, and enter the mainstream of national life until the day of their return—or their children's, or their grandchildren's.

I think one of the greatest mistakes made in the handling of the refugee problem in the Arab countries was to establish an international agency staffed primarily with locally recruited personnel.

The 11,469 locally recruited employees of UNRWA were given a humanly impossible task to perform—even had they been given sufficient funds to do so (which they were not). But most of these

locally hired employees are themselves refugees. The feeling still generally prevails among the refugees and the leaders of the Arab nations that any economic rehabilitation and integration of the refugees would be a weakening of the political strength of the movement to return to what they still consider Palestine. Thus economic rehabilitation has been resisted among the refugees. How could we expect the UNRWA employees who were refugees to work against their own strong feelings and those of their fellow refugees?

This task is hard. How could it be done by those who, at heart, did not believe in what they were doing? And do it moreover on a hand-to-mouth budget. This is not to imply any criticism of these locally hired UNRWA workers. It is just that no person should be placed in a conflict-of-interests position. And that is exactly what we have done to the locally hired UNRWA workers. It is totally unfair to them and steps should be taken immediately to remedy this situation. From all accounts, and from my own observations, they have been doing an excellent job of taking care of the material needs of the refugees on a budget of 10 cents per day per person.

But relief is not enough.

We must put into high gear a program for the economic rehabilitation of these refugees.

We must make a reality of the word "Works" in the title of UNRWA.

To do this takes a determined will of many people dedicated to the idea that it *is* possible to make the refugee economically self-sufficient.

In the above-quoted article by Don Peretz, he writes:

> Although UNRWA's original mandate was to establish works projects which would favor integration, the framework within which it has worked from the first has been that of a temporary emergency relief agency. Originally, many believed that the refugee problem would be resolved within a few months and that UNRWA would gradually turn to works projects. However, during the early 1950's the host countries were unable either economically or politically to absorb the refugees rapidly enough to warrant cutting relief substantially. Consequently the General Assembly has periodically had to renew UNRWA's mandate, and its Director must raise funds for it in much the same manner as those of a voluntary welfare organization. Although the Agency has become a more or less permanent landmark, its administration, organization, personnel, fiscal policies, and general outlook have until recently had a temporary character. This weakness is still reflected in the local policies of many UNRWA administrators, although the present Commissioner General, Dr. John Davis, has increasingly shifted from outright relief to rehabilitation, with emphasis on vocational training. Within the limits of political expediency, attempts are being made to cut unqualified recipients of rations from the rolls and to use the funds for more creative purposes. Today nearly a third of the Agency's budget and half its personnel are used for education and technical training, and nearly 3,000 youths have been taught skills in vocational training centers. If given his way, Dr. Davis would place even greater emphasis on these projects. The obstacles are conservatism within the organization and the continued refusal of many politicians in the host countries to agree that rehabilitation projects are not simply attempts to undermine the refugees' rights.
>
> The principal cause for the difficulties of UNRWA to date is not so much the policies of its directors as the reluctance of the United States and the United Nations to face the changed situation. They continue to hope that the refugee problem will be resolved within a few years and that then it will be possible to break the Arab-Israel stalemate. In the early 1950's the United States and the United Nations did support efforts to shift from relief to rehabilitation, but conditions in the region were not yet ripe. Many still fear that to diminish relief, or alter the organization of UNRWA radically, would jeopardize the prospects for compromise, illusory as these have proven to be.

True, it would not be easy to alter UNRWA's role from a relief to a rehabilitation agency. It has acquired far more than a welfare function. Thousands of refugees who are self-supporting continue to receive relief, not because of need, but because it gives them continued identity as Palestinians. In effect, an UNRWA ration card has become the identity card of the displaced Palestinian. Recognizing this, UNRWA has now issued cards which identify the bearer's status but do not entitle him to rations. The Agency employs thousands of Palestinian officials, physicians, teachers, and clerks. Some 10,000 families depend upon it for employment and in Jordan especially they constitute a powerful pressure group. No politician in any of the host countries would dare to recommend abolishing their employment. Any sudden dismemberment of UNRWA is now impossible. What is feasible is a gradual transformation of it into an agency placing major emphasis on education, vocational training, and placement.

Martha Gellhorn in her article has put it another way:

The Palestinian refugees could have been absorbed into the economic life of the Arab countries long ago, despite the remark of UNRWA's Director—in his 1960 report—that jobs do not exist for the refugees in the Arab countries. Of course they do not exist; if they did, the Arab standard of life would be a finer and a better thing than it is now. The jobs must be made; but the Arab countries need to have the jobs done as much as the refugees need to do them. The Director of UNRWA states, in the same report, that the majority of Palestinian refugees are unskilled peasants and there are enough or too many of those in the Arab countries already. No doubt. But unskilled peasants, all over the world, have learned to become skilled factory workers or scientific farmers, at very short notice; that ability to learn is what makes our modern industrial civilization tick. The Yemenite Jews who moved in a week from the Middle Ages to Israel, the unskilled Polish peasants operating the Nova Huta steel mills are obvious examples of this transformation. Neighboring Arabs regard the Palestinian Arabs as outstandingly intelligent. I would think this reputation deserved. There is no reason to believe that they cannot learn as others have.

Where there's a will—and as much unused land and wasted water, mineral, and oil resources, underpopulation and undeveloped industries as in the vast Arab territories—there's a way. "Western Imperialists" would have to contribute most of the cash for the way, and it would be cheap at the price. It is more expensive to maintain paupers forever than to establish free, self-supporting citizens. One outlay of capital is futile and never ends; the other is a capital investment, humane and profitable, and pays for itself. It pays in buying peace, and we don't have to argue which is the better bargain, peace or war. "Western Imperialists" should provide the way; the Arab Governments would have to provide the will.

Economics are not all, and the tragedy of most refugees is not that they starve in their countries of adoption, but that their hearts and minds and souls starve. They are lonely strangers who do not speak the same language of the new land, or know its customs; they are aliens. But the Palestinian refugees look, think, feel, and organize themselves socially as the Arabs of the "host countries" do. They speak the same language, they practice the same religion. The Christian minority would find fellow minority Christians in every Arab country except Lebanon, where they are on top. The Palestinian Arabs are not foreigners in the Arab world; they are members of their own family.

Arnold Hottinger has similarly pointed the way:

UNRWA has already drawn the proper conclusions from these facts. In addition to its major task of keeping the refugees alive, it has more recently begun to concentrate on providing vocational training for young refugees. There is a 3-year plan before UNRWA for an expansion of the vocational schools: Training jobs are to be increased from the present 1,123 to 4,202. The funds for the current—first—year of the plan were made available from contributions to the World Refugee Year, but they are still to be provided for the next 2 years. The 4.200 apprentice jobs projected will permit the training of about 2,000 young refugees, for 2 or 3 years each. Six months after completion of their training these refugees are to be taken off the ration lists.

The plan would thus enable about 2,000 Palestinians to become independent each year. It is to be hoped that members of their families can then also be taken off the lists. The assertion made in a UNRWA brochure however, that

"for each man becoming independent an average of seven family members can be taken off the list" may apply to peasant families, but hardly to the families of new cabinet makers and mechanics.

These efforts are hampered by the fact that in the past year the number of refugees registered with UNRWA has increased by 30,024. That is 10 to 15 times the hoped-for contingents of trained young refugees. One can understand it therefore when John H. Davis, Director of UNRWA, says that the refugee problem cannot be solved either by UNRWA or the efforts of the big powers alone, but in the final analysis only by the general development of the entire Middle East.

Of course there will remain the relief problem for the aged who cannot work and the disabled who cannot be rehabilitated. But the vast majority can be put to work. It will take money and the United States must take the lead in this effort which will in the long run save money.

Don Peretz, in his article, says:

Looking back, we see that there are two aspects to the refugee problem: the humanitarian and the political. To link the two does not solve it, regardless of how much economic assistance the refugees receive or of how successful attempts are to integrate them. They will remain Palestinians, committed to redeem their homeland.

This dire forecast need not prejudice efforts to improve their lot. The younger generation will strive to better its condition with or without assistance, and regardless of the opportunity to "choose" repatriation to Israel. However, there will remain a hard core of unproductive refugees who must also be helped in quite different ways. Opportunities exist for assistance by both the United States and the United Nations to both groups. But to confuse such help with a political solution of the Palestine problem can lead only to frustration and disillusionment alike among those who receive help and those who give it.

The initiative for a new approach must come from the United States, the principal supporter of United Nations refugee activities. It is now too late to expect "time" to solve the refugee problem; and it is illusory to hope that continued relief grants will tide over the "critical" period until there is agreement between Israel and the Arab states. No such agreement is in the cards. If U.S. encouragement of economic development is to succeed, merely passive acceptance of drastic social changes in the Middle East is inadequate. We must not only accept such change where it has occurred, but stimulate it as a much more rapid pace in the remaining Middle East countries where we can exert influence. In Jordan, for example, the existing power structure is still a major obstacle to integration of large numbers of refugees despite minor reforms made in recent years at the instigation of the United States. Country-wide development plans should be considered in the context of regional development, and activities for retraining refugee youth should be integrated with plans for national and regional economic development. A first step in this direction is UNRWA's present survey of existing skills in the Arab world. The purpose is to determine the pattern of vocational requirements during the next decade.

The United States should use its good offices to see that refugees receive compensation for their property in Israel, not for economic or political reasons, but for the same moral reasons that we supported German payment of compensation to Jewish victims of Nazism. The best contribution the West can make to improving the lot of the refugees is to encourage conditions in the Middle East leading to a takeoff into sustained economic growth. When such growth begins, the economic problem of the individual refugee will be solved.

As for the political problem of Palestine, we must reconcile ourselves to seeing it continue for a generation or more. It is an unpleasant fact of international life that the Arab-Israel conflict has progressed beyond a stage where some new blueprint can help. The best that can be hoped for under existing circumstances is to contain the conflict through the efforts of the United Nations and the larger member states. Although conciliation is no longer possible, agencies such as the U.N. Truce Supervision Organization and Emergency Force can continue to limit border tensions and can prevent them from erupting into major warfare. Efforts to contain the conflict can run parallel to efforts to assist refugee youth in the struggle to find normal lives in the expanding economy of the Middle East.

Congressman Leonard Farbstein recently made an excellent report on this problem and made the following 10 recommendations:

1. UNRWA should discontinue issuance of new ration cards.
2. Rolls of refugees should be rectified, as a continuing process.
3. Responsibility for refugees and refugee camps should be turned over to the host countries.
4. Financial arrangements for relief and continued vocational training programs should be made with governments of host countries through UNRWA during the phasing-out period.
5. Gradual transition of UNRWA to agency placing emphasis on vocational training, education, placement, etc.
6. Young people should be urged, but not compelled, to seek employment and give up their refugee status.
7. Ration cards should be taken up from refugees who are self-supporting or have obtained employment.
8. Refugee rolls should be reduced annually, allowing period of 5 to 10 years for dissolution of problem.
9. The United States should serve notice of the date on which it will terminate its support of UNRWA.
10. Israel should be asked—
    (*a*) To permit aged refugees to return to relatives in Israel provided their return is within limits compatible with Israel's economic and security position;
    (*b*) To make reasonable compensation for Arab property;
    (*c*) If possible, bilateral agreements between Israel and Arab countries should follow;
    (*d*) Bilateral agreements should first be made with countries having the least number of refugees.

The Department of State commented on Congressman Farbstein's proposals as follows:

1. UNRWA should discontinue issuance of new ration cards.

Our objective is not only to prevent an increase in the ration rolls but that UNRWA vigorously pursue a program leading to a reduction in the ration rolls. UNRWA is now actively considering ways in which ration rolls can effectively be reduced.

2. Rolls of refugees should be rectified, as a continuing process.

Although local resistance to rectification continues in certain quarters, the rate at which the names of deceased refugees are now being voluntarily divulged in Jordan is encouraging. The rate has increased over the last 2 years and as indicated earlier, UNRWA is now laying plans for a more vigorous rectification program which should accelerate the pace further.

3. Responsibility for refugees and refugee camps should be turned over to the host countries.

In Jordan the Government has, in a gradual process extending over several years, accepted considerable responsibility for the refugees in the fields of education and public health. All refugee secondary school children now attend Jordanian Government schools. In Syria, which has a larger population and greater resources than Jordan and where the refugees constitute a much smaller percentage of the population, the Government has assumed greater responsibility than Jordan. For example, the Syrian Government provides funds, matched by UNRWA, for building housing for refugees and assists them in locating employment.

4. Financial arrangements for relief and continued vocational training programs should be made with governments of host countries through UNRWA during the phasing-out period.

Obviously if and when UNRWA were phased out, the U.S. Government and other governments would have to continue to finance the refugees in some fashion pending a political solution. It should be noted in this connection that UNRWA's operation is fairly streamlined and the cost of administering refugees through any other agency is likely to be higher.

5. Gradual transition of UNRWA to agency placing emphasis on vocational training, education, placement, etc.

The Department would welcome a gradual phasing out of relief activities and have UNRWA concentrate on aspects of the program which make refugees self-supporting. In the last 3 years UNRWA has expanded its vocational training facilities some sixfold, and total beneficiaries of its various self-support programs between 1951 and 1962 are estimated at approximately 40,000. There is no question that this sort of thing should be UNRWA's primary focus.

6. Young people should be urged but not compelled to seek employment and give up their refugee status.

UNRWA states that in the past couple of years little urging has been needed to get refugee youth out of the camps and into employment opportunities. Nowadays, refugee youth, often actively encouraged by their parents, diligently seek employment and the financial remuneration attendant thereto. This contrasts with earlier resistance which was politically motivated. Opportunities to develop skills being taught by the vocational training centers serve as an important impetus.

7. Ration cards should be taken up from refugees who are self-supporting or who have obtained employment.

Every effort is being made by UNRWA to do just this but it must always be kept in mind that there are local political obstacles which are not always easy to surmount.

8. Refugee rolls should be reduced annually, allowing a period of 5 to 10 years for dissolution of problem.

Again there are very serious practical problems in fulfilling a timetable for dissolution of the problem. In the absence of some form of political settlement, discontinuation of UNRWA would risk casting the refugee problem adrift to the serious detriment of political stability in the Near East region. The resultant turmoil in the Near East would probably cost more in the final analysis than do our contributions to UNRWA. The possibility of direct retaliation on the part of the Arab States against U.S. interests in the Arab States cannot be excluded.

9. The United States should serve notice of the date on which it will terminate its support of UNRWA.

Again, this risks political repercussions, particularly in Jordan. Here the refugees constitute one-third of the total population, with persons of Palestinian extraction composing another one-third. The Jordanian Government lacks the capability and the means to take over essential services now provided by UNRWA. The threat of serious refugee demonstrations would be serious and the present pro-Western governments might well be toppled.

10. Israel should be asked—

(*a*) To permit aged refugees to return to relatives in Israel provided their return is within limits compatible with Israel's economic and security position;

(*b*) To make reasonable compensation for Arab property;

(*c*) If possible, bilateral agreements between Israel and Arab countries should follow; and

(*d*) Bilateral agreements should first be made with countries having the least number of refugees.

United Nations resolutions on the refugees, which we support, are founded on the principle that the individual refugee shall have the opportunity to express preference as between returning to Israel as a law-abiding citizen or resettlement with compensation for properties lost. The application of this opportunity to express a preference only to a very tiny category of the refugees would not by itself be consistent with the United Nations resolution although such a "family reunion" scheme might well be a part of a broader program.

Reasonable compensation would, of course, have to be part of any effort at solution and the primary responsibility for payment of this would lie with Israel since the properties for which compensation would be paid are within its territory. Gratifyingly, Israel appears to recognize that it would have the primary responsibility in this regard.

Progress on the Arab refugee problem would not of itself make the Arabs willing to sign peace agreements with Israel, but the elimination of one of the points of greatest stress and potential instability in the area would undoubtedly be conducive to a better atmosphere between the Arabs and the Israelis.

The Department of State's reply does not show the imagination and drive that it will take to solve this problem. But solve it we must if we would not see the Middle East continue to teeter on the brink between peace and war.

Findings and Recommendations

FINDINGS

Forty percent of the Arab refugees were not born in what is now Israel. Fifty percent of the total 1.1 million refugees are under the age of 18. Of the total of $38.5 million received by the United Nations Relief and Works Agency from governments in calendar year 1962, the United States contributed $24.7 million or over 70 percent. These are the basic three positive factors working in favor of a practical solution of the Arab refugee problem and of making them productive, useful citizens.

There are two negative factors working against such a solution. The first is the fact that many Arab leaders want to continue to use the Arab refugees as pawns in their continuing fight against the existence of Israel. The second factor mitigating against a practical solution of the problem is that of the total of 11,651 personnel employed by UNRWA, 11,469—over 99 percent—are locally recruited persons most of whom are themselves Arab refugees. Therefore, even if during all these years of its operation UNRWA had been in its top leadership dedicated to the concept of training the Arab refugees and settling them in Arab countries or other countries as useful, productive citizens, the vast majority of its employees were not and could not because of their backgrounds be dedicated to carrying out such a policy. These refugees have been placed in charge of teaching the young and therefore have been inculcating in them the belief that any resettlement into the community will delay the day of their return to what they have been taught is their homeland, even though they have never been there. Such teachings cannot but continue to engender hate, unrest, and idleness.

A new approach must be found so that these Arab refugees will no longer be a thorn in the flesh of the world but will lead useful, productive lives.

IT IS THEREFORE RECOMMENDED

The United States should exercise immediate leadership in and out of the United Nations, offering, if necessary, to pay the total cost, but making every effort to have the cost shared, in proposing the following program:

(*a*) The establishment of a United Nations Middle East Peace Corps, along the line of our own Peace Corps, composed of volunteers from countries other than the countries involved, to work with the refugees in a well-financed program to educate and train the refugees, to help them obtain employment in the Arab countries or elsewhere, to assist financially in their resettlement in their places of employment, including resettlement grants and the granting of Cooley loans and loans and grants from Public Law 480 proceeds;

(*b*) Present local-hire employees of UNRWA should be replaced by Peace Corps employees—who should be international public servants—as soon as these local-hired employees of UNRWA can be retained and placed in jobs elsewhere, being given training and resettlement grants, financial assistance in resettling their families, purchasing homes, etc.

X. ORGANIZATION AND ADMINISTRATION

Coordination

The possibility of confusion in carrying out U.S. foreign policy was greatly enhanced with the advent of our foreign aid program, especially when it attained its present magnitude and complexity.

In the typical country receiving both economic and military assistance from the United States we would find stationed in that country the U.S. Ambassador and his staff, the AID Director and his staff, the military assistance program chief and his staff, the USIA Director and his staff, and representatives of the CIA.

In theory the responsibility for coordinating the multitude of diverse activities of these groups is vested in the Ambassador.

Section 622 of the Foreign Assistance Act of 1961 (Public Law 87–195) provides as follows:

> (a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.
>
> (b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. The Chief of the Diplomatic Mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires.
>
> (c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.

The task of the U.S. Ambassador in any country in coordinating the activities of these four groups would in any event be extremely difficult without the added handicaps under which he must labor.

Thus his task is made even more difficult because of the continued administration of the Development Loan Fund from Washington without the utilization of regional or country representatives. Until the passage of the Foreign Assistance Act of 1961 (Public Law 87–195) the Development Loan Fund was operated as a separate corporate entity of the Federal Government. Although in theory and in law it was brought under the administrative supervision of the AID Administrator by the 1961 act, it is obvious that the feeling of "apartness" between the DLF and the AID operations still persists. Whether time will cure this without a revision of operating procedures is doubtful. In reporting the Foreign Assistance Act of 1962 (Public Law 87–565), the Senate Foreign Relations Committee, in Report 1535, described the DLF procedures as follows:

> The AID makes the point that the country programing standards have had a salutary effect on loan procedures. For example, the Agency says that financing "is no longer made available on a first-come-first-serve basis, and governments

are discouraged from making proposals directly to offices in Washington. Rather, the central point for initiating action is the U.S. Aid Mission overseas." The committee is hopeful that this procedure will be scrupulously observed.

After applications are evaluated in the field and transmitted to Washington, they are promptly referred to an AID-Export-Import Bank Coordination Committee. Any application that the Bank is willing to consider is immediately referred to it.

I was informed that decisions as to whether a DLF loan would be granted, and in what amount and in what terms, are still made in Washington. This is accomplished after evaluation of the feasibility of the project by various experts—also in Washington—and consideration of the project by the advisory DLF committee mentioned in the committee's report already quoted.

The remoteness of this decisionmaking from the actual scene of operations should be of concern to AID. The Clay Committee report recommended:

We would recommend, however, reducing the number and nature of AID oversea missions to the type of representation required to implement the programs which would result from the adoption of our recommendations. The committee also is of the view that regional offices, located in the field and in Washington, can serve large areas of Africa and, increasingly, areas of Central America and the Caribbean. Such consolidated offices should permit a grouping of talented officers and still provide necessary assistance to the countries concerned.

To the list of areas mentioned I woud add the Middle East. I would also add the strong recommendation that, when this is done, some means be found to bring the AID program people in the country involved closer to the DLF decision making. To the extent that DLF decisions continue to be made in Washington they will be subject to the pressures of foreign embassies in Washington and to the very danger enjoined against by the Senate Foreign Relations Committee.

Order No. 1012.1 of the AID Manual states:

For development loans specifically, either of the following two combinations of terms will be employed as appropriate unless other terms have been approved by the (AID) Administrator:

	(i)	(ii)
Maturity	40 years	15, 20, or 25 years.
Grace period	10 years	0 to 5 years.
Interest	¾ percent credit fee	¾, 3½, or 5¾ percent.

On the basis of periodic worldwide review, the combination of terms applicable to each potential borrowing country will be established, and missions will be notified of the classification of their countries.

The terms granted for a particular loan are manifestly of great importance to the borrowing country. The decision may have great political as well as economic implications. If the country team approach to making our foreign policy most meaningful in a particular country is considered desirable for our other programs it seems strange that it is not considered desirable for DLF decisions.

The country team approach to the problems confronting our mission in a foreign country offers great hope of being of assistance to our Ambassador in coordinating the representatives of the various independent Federal agencies stationed in that country. By country

team approach is meant the device recently instituted of having all agencies represented in a particular country meet periodically with the Ambassador to review jointly U.S. activities in that country.

Without some such approach, the conduct of our foreign policy in a particular country is likely to go off in all directions at once. For, in addition to coping with the fact that important decisions affecting the economic development of the country are made in far-off Washington with respect to the DLF and loans granted by the Export-Import Bank, the Ambassador must also cope with the fact that representatives of three autonomous Federal agencies—the USIA, the CIA, and the Department of Defense—may also be working in that same country.

In addition it was noticed there was a strong carryover tendency on the part of some AID personnel in some countries to think of themselves as still independent of the Department of State, despite the clear language and intent of the Foreign Assistance Act of 1961. This is done both in Washington and in the field. If the AID program is to succeed and if we are to have but one foreign policy this divisiveness must be overcome.

However, the efficacy of the country team approach will work only to the extent that our Ambassador sincerely believes in it as a device to achieve coordination in carrying out U.S. foreign policy in a unified and effective manner. To the extent that our Ambassador lacks a firm conviction in this regard and merely goes through the motions of utilizing the country team approach (as was observed in some countries) there will be a definite lack of adhesiveness and effectiveness in carrying out our foreign policy.

In his role as head of our diplomatic mission to a particular country our Ambassador must rely not only upon his own skill as a diplomat but also on the skills of his staff and those representing other Federal agencies.

Personnel Practices

Personnel of the missions in the 10 countries studied were uniformly courteous and helpful. However, the rate of turnover of personnel should be a matter of concern. This lack of continuity can be especially harmful in the AID program where many of the projects are undertaken not on a one-shot, 1-year basis but as continuing projects of a number of years' duration.

It is clear that there are many disadvantages in stationing our representatives in the same country for too long a time. Not only do they soon become representatives of that country to the United States, as at least one of our Ambassadors in the 10 countries visited has become, but it works a hardship on them and their families. On the other hand, if they are stationed in a country for too short a period of time, they have no opportunity of learning either the country or the program and cannot do the most effective job for their country. This is all the more true when AID files on past, completed projects are shipped back to Washington. This is the case. Thus the new man cannot easily familiarize himself with the details of past projects and learn from the difficulties and successes they encountered. There can thus be no way of avoiding the repetition of past mistakes.

Another disconcerting personnel practice generally followed is that our representatives stationed in the Arab countries are discouraged from traveling to Israel.

This can well be called diplomacy with blinders. No similar retriction is placed upon or assumed by our representatives accredited to any other nation in any other part of the globe.

The reason for this restriction is difficult to come by. Apparently the Arab nations frown upon such travel and the United States has bowed to their wishes.

The United States should be above such childish nonsense.

It makes no more sense than it would, let us say, to accede to a foreign government's refusal to accept redheaded U.S. representatives. Our representatives abroad should be chosen for their ability to represent U.S. interests abroad. The United States should not place itself in the position of being deprived of the services of able U.S. diplomats in the Arab nations merely because they had taken a week's vacation in Israel or had even served a tour of duty there.

In Lebanon the chief of mission instructs his staff never to mention Israel by name. It is referred to as "Dixie." How childish, and how ridiculous. But it is also an evidence of kow-towing to local prejudices and an abdication of principle.

There is much that our representatives to the Arab nations could learn from what is happening in Israel that would be useful in their posts. In addition, we seriously limit our effectiveness for peacemaking in the Middle East by restricting the first-hand knowledge of our representatives. The result of this policy is that our representatives in the Arab countries learn first hand only the Arab point of view and tend to become its advocates. This policy apparently applies not only to our diplomatic and AID representatives but also to the technicians sent to the Arab countries. After a 2- or 3-year tour of duty in one of the Arab countries they come back to the United States as strong advocates of the so-called Arab point of view and knowing little either of the Israeli point of view or of what is occurring in that country.

Many of our representatives in the Arab countries indicated that they intended to go to Israel before leaving the Middle East, but only after their tours of duty had ended and when the usefulness of what they learned would be at a minimum.

Many of our representatives—the "old Middle East hands"—have spent a lifetime in the Middle East but have never visited Israel. Upon my returns, I called this matter to the attention of the President. The reply received from the Department of State stated:

> With reference to your concern that officers dealing with Near Eastern affairs either at our posts in the area or in Washington may not have visited Israel, the Department wishes to assure you that many of our Foreign Service Officers in the Near East have visited Israel and are encouraged to do so. Most of the Department's Near Eastern specialists have visited Israel, some of them a number of times.

However, exhibit X–A indicates that only one of the top officials has been stationed in Israel.

EXHIBIT X–A

TURKEY

Ambassador Raymond A. Hare: Turkey, France, Egypt, Lebanon, Yemen, Iran, England, and Saudi Arabia.
Counselor Robert G. Barnes: England, France and Turkey.

IRAN

Ambassador Julius C. Holmes: France, Turkey, Albania, Rumania, England, Morocco, Hong Kong, China, and Iran.
Minister-Counselor Stuart W. Rockwell: Panama, Turkey, Jerusalem (1948), Spain, and Iran.

SYRIA

Ambassador Ridgway B. Knight: Morocco, Algeria, France, Pakistan, and Syria.
First Secretary Curtis F. Jones: Lebanon, Ethiopia, Libya, Egypt, and Syria.

LEBANON

Ambassador Armin H. Meyer: Iraq, Lebanon, and Afghanistan.
Counselor Evan M. Wilson: Egypt, Mexico, Iran, England, India, Nepal, and Lebanon.

JORDAN

Ambassador William B. Macomber, Jr.: Jordan.
Counselor Geoffrey W. Lewis: Pakistan, France, and Jordan.

ISRAEL

Ambassador Walworth Barbour: Italy, Greece, Iraq, Bulgaria, Egypt, Russia, England, and Israel.
Counselor N. Spencer Barnes: Russia, Iran, Germany, Hungary, and Israel.

LIBYA

Ambassador John Wesley Jones: Mexico, India, Italy, China, Spain, and Libya.
First Secretary Harrison M. Symmes: Egypt, Kuwait, Syria, and Libya.

TUNISIA

Ambassador Francis H. Russell: Israel, New Zealand, Ghana, and Tunisia.
Counselor Leo G. Cyr: Morocco, Cameroun, and Tunisia.

GREECE

Ambassador Henry R. Labouisse: France and Greece.
Minister-Counselor W. Tapley Bennett, Jr.: Dominican Republic, Panama, Austria, and Greece.

EGYPT

Ambassador John S. Badeau: United Arab Republic.
Counselor-Minister Norbert L. Anschuetz: Greece, Thailand, Egypt, and France.

They can espouse the viewpoint of the Arab world better than that of the United States. Such a one-sided indoctrination over the years cannot but help affect the soundness and validity of their reports to Washington and the courses of action they recommend.

This policy should be changed immediately.

Another policy relating to personnel which needs reexamination is that dealing with privileges of military and civilian personnel stationed abroad. Many of these people spoke to me about inequalities existing between the entitlement to benefits as between civilian and military people which are harmful to morale. For example, why

should one of our diplomatic representatives stationed abroad be given an allowance enabling him to send his children to another country for schooling while military personnel stationed in the same city in the same country receive no such allowance? Why should military personnel stationed abroad be given APO privileges while civilian personnel stationed in the same city in the same country are denied such privileges? One need not argue for or against the retention of any of these privileges, but for uniformity of treatment for all U.S. citizens serving their country abroad when serving in the same city in the same country. In the interest of personnel morale, the agencies and departments involved should establish an Interdepartmental Committee to recommend changes needed in personnel practices to achieve fairness and uniformity in their treatment of those stationed abroad.

Agency Contracting Practices

From a review of AID contracting practices by a review of a random sampling of contracts and agreements in the 10 countries studied it is evident that, while contract practices seem to be improving and greater attempt is now being made to protect the interests of the United States, much more remains to be done.

A standard provision should be written into every contract and agreement for a grant or a loan that merchandise purchased in the United States with the proceeds of the grant or loan be admitted to the country borrowing the money or receiving the grant without the payment of customs duties. There is something inherently wrong in the practice of a country receiving a grant or a loan from the United States for its economic development and then diverting a portion of the grant or loan to supplement its general revenues. In many of these countries the revenue received by the government is derived in great measure from excise taxes rather than from their low-based income tax. By imposing customs duties upon merchandise purchased and imported with AID dollars the recipient country is seeking those dollars to make up for its lack of an effective tax base. This custom is hidden budget support. It is doubtful whether many Members of Congress have been aware of this. Apparently there is no hard and fixed rule at AID even with respect to the same country. Thus for example, consider three Development Loan Agreements for Egypt. One—DLF Loan No. 123—was dated August 31, 1960. Another—DLF Loan No. 115—was dated October 7, 1960. The third—DLF Loan No. 116—was dated November 21, 1960. Only one—DLF Loan No. 123—contained this clause: "Import duties, tariffs, and similar charges imposed under the laws of the United Arab Republic may not be financed under this Loan Agreement." Even this clause did not go far enough.

There should be a thorough reexamination of AID's policy with respect to the fees paid contractors so that the fee should not be set, directly or indirectly, as a percentage of the total cost of the project.

Thus in Jordan there was a contract between the Transjordanian Electric Power Co. and Kennedy & Denkin, Consulting Engineers of London, for engineering services, dated April 1, 1957. "A percentage fee of 4 percent on the total final ascertained f.o.b. value of the works." This was under DLF No. 56, June 3, 1959 (2 years later) for $1.2 million.

This is the direct method.

The contract negotiated between the Ebasco Services, Inc., of New York and the United States for an AID project in Egypt illustrates an indirect method of achieving the same result. That contract stipulates a fixed fee of $68,400. But then it goes on to say the fixed fee is calculated on 228 man-months of services. This comes to a fee of $300 per man-month. Then the contract provides that the fixed fee will be adjusted downward for each man-month less than 228 worked and then provides that in the event that "man-months in excess of 228 are required the parties hereto agree to negotiate an equitable adjustment in the fee required." Even though the contract requires prior written approval of the contracting officer before man-months in excess of 228 may be worked, nevertheless there is an incentive to work at least 228 days which is precisely the reason for the prohibition against the "cost plus a percentage of cost" rule. For it must be remembered that under this type of a contract the United States is paying all the other costs and, while an added $300 for an extra man-month may not sound like much, it does entail a far greater expense to the United States than appears on the surface.

The same contract illustrates a further defect in AID contracting practices. The contract provides for a straight reimbursement to the company by the United States at a provisional rate of 123 percent of direct base salaries of home office and oversea employees assigned to the project, with a maximum not to exceed 134 percent of the salaries. This again is a contracting practice which it would be well for the Comptroller General to look into.

Findings and Recommendations

FINDINGS

Instances were found in which contracts made by AID either on their face or through the process of renegotiating the contract provided for a fee fixed as a certain percentage of the cost of the project. The more the project ultimately costs, the higher the fee. Under such a practice there is a natural tendency to incur mounting costs.

In addition, the amounts allowed in contracts for the contractor's overhead appeared very large.

IT IS THEREFORE RECOMMENDED THAT

AID contract practices be reexamined to avoid contractors' fees being fixed, directly or indirectly, as a percentage of the total cost of the project and that the amount allowed for overhead costs be brought in line with the amounts allowed for domestic projects.

FINDINGS

Examples were discovered, in examining some of the basic AID documents, that some of the project agreements did not provide that the goods purchased with the proceeds of the loan or grant in the

United States would be admitted into the recipient country without the payment of customs duties. Other project agreements examined did contain such provisions. Where no such provision was contained in a project agreement, it meant that part of the U.S. dollars granted or loaned went to pay for the general upkeep of the country aided.

IT IS THEREFORE RECOMMENDED THAT

A standard provision be written into every AID contract and agreement for a grant or a loan that merchandise purchased with the proceeds of the grant or loan must be admitted duty free into the country receiving the money.

FINDINGS

The lack of uniformity of privileges and allowances accorded to U.S. personnel stationed abroad in the same country is disruptive of morale and efficiency. For example, State Department personnel stationed in a particular country may be given an allowance to enable them to send their children out of the country to school while military personnel, working at the next desk, are not given such allowances. At the same time, the military personnel may be given APO privileges while the State Department personnel stationed in the same place are denied such privileges. These discriminations without meaning were the single major criticism most often voiced during the entire study.

IT IS THEREFORE RECOMMENDED THAT

An Interdepartmental Committee be established to study the allowances and privileges of U.S. personnel stationed abroad and to make recommendations for changes to insure that U.S. personnel stationed in the same location in the same country abroad be accorded the same privileges and allowances.

XI. LEGISLATING BLINDFOLDED

For many, many years now the AID program and its predecessors have shrouded their operations under a big, black cloak of secrecy. The extent of the overclassification of documents presented to the Congress in justification of the funds requested annually for the program and the resulting lack of the widest possible distribution of full information have been harmful not only to the program itself, but to the entire legislative process as well.

Whether by design or not this has been the practical result.

In preparation for this study, the annual presentations to the Congress for the fiscal years 1958 through 1963 for the 10 countries visited were requested. Those documents have been reviewed carefully as well as the other materials made available to the Congress.

It should be noted that, because so much of the material is classified as alleged to be involving security, the documents containing the formal budget justifications—the annual presentation, as it is called—are sent only to the offices of the House and Senate Appropriations Committees, to the House Foreign Affairs Committee, and to the Senate Foreign Relations Committee. Copies are not distributed automatically to each member of those committees. Members of Congress may examine these documents in the committees' offices, which is a matter of considerable inconvenience and a definite obstacle to a well-informed Congress.

If a Senator asks to see the documents relating to a particular area's program the documents will be brought to his office promptly by the staff of the committee for his temporary use. By dint of perseverance and dogged determination any Senator can inform himself concerning what is in the classified documents supporting the AID requests for authorizations and funds. However, if every Congressman and Senator decided to do this, the staffs of the committees would end up as messenger boys delivering and collecting the presentation books all day long.

As a result of repeated congressional criticism of oversecrecy in the program, some attempt has been made to present more information to the Congress, but the attempt has not gone far enough.

Is there really any need for all this secrecy?

A close examination of the classified budget presentations for 6 years for the 10 countries studied will lead the examiner to the inescapable conclusion that too much of the material is classified, too much of the material is overclassified, and too much of the classified material was already a matter of public knowledge at the time of classification.

In addition, on none of the classified documents examined for the economic assistance program for the 10 countries was there an automatic declassification date. Thus, in 1957, some unknown official of the AID program believed that the unemployment rate in a particular

country was so high as to raise a danger of political unrest. In making up the documents requesting AID funds for that country, he stated as much but labeled his opinion "Secret." Today, 6 years later, that opinion is still classified "Secret."

Some may ask, what difference does this lack of declassification make at this late date? It makes this difference: It enables any official, merely by labeling *one word* "Secret" on a page seeking to justify the appropriation of large sums of money, to lock away the *entire page* from free scrutiny by Congress. But it also does more than that. It enables him to lock away from Congress and the rest of the world this page so that there will never be an opportunity for public scrutiny to determine the soundness of the justifications presented to the Congress for appropriating these sums.

There is sufficient sameness in the methods of presentation and in the type of materials classified that to discuss these matters in relation to each of the 10 countries studied would be completely repetitious.

As a typical example the presentations made for Tunisia have been selected for detailed discussion here. However, it should be pointed out that Tunisia is selected only as an example and emphatically not because the method of making the presentations to Congress with respect to Tunisia was any better or any worse than the presentations with respect to the other countries studied.

The presentation for Tunisia for the fiscal year 1958 consists of six pages. (Exhibits XI–A—XI–H, which appear on pp. 443–449.)

The first page, which is *not* classified, sets forth certain facts and figures relating to that country, such as population, gross national product, etc. It is reproduced as exhibit XI–A.

EXHIBIT XI-A

TUNISIA

BASIC DATA

Population	3.8 million
Annual growth	1.8 percent
Agricultural land	36% of area
Agri. land per capita	2.9 acres
Literacy rate	n.a.

	TUNISIA	U.S.
Life expectancy (years)	n.a.	70
Doctors per 100,000 population	15	130
Road miles per 1,000 sq.mi.	19	1,250
Electric power per capita KWH per year	58	4,000

ECONOMIC TRENDS

	Unit	Calendar Years 1953	1954	1955	1956P
GROSS NATIONAL PRODUCT					
Total GNP	$ Millions	n.a.	n.a.	n.a.	610
Per Capita GNP	Dollars				160
PRODUCTION a					
Wheat	1,000 MT	580	624	395	483
Barley	"	180	170	81	192
Olive oil	"	80	53	24	85
Citrus fruits	"	55	43	56	49
FOREIGN TRADE					
Total Exports (f.o.b.)	$ Millions	111	126	106	114
Wheat	"	28	24	13	n.a.
Phosphate rock	"	14	17	16	18
Total Imports (c.i.f.)	"	172	170	181	200
Trade Balance	"	-61	-44	-75	-86
FOREIGN EXCHANGE RESERVES (end of year)	"	Not Available			
COST OF LIVING (Food - Tunis)	1952=100	103	104	107	112

CENTRAL GOV'T FINANCES

(In Millions of Dollars)	Country Fiscal Year Ending March 31 1955 P	1956 P	1957 (Budget)
Total Revenues, excl. receipts of U.S. Aid	111.3	114.9	121.1
Total Expenditures	150.9	148.6	166.9
Deficit or Surplus before U.S. grant aid	-39.6	-33.7	-45.8
Receipts from U.S. grant aid	-	-	-
Deficit or Surplus after U.S. grant aid	-36.9	-33.7	-45.8
Defense Expenditures	11.0	11.9	20.0
As percent of Total Gov't Expenditures	7%	8%	12%
As percent of GNP	n.a.	2%	n.a.
Total Debt (gross)	249.4	302.3	n.a.
As percent of GNP	n.a.	50%	
Foreign Debt	215.3	246.3	

NOTE: Tunisia acquired independence in March 1956. p - Preliminary n.a. - Not Available
a/ Crop year beginning in year stated.

EXHIBIT XI-B

Mutual Security Program

AFRICA *Tunisia*

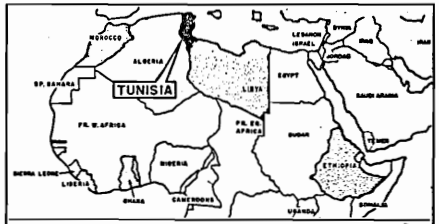
Shaded areas are Security classed and must not be divulged to unauthorized individuals. All other material is unclassified.

U.S. Objectives: To protect the strategic interest arising from Tunisia's position in the Mediterranean; to associate the Government and people of Tunisia with the free world; [redacted] to contribute to governmental stability and economic welfare and to encourage continued French assistance to these ends; [redacted]

U.S. Interests: [redacted]

The Tunisian Government has been outstandingly pro-Western, and Prime Minister Habib Bourguiba, a key figure in North Africa, has been outspoken in public support of U.S. policies.

The stability of Tunisia's Government [redacted] depend in large measure on efforts to promote the economic and social welfare of its people. Tunisia is considerably less endowed with natural resources than Morocco or Algeria, and its present economic crisis has led to suffering and unemployment of dangerous proportions. Tunisia has particular need of help in solving its water and soil problems. In addition to the financial assistance that Tunisia has been receiving from France -- and hopes to continue to receive despite present political difficulties -- the Tunisian Government has requested aid from the U.S. to help meet a deteriorating economic situation whose gravity has increased since it achieved independence. Our favorable response in principle has been enthusiastically received, but it is only through the implementation of a program known to have a modicum of continuity that the prestige of and respect for the U.S. in Tunisia will be established.



SECRET

[redacted]

Editor's Note: Material deleted for secrecy reasons is delineated by the heavy black lines.

U.S. Programs: The total Mutual Security Program proposed for FY 1958 is $6.0 million of which $1.0 million is for Technical Cooperation and $5.0 million for Other Programs (Special Assistance).

EXHIBIT XI-C

AFRICA *Tunisia*

Economic & Technical Cooperation

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

U.S. Objectives: To help promote economic and political stability by providing the means whereby Tunisia can import certain essential commodities; to assist internal economic development by directing local currency generated through sales of U.S. - financed imports into needed development projects; to help improve living standards in the Center and South by raising agricultural output, and elsewhere by assisting the economical exploitation of mineral resources and the efficient use and eventual expansion of present industrial capacity; to increase the present small number of Tunisians trained in technical and administrative fields in order to provide qualified personnel necessary to carry out a long-range program of economic development; [redacted]

Accomplishments: During FY 1957, the U.S. responded to an appeal from the Tunisian Government to ameliorate near-famine conditions in the Center and South by agreeing to provide 45,000 tons of wheat under Title II, PL 480. Nearly 30,000 tons have already been delivered, and the source of this gift has been widely and effectively publicized throughout the country. An expansion of the Tunisian child feeding program under the same Act is being considered; this would provide up to $2 million in dried milk and cheese. Except for this emergency relief, it is premature to speak of accomplishments since an MSP program was initiated in Tunisia only in late FY 1957.

The Proposed FY 1958 Program

Special Economic Assistance: [redacted] proposed would finance general commodity imports for resale in Tunisia. Such a program is designed to help meet the problems connected with a chronic adverse balance of trade. In 1956, the trade deficit with the dollar area alone is estimated at $5 million. The sale of these commodities would help generate local currency for use in economic development. Since many development projects now envisaged by Tunisia are not directly revenue producing, since national debt servicing is beginning to bulk large in the Tunisian budget, and since the country is poorly endowed with resources, it is proposed that these funds be made available on a grant basis.

ESTIMATED OBLIGATIONS AND EXPENDITURES ($ in thousands)

	Cumul. thru FY 1956	FY 1957 ESTIMATE			
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	Unexpended 6/30/57
Obligations	-	-	5,250	5,250	XXXX
Expenditures	-	-	750	750	4,500

SUMMARY OF PROGRAM

FUNCTION	FY 1956	FY 1957	PROPOSED FY 1958		
			Total	Tech. Coop.	Special Assist.
Technical Cooperation		250	[redacted]	1,000	[redacted]
Development Assist.		5,000		XXXX	
Other Programs					
Total		5,250		1,000	
PROJECT ASSISTANCE					
Technicians		90		495	
Participants		100		150	
Contr. Services		5		75	
Supplies & Equip.		40		225	
Contr. to Coop. Service					
Other		15		55	
Total Proj. Asst.		250		1,000	
NON-PROJ. ASSIST.					
Agric. Commod. Total		2,000			
Surplus		1,000			
Other		1,000			
Indus. Commod. Total		3,000			
Raw Mat'ls. & Fuel		1,500			
Machinery & Equip.		500			
Other Ind. Commod.		1,000			
Cash Grants					
Other					
Total Non-Proj. Asst.		5,000			

Editor's Note: Material deleted for secrecy reasons is delineated by the heavy black lines.

EXHIBIT XI-D

AFRICA *Tunisia*

In addition the Tunisians will undoubtedly need further financial assistance from abroad if they are to carry out their proposed plan for long-range economic development. Their plan envisages general expansion of agriculture, fishing, industry, mining, transport, communication, and health and education. Within such a program, the foreign exchange component is a major factor, since Tunisia has no heavy industry and produces very little of its capital equipment needs.

Technical Cooperation: The recommended $1 million program will provide between twenty-five and thirty technicians including specialists in range management, soil conservation, irrigation, agricultural extension, entomology, horticulture, industry, mining and vocational training. In addition, it is anticipated that a number of Tunisians will be qualified to participate in a training program in the U.S. or suitable third countries. Contracts are envisaged in industry, particularly for an industrial survey, and possibly in agriculture.

Program Plans: The program takes two approaches: the Technical Cooperation program would provide "know how" for carrying out development plans, while the local currency generated by the Special Assistance would provide some of the funds required in the development budget to initiate the implementation of the plans. In the Center and South, where natural resources are sparse and rainfall irregular, it is hoped to develop specific projects which will help to restore the balance of nature—largely upset by overgrazing and consequent erosion—through the careful exploitation of vegetative cover, together with a well-devised scheme of range land and range livestock management. To the extent water can be made available, fruit and cereal cultures could be improved.

A survey of the mining industry has been proposed which would investigate the possibility of undertaking activities in iron, phosphate, lead, and zinc mining, involving local upgrading and possible refining of ores. For these activities, private financing would be encouraged to the fullest. The U.S. will participate in the Tunisian productivity center's planning of other industrial activities directed toward utilizing presently unused capacity, while helping to establish and encourage Tunisian entrepreneurs in small businesses.

In addition to on-the-job training provided by U.S. technicians, training is needed to provide Tunisian personnel required to carry out an agricultural extension program and to develop a class of foremen and supervisors in industry. U.S. technical assistance will be coordinated with assistance to Tunisia from other sources. It is expected that Tunisia will establish a central office which will coordinate outside technical and economic assistance, and that the Tunisians will be asked to contribute to local costs of these projects.

In a country recently blessed with independence and traditionally cursed with poverty, the problem of organizing the entire machinery of government and private enterprise to make the maximum possible contribution to the raising of living standards and the establishment of confidence in the economic future is not susceptible to quick solution. Tunisia will need considerable help: in the short run, the task is to restore the economic balance that has been disrupted in the process of gaining independence, a balance necessary for the maintenance of stable government and a prerequisite for moving forward on long-range economic development. In this phase, some U.S. aid may be used to ameliorate the problems of unemployment and generally to create better living and working conditions. The second phase would constitute a longer range attack on the barriers to the best use of Tunisian resources.

Help appears to be forthcoming from several sources including France, the UN, and probably The Federal Republic of Germany. Through an effective field mission, the U.S. can have a substantial impact on the long-range plan about to be developed.

EXHIBIT XI-E

AFRICA *Tunisia*

Shaded areas are security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

PROJECT ASSISTANCE BY FIELD OF ACTIVITY ($ in thousands)

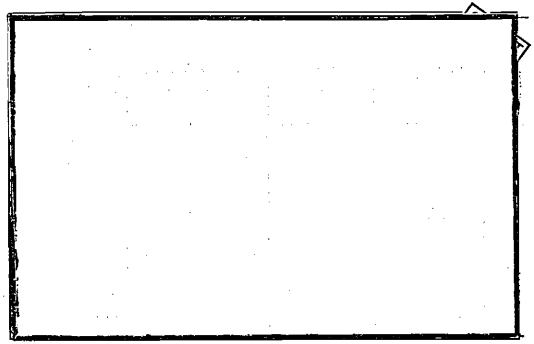
FUNCTION AND FISCAL YEAR	TOTAL COST	AGRICULTURE AND NATURAL RESOURCES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1956										
Technical Cooperation										
Development Assistance										
Other Programs										
Total										
ESTIMATE FY 1957										
Technical Cooperation	250	150	75						25	
Development Assistance										
Other Programs										
Total	250	150	75						25	
PROPOSED FY 1958										
Technical Cooperation	1,000	700	150				100		50	
Other Programs (Special Assistance)										
Total										

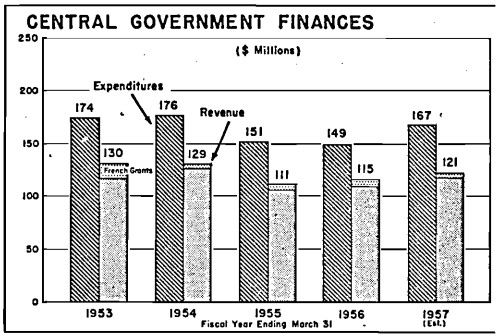
Editor's Note: Material deleted for secrecy reasons is delineated by the heavy black lines.

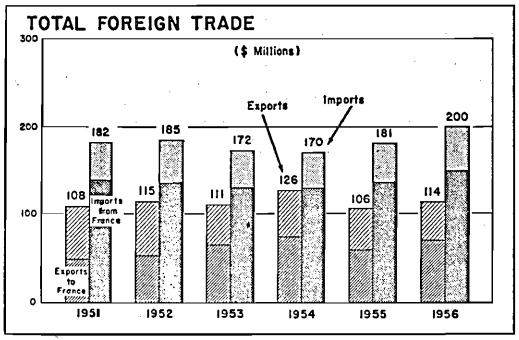
EXHIBIT XI-F

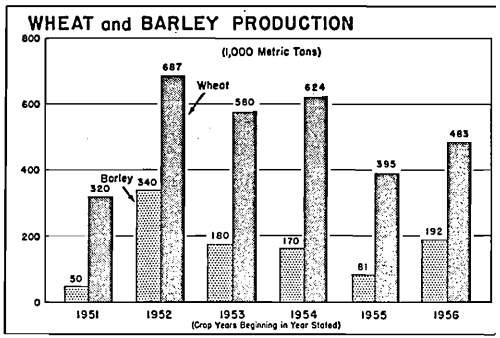
TUNISIA

SECRET (As Note









SECRET (As Noted)

Editor's Note: Material deleted for secrecy reasons is delineated by the heavy black lines.

The second page bears in the upper right corner the following notation:

Shaded areas are security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

On this page the projected program levels (bar charts showing gross amounts) are stamped "Secret" and a few of the sentences are shaded. There is nothing in the shaded sentences which could not have been read in the press and periodicals of the time. Page 2 is reproduced as exhibit XI–B, with the security material deleted.

The third page bears a similar notation as to shaded areas being security classified. Here one phrase and the level of the Special Assistance program for the fiscal year 1958 are shaded. Nothing else on the entire page is classified. Page 3 is reproduced as exhibit XI–C, with the security material deleted.

The fourth page is unclassified and is reprinted as exhibit XI–D.

The fifth page, headed "Project Assistance by Field of Activity," bears the usual security notice in the right-hand corner. The only classified material relates to the level of Special Assistance for fiscal year 1958. It is reprinted as exhibit XI–E, with the security material deleted.

The sixth page bears the notation "Secret (As Noted)" with the bar charts showing the program levels stamped "Secret." Nothing else on this page is security classified. This page is reprinted as exhibit XI–F, with the security material deleted.

Exhibit XI–G sets forth the total testimony on Tunisia before the Senate Appropriations Committee on the fiscal year 1958 appropriation request.

EXHIBIT XI–G

MUTUAL SECURITY APPROPRIATIONS FOR 1958 HEARINGS BEFORE THE SENATE APPROPRIATIONS COMMITTEE

SPECIAL ASSISTANCE FOR TUNISIA AND SOMALIA

Special assistance is programed for Tunisia and Somalia. The purpose and use are both economic, as explained in your presentation books.

More than 75 percent of the defense support and special assistance funds would be used for commodity imports, of which over one-third would be surplus agricultural commodities. The rest of the AID dollars would be used to purchase equipment and supplies for economic development projects. The latter would be primarily in industry, agriculture, health, and education.

The local currency proceeds of the general commodity imports would be used for projects in these same activity areas, but including some road and harbor projects as well.

Page 174 of your presentation book shows the $11.7 million proposed for the technical cooperation program for fiscal year 1958, compared to an estimated $9 million in fiscal year 1957 and $7.8 million in fiscal year 1956. The proposed increase in fiscal year 1958 is largely accounted for by the development of new programs in Ghana, Morocco, and Tunisia, where bilateral aid agreements establishing the conditions for technical cooperation were recently concluded.

Out of the $11.7 million total technical cooperation funds $8.3 million would finance services of U.S. agriculturalists, public health technicians, teachers, education specialists, and specialists in resources development, and also contracts under which U.S. universities would assist in strengthening educational institutions in Ethiopia and Liberia, and possibly Ghana, Tunisia, and Morocco. About $1 million would be used to finance special training in the United States for selected Africans, primarily in education, agriculture, public administration, and public health. The remainder is for supplies and equipment, contributions to cooperative services, and other costs.

The AID program presentation for fiscal year 1959, was contained on 13 pages. Ten of these pages bore the familiar notation referring to the fact that shaded portions were Security classified.

Most of the matter classified related to the proposed level of the program. This is true with respect to page 7. On this page is set forth a list of the distribution of fiscal year 1959 project assistance by type of project. One project listed, but not shaded, is "Youth Conservation Corps." However, earlier in the presentation, when this same project had been described on page 5, the paragraph describing what the Youth Conservation Corps would do was shaded indicating that it was Security classified. It is difficult to see that the security of the Nation is involved in the unauthorized disclosure to a foreign power of what a Youth Conservation Corps would do. If a foreign power cannot figure out what the mission of a Youth Conservation Corps is, it need only read the public record of our own Civilian Conservation Corps.

The description of the proposed program for fiscal year 1959 was even vaguer than for fiscal year 1958. The fiscal year 1959 program description as contained in the presentation cannot here be duplicated because too much of it is classified. However, here again many of the statements classified for security reasons could have been found in any current history of Tunisia or in the columns of the daily paper.

The presentation for fiscal year 1960 was contained in 14 pages. Eleven pages bore the "Security classified" label with respect to shaded material. Most of the shading related to the level of the program. But not all of it.

On page 4, 5 figures relating to proposed program levels are shaded and 1 phrase of 14 words is shaded. The topic covered by the shaded phrase merely related to an economic index concerning Tunisia which could have been found in any compilation of international economic statistics.

Another instance of overclassification is to be found on page 5 where the statement is made—and is not classified—as follows:

> **The Tunisian Government has also announced its intention to establish a national university, and at its request a U.S. team of educators recently completed a survey. It is expected that additional U.S. technical and financial assistance will be requested for this project.**

Yet on the very next page, when the *very same* subject is briefly mentioned, the *very same* words are classified!

Exhibit XI–H and exhibit XI–I show the justification of the program for Tunisia for fiscal year 1960, with deletions of the material shaded to denote "Security classifications." (Exhibits XI–H—XI–Q appear on pp. 452–461.)

The program presentation for fiscal year 1961 consisted of 20 pages on 14 of which there was the familiar warning that shaded material was "Security classified." Much of the classification related to the proposed program levels.

Exhibit XI–J and exhibit XI–K set forth the program justifications for fiscal year 1961, with deletions indicating materials shaded to denote "Security classifications."

The program presentation for fiscal year 1962 consisted of 32 pages of which 11 pages were marked "Secret." But gone were the shadings! It was all "Secret"—every last word of it on every one of the 11 pages so marked!

The other pages in the fiscal year 1962 presentation, other than those labeled "Secret," set forth the then current status of the projects receiving project assistance. This gave a much more intelligent presentation of what the project assistance was and a far clearer picture of that part of the program than had been presented theretofore.

But why every single word of the remainder of the presentation was marked "Secret" is impossible to fathom. The material in it—in terms of containing earth-shaking secrets the revelation of which would endanger the security of the United States—was on a par with that contained in the previous years' presentations.

It is just such an overzealous overclassification of the documents presented to the Congress that has caused all too many people to come to the conclusion that there must be something to hide.

One of the pages presenting the status of a particular project in Tunisia, included in the 1962 fiscal year presentation to Congress for that country, related to Trade Union Leadership Training. This is reprinted as Exhibit XI–L. It bore the label "Secret" with respect to material underscored and in parentheses. The description of the project indicated that Tunisian trade union leaders would be brought to this country for training in, among other things, "cooperatives" * * * for the reason that: "Intelligent expansion of the already promising labor-sponsored cooperatives can make a valuable contribution to the social and economic life of Tunisia". The words within quotations were classified "Secret".

There is no valid reason why these words should be so classified. A requested explanation as to why the words had been classified "Secret" in the first place brought an answer from the State Department that they now be declassified. The reply which attempted to justify the original classification in the feeblest possible terms, did, however, declassify the quoted words.

However, the reply itself was classified "Confidential."

The presentation to the Congress for the fiscal year 1963 was on 28 pages of which only 4 were marked "Confidential." The material classified "Confidential" described the proposed program for Tunisia for the fiscal year 1963. At the same time, AID distributed a 163-page document entitled "Proposed Program for Fiscal Year 1963 to All Members of the Congress." This document was not classified. This is definitely an improvement for which the AID is to be commended.

Comparing the descriptive material submitted to all Members of the Congress with the material submitted to the Appropriations and Foreign Relations Committees marked "Confidential," two differences are discernible:

(1) As shown by exhibit XI–M—distributed to all Members of the Congress—the figures of the amount of Public Law 480 aid and of military assistance are listed as classified. On the presentation to the committees this figure was filled in. The only discernible difference between the pages describing the program distributed to all Members of the Congress—exhibits XI–N and XI–O—and those given only to the committees involved and marked "Confidential" is that the intended levels of support are omitted from the unclassified sheets.

It is argued that these figures must be classified because:

(*a*) If the figures were made public, the countries involved would expect to receive that amount no matter what, and AID would therefore be in a difficult negotiating position;

EXHIBIT XI-H

Country: TUNISIA

ECONOMIC ASSISTANCE - Continued

Shaded areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

directed toward development activities. U.S. assistance to this program was primarily in the provision of fifty thousand tons of wheat under Title II, PL 480, during the period from June 1958 to September 1959. Under this program some 40,000 workers are employed on productive enterprises such as road building, terracing and land reclamation. Their wages are paid two-thirds in wheat and one-third in cash contributed by the Government of Tunisia.

A major share of the Technical Cooperation Program contributes to improving the managerial and technical skills needed in government and in the private sector of the economy. In the program to date funds have been provided for the training of 333 Tunisians in the U.S. and Europe, both long-range and institutional training (as in the 2-year program in business and public administration training) and shorter term observational visits (as in the 2-month program for five officials of the Ministry of Agriculture). Returning participants from such programs form a nucleus of public servants who not only have improved skills but who also frequently facilitate program operations upon their return.

There is general recognition on the part of Tunisian Government officials of the need for more and better trained engineers and technicians of all kinds for Government development plans. However, these officials suffer from a perhaps understandable blind-spot in the recognition [redacted] of the need for trained people to man the enterprises in the private sectors of the economy. A U.S. team has recently conducted a survey on government manpower problems. This is expected to lead to the creation of institutions and practices to provide better training and utilization of Tunisia's human resources.

The Tunisian Government has also announced its intention to establish a national university, and at its request a U.S. team of educators recently completed a survey. It is expected that additional U.S. technical and financial assistance will be requested for this project.

Finally, the U.S. has been providing help, in the form of agricultural surplus commodities under Title II, PL 480, to some 80,000 refugees of the Algerian conflict, and also provides commodities for a child-feeding program for over 200,000 children in the schools and youth camps throughout the country.

Composition of FY 1960 ICA Economic Program

The proposed ICA program for FY 1960 will consist of [redacted] Special Assistance and $2.65 million of Technical Cooperation funds.

Special Assistance - [redacted]

The recommended Special Assistance Program for Tunisia in FY 1960 is expected to maintain current levels of economic activity and, unless the political situation worsens or military expenditures increase, to provide a margin of additional resources to promote development which should be reflected in higher per capita incomes. With virtually no foreign private funds being invested, U.S. Special Assistance has provided the only certain source of outside funds for economic growth.

Non-Project Aid - [redacted] will finance non-project assistance in FY 1960. [redacted] Tunisia has substantial economic benefits from its membership in the French Customs Union and franc zone and, though the future of this relationship is in doubt, it is in the U.S. interest not to encourage a precipitate break. Major Tunisian exports of wine, durum wheat, and olive oil are sold in France at prices considerably higher than in the world market. A disruption in the reverse flow of trade, if it forced Tunisian exports to find new markets, would result in reduced income from foreign trade.

As in previous years the bulk of the local currencies available through the ICA program will finance development projects for the most part selected from the Tunisian Development Budget. Major emphasis will be placed on basic agricultural improvement schemes, largely in the field of water resources. These include construction or cleaning of irrigation canals and construction of small dams and drainage projects. Assistance to an agricultural credit program which will begin in 1959, will be continued and increased, particularly for small and medium-sized land holdings. Groundwork laid earlier in the promotion of private industrial development is expected to result in expansion of the industrial loan fund established with counterpart releases from previous years. Local currency funds will also be used for some school equipment and construction.

Project Aid - [redacted] of Special Assistance in FY 1960 will be direct dollar financing of project costs. The largest share of this total will cover costs of projects in the field of water resource improvement. [redacted]

Editor's Note: Material deleted for secrecy reasons is delineated by the heavy black lines.

EXHIBIT XI–I

Country: TUNISIA

ECONOMIC ASSISTANCE - Continued

Shaded areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

Technical Cooperation - $2.65 million

Tunisia's needs for technical skills and know-how are underlined by the fact that since independence, about 10,000 French administrators, public servants, entreprenours and skilled workers have left Tunisia. Fortunately, the French and the United Nations, and to a lesser extent the West Germans, are assisting with advisors and with training programs. These programs have been limited by the availability of Tunisians for advanced training and, in the case of the U.S. program, by the availability of U.S. experts.

In FY 1960 it is planned to provide U.S. advisors, training for Tunisians and demonstration supplies and equipment at a cost of $971,000 for agricultural activities. In most instances these activities are continuations and expansions of projects undertaken with funds from previous appropriations, such as strengthening agricultural extension services and assistance in better utilization of water resources. Major new projects to be undertaken in FY 1960 will provide for a college contract to improve and expand facilities at the Superior School of Agriculture and assistance in the hydrological mapping of Tunisia and the training of Tunisians in that field. In the industry field, there will be an extension of a survey of resources and the outlining of plans for industrial development. Expenditures in the field of education will be considerably expanded in FY 1960 with the bulk of the funds providing for contracts with one or more American universities [redacted]

PROJECT ASSISTANCE BY FIELD OF ACTIVITY ($ in thousands)

TABLE E-II

FISCAL YEAR	TOTAL COST	AGRICULTURE, FORESTRY AND FISHERIES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1958										
Special Assistance	755							755		
Technical Cooperation	1,282	294	297	10	41		24	269	5	342
Total	2,037	294	297	10	41		24	1,024	5	342
ESTIMATE FY 1959										
Special Assistance	[redacted]							[redacted]		
Technical Cooperation	1,650	553	175	23	90		68	255	9	477
Total	[redacted]			23	90		68	[redacted]	9	477
PROPOSED FY 1960										
Special Assistance	[redacted]						[redacted]			
Technical Cooperation	2,650	971	372	23	78		341	304	46	515
Total	[redacted]				78		[redacted]		46	515

Editor's Note: Material deleted for secrecy reasons is delineated by the heavy black lines.

EXHIBIT XI-J

Country: TUNISIA

ICA ASSISTANCE - Continued

Shaded areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

Composition of FY 1961 Special Assistance Program - [redacted]

To generate the local currency needed for Tunisia's development program, emphasis is given to the financing of bulk imports, with care being taken to avoid disruption of Tunisia's existing patterns of trade and internal distribution.

Major emphasis will continue to be placed on basic agricultural improvement schemes, largely in the field of water resources and forestry. Additional funds will be made available to the Industrial and Agricultural Loan Funds. Local currency funds will also be used for school construction and equipment.

(a) Non-Project Aid - [redacted]

Of the total non-project aid of [redacted] will be used to import sugar, fuel oil and a variety of commodities such as chemicals and newsprint. As in previous years [redacted] will probably finance triangular transactions resulting from sales of surplus U.S. agricultural commodities to European countries. In return for third country currencies, Tunisia would allocate an equivalent amount of Tunisian currency for domestic investment under ICA approved procedures.

(b) Project Aid - [redacted]

These funds will be used to continue agricultural equipment support for joint U.S.-Tunisian Government projects and technical equipment for the Tunisian National University and to provide third-country contract technicians to serve in key posts in the Tunisian Government.

Objectives - Technical Cooperation

The primary objective of the Technical Cooperation Program is to assist in the development of trained personnel, oriented toward a free enterprise system, in all important sectors of the Tunisian economy. Specific objectives are:

(a) To extend and improve agricultural services through additional training for larger numbers of extension workers and support for the Superior School of Agriculture.

(b) To increase productivity in agriculture on individual farms through demonstration projects in more efficient crop and livestock production and in grassland improvement and to assist individual farmers finance productive activity through the improvement of rural credit.

(c) To encourage effective long-run management of soil and water resources through training technicians in methods for solving Tunisia's major conservation problems.

(d) To assist in the establishment and expansion of private enterprise in the industrial sector through provision of needed credit facilities and the training of Tunisians in the operation of a development loan institution, including advice to loan applicants.

(e) To develop a body of competent industrial entrepreneurs, oriented to free enterprise and enlightened business practices, through training young Tunisians in the U.S. and helping in the establishment of a school of economic science in the new Tunisian National University.

(f) To promote private industrial development in Tunisia through creation of an Industrial Advisory Council to furnish technical advice to existing industries and assist prospective domestic and foreign investors.

(g) To improve the organization of the Tunisian labor market as an integral part of the national program for social and economic development through helping Tunisia build adequate manpower information and employment services and through the training of technician leaders.

Accomplishments - Technical Cooperation

Through Technical Cooperation Programs, Tunisians are learning new techniques and adopting new approaches which have far-reaching effects throughout the country. In the past three years, nearly 400 young Tunisians have received agricultural training at a school established with U.S. assistance. Most of the graduates have returned to their native rural towns; 12 top students have been selected for intensive training in the U.S. Another project has successfully introduced bananas as a new crop in Tunisia, with considerable potential for profitable export sales. To upgrade agricultural production, 34 prize livestock have been imported for stud, 16 poultry demonstration centers established, and a wide variety of improved fruit tree specimens imported. With two million dollars equivalent in counterpart, U.S. advisors have helped organize an Agricultural Bank which relies on committees of Tunisian farmers to judge local credit applications.

Small and medium Tunisian private business has been stimulated through 50 loans from the three million dollar Revolving Industrial Loan Fund set up by U.S. advisors. Tunisians have now assumed most

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EXHIBIT XI-K

Country: TUNISIA

ICA ASSISTANCE - Continued

of the responsibility for screening applications, establishing priorities, and granting loans. Twenty short-term consultants have been called from Europe to advise on or engineer projects important in the development plan, while a thorough survey of industrial potential has been completed by a U.S. firm. This survey suggests eight specific industries profitable for immediate private investment. Technical Cooperation also brings Tunisian and U.S. trade unionists together; 20 Tunisian labor leaders have visited the U.S. under ICA programs. In a precedent-breaking project, 25 young Tunisian women teachers were trained in U.S. educational techniques at Ohio State University last summer.

Continuing our role in increasing the effectiveness of Tunisian police forces, 25 police and national guard officials have been trained in traffic control, border protection, police methods, and communications in the U.S. Altogether, technical cooperation sent 242 Tunisians abroad in 1959 for training, and provided the service of 47 long-term technicians in addition to numerous consultants and engineers called for shorter consultation.

Composition of FY 1961 Technical Cooperation Program - $2,200,000

About half of this total will be used to finance projects in food and agriculture; the remainder for activities in industry and public administration projects. In most instances, these activities are continuations and expansions of previous projects such as strengthening agricultural extension services and the training of personnel in administration of the industrial and agricultural loan funds.

The FY 1961 program will put greater emphasis, however, on assistance to public and business administration. One of the projects - being initiated in 1960 - will provide for two years of training in the U.S. for a group of 50 young Tunisians to study economics and business administration. This group will be followed by others until a significant number have been trained who will initiate and manage the industrial enterprises Tunisia so greatly needs. This project, it is believed, will also set the pattern for similar projects in other newly emerging countries which also suffer a loss of entrepreneurial talent upon gaining independence.

As a complement to the U.S. training of entrepreneurs, the U.S. will, in 1961, provide technical assistance in helping establish the Tunisian National University where education in business and public administration will be important in the curriculum. Another project expected to reach full implementation in 1961 concerns improvement of government budgeting and accounting methods, under which Tunisian Government officials will be sent to the U.S. to study budget and accounting systems. Also, as a follow-up to a study trip made to the U.S. by the Director of the Tunisian Government's Central Personnel Office, a project will be undertaken to develop a more effective government civil service organization and staff, and to design and apply a job classification system. This project will not only improve the efficiency of the present Tunisian Government administration, but should attract better qualified personnel to the Civil Service.

EXHIBIT XI-L

STATUS OF PROJECTS
(In thousands of dollars and equivalent)

TABLE II

Country: TUNISIA

Function: Development Grant

Title and Number of Project:
Trade Union Leadership Training, 41-023

Begun FY 1958

U.S. DOLLAR CONTRIBUTION

Actual through June 30, 1960		Estimate, FY 1961		Estimated Obligations, FY 1962
Obligations	Unliquidated	Obligations	Unliquidated 6/30/61	
18	5	24	12	24

FY 1962 COST OF PROJECT ELEMENTS

U.S. Technicians	Cooperative Services ....
Participants....24...	Other Costs .....
Contract Services	
Commodities	Total .....24.....

ESTIMATED FOREIGN CURRENCY REQUIREMENTS

Obligations of U.S.-Owned		Commitments of Country-Owned	
Through 6/30/61	FY 1962	Through 6/30/61	FY 1962

Basic Goal and Purpose: This project seeks to help the Tunisian Government and the Tunisian trade union movement strengthen Tunisian trade union institutions. The specific targets of this project are to train trade union leaders in various aspects of trade union leadership, labor education, collective bargaining, industrial safety and hygiene, credit unions and (cooperatives). Tunisian union leaders need further demonstrations of the fact that adequate protection can be achieved without excessive legislation and burdensome social changes. (Intelligent expansion of the already promising labor-sponsored cooperatives can make a valuable contribution to the social and economic life of Tunisia.)

Progress Toward Achievement of Specific Project Purpose: Thus far, three teams totalling 18 members have been sent to the U.S. for short-term training in trade union leadership and education. In FY 1961 the chief activity has been to send a U.S. consultant to Tunisia to develop with Government and union officials a program for training in the organization and management of cooperatives--a field in which the trade unions are now operating several successful projects.

Explanation of FY 1962 Funding: In FY 1962, the participants sent to the U.S. will study collective bargaining and administration of cooperatives.

[Underscored material in parenthesis in text originally classified "SECRET". Declassified at the request of Senator Gruening.]

EXHIBIT XI-M

FINANCIAL DATA

Country: TUNISIA

Obligations and Commitments (millions of dollars & dollar equiv.)	FY 1952-1961	FY 1961	FY 1962
AGENCY FOR INT'L DEVELOPMENT - TOTAL...	137.4	37.2	15.9
Development Loans.....	42.1	10.0	2.4
Development Grants..... (T.C. prior to FY 1961)	10.9	5.7	3.5
Supporting Assistance..... (DS/SA prior to FY 1961)	84.4	21.5	10.0
Other MSP Economic.....	-	-	-
FOOD FOR PEACE (P.L. 480)			
Title I, Country Uses..... (Sales Agreements).....			
Title II.....			b/
Title III.....			
Title IV.....			
EX-IM BANK LONG-TERM LOANS.....	1.8	1.8	-
OTHER U.S. ECONOMIC PROGRAMS.....	-	-	-
MILITARY ASSISTANCE (Programs)			
M.A.P. - Grant Aid.....			b/
M.A.P. - Credit Assistance.....			
Non-M.A.P. Military Assistance.....			
ASSISTANCE FROM INT'L AGENCIES			
UN Tech. Assist.-CY ending in FY.....	1.5	0.4	0.4
UN Special Fund.....	1.5	0.6	2.0a/
OTHER FREE WORLD ASSISTANCE			
France.....	NA	7.0	7.0
West Germany.....	NA	8.0	12.0
SINO-SOVIET BLOC ASSISTANCE.....	8.0	8.0	38.0a/
U.S. DOLLAR LOAN REPAYMENTS			
MSP and P.L. 480.....	-	-	0.1
Export-Import Bank.....	-	-	-
Other Government.....	-	-	-

a/ July-Dec. 1961.
b/ Data classified.

EXHIBIT XI-N

Country: TUNISIA

In the six years since its independence Tunisia, at the same time an African, an Arab, and a Mediterranean state, has established an effective and basically democratic government with a moderate foreign policy orientation. However, Tunisia's economy and foreign outlook were shaken in 1961 by the armed clash with France over the military base at Bizerte. Since that time, the two governments appear to have made some progress toward a solution to the problem, although basic differences remain.

Tunisia's importance arises from its strategic geographic position in North Africa close to Europe's southern flank, its effective and energetic government, its generally favorable disposition toward the West, and its respected, moderate voice in the world community. It is in the U.S. interests, in the short run, to help Tunisia meet its external aid requirements. This will encourage the Tunisian Government's continued moderate posture and will help Tunisia to serve as a model for other developing nations in the area. In the longer run, Tunisia's contribution to the stability of this area depends upon its ability to achieve economic growth and to follow a course of moderation in difficult times.

Country Background

Tunisia's economic life includes a traditional non-monetary sector of farmers, nomadic herdsmen and artisans, and a modern sector of manufacturing and commerce in the coastal areas. From the end of World War II until Tunisian independence in 1956, the modern sector enjoyed moderate, steady growth resulting from the heavy inflow of French capital in mining, manufacturing, transportation and communications, urban construction, and commerce. After 1956, the emigration of many Europeans with needed skills and the outflow of French private capital caused economic growth to cease. In 1959-1960, the economy improved somewhat, but in 1961 poor harvests and the Bizerte incident resulted in a setback.

After years of preparation, in 1961 Tunisia published a Ten-Year Perspective (Plan). A detailed three-year plan of implementation was to be completed early in 1962. The objectives of the plan are to increase personal income, especially at the lower levels; to provide educational opportunities for all young people; to facilitate economic and social mobility; to rely increasingly on Tunisian resources; and to diversify the international, political, and economic relations of Tunisia. A U.S. survey team concluded that the Ten-Year Perspective is a competent document offering a rational approach to long-term economic planning. The three-year plan is now under review.

The outlook for Tunisian economic development is promising. Several preconditions to more rapid, self-sustaining growth already exist, including a well-led, stable and effective government, and a basic amount of institutional development. Moreover, competent economic planning has been under way for some time. Thus the Tunisian Government is prepared for an early start on its formal development effort. While the scarcity of natural resources and the lack of modern skills will not permit sudden, dramatic expansion, with appropriate external assistance Tunisia can achieve moderate growth in future years.

U.S. Assistance Plans

The principal U.S. long-term objectives in Tunisia are the creation of a self-supporting, growing economy and of a social and political system under which all Tunisians will have political and economic opportunities which can serve as examples of wise development.

If these basic goals are to be achieved, Tunisia must succeed substantially in meeting the development aims outlined in its Ten-Year Perspective and as described in greater detail in the three-year plan soon to be published. The three-year plan will require external aid resources estimated at $100 million annually. The U.S. share of this aid will depend in part upon the amounts contributed by other countries and organizations.

The United States has played a large role in Tunisia's external assistance programs since the Tunisian aid program began in 1957. However, the proportion of U.S. assistance to the total Tunisian assistance has been falling, and in 1962 commitments from other Free-World sources will be about equal to the U.S. program. France continues to be an important contributor of foreign aid, although French aid has been declining since Tunisian independence. In 1962 French aid will equal at least $7 million, plus military expenditures and subsidized prices for Tunisian wines and wheat, while German assistance may total as much as $12 million.

On the other hand, the USSR, Poland, and Czechoslovakia have extended lines of credit to Tunisia totaling $46 million, against which $8 million may be drawn in FY 1963.

EXHIBIT XI-O

Country: TUNISIA

Proposed Aid Program for FY 1963

The primary object of the U.S. aid program is to support the Tunisian development plan. Development loans, for both project and non-project imports, will be the principle tool for this purpose, to be supplemented by development grants and Food for Peace. The exact scale of U.S. support would depend upon the amount of external aid obtained from other sources and upon the scale of practical investment targets for the three-year plan.

In addition to general support of Tunisian development efforts, the Agency for International Development (AID) assistance in FY 1963 will be concentrated in education and training of the work force, increased and diversified agricultural production, and improvement of industry. The changed emphasis in the type of funding for the FY 1963 program will result in more use of development loans, while development grants will be limited to the continuation of existing projects in economic planning, education, agriculture, transport, industry and tourism.

The Food for Peace program in Tunisia has been extraordinarily successful in its Title II work relief, Algerian refugee and child feeding projects. More than 170,000 Tunisians, paid partly with U.S. wheat, are employed on useful labor-intensive projects; that is, work involving large numbers of laborers rather than capital. More than 170,000 Algerian refugees and 255,000 needy children are being fed under the Food for Peace program. FY 1962 P.L. 480 Title II programs total about $16 million at export market prices (about $44 million commodity credit corporation cost). Assistance through the Title I programs, totaling $14.6 million in FYs 1961 and 1962 (exclusive of $1.5 million for Cooley loans), resulting from a prolonged drought, is not planned for FY 1963. Other Food for Peace efforts will continue in 1963.

Accomplishments

The Tunisian aid program during 1962 reflected two important accomplishments. First, it completed the preliminary phase of several important projects concerning manpower training and increased agricultural and industrial production. Second, during this year of transition, aid objectives were clarified, and several projects were terminated and others regrouped and focused on areas bearing directly on the aid goals.

The following are specific examples of achievement. The Société Tunisienne de Banque, by means of a grant of $5.5 million in counterpart funds and a $5 million Development Loan Fund (DLF) loan made 110 loans to medium-sized industrial undertakings. The National Agricultural Bank, assisted with a $5 million loan plus grants of local currency, has already made more than 5,000 loans to agricultural projects. The re-establishment of seven and construction of two new horticultural stations, the development of the Sidi Thebet poultry stations, and the drilling and equipping of many wells also represent progress toward the broad goal of increased agricultural production. Local currency support of the housing program in 1962 permitted the building of nearly 2,700 rural and 300 urban houses. The entire Tunisian development effort might have foundered without the local currency made possible by supporting assistance.

Hundreds of useful labor-intensive work relief projects throughout Tunisia have been undertaken, e.g., terracing of slopes, reforestation, prevention of erosion, construction of wells, soil reclamation and construction of roads. This activity is a model Food for Peace economic and social development program.

In addition to these completed or continuing projects, completion of the preliminary work on several others is expected in 1962, including studies for the building of a School of Law, Economics and Business Administration in the University of Tunis. In agriculture, the development of a National Agricultural Extension Service is under way, and exploratory studies were completed on the Oued Marguellil watershed area.

23-147—63——30

EXHIBIT XI-P

STATUS OF PROJECTS
(In thousands of dollars and equivalent)

TABLE II

Country: TUNISIA

Function: Development Grant

Title and Number of Project:
Agricultural Studies and Engineering Plans, 12-142

Begun FY 19 61

U.S. DOLLAR CONTRIBUTION

Actual through June 30, 1960		Estimate, FY 1961		Estimated Obligations, FY 1962
Obligations	Unliquidated	Obligations	Unliquidated 6/30/61	
		26	26	249

FY 1962 COST OF PROJECT ELEMENTS

U.S. Technicians	24	Cooperative Services	
Participants		Other Costs	
Contract Services	220		
Commodities	5	Total	249

ESTIMATED FOREIGN CURRENCY REQUIREMENTS

Obligations of U.S.-Owned		Commitments of Country-Owned	
Through 6/30/61	FY 1962	Through 6/30/61	FY 1962
		263	

Basic Goal and Purpose: The specific target addressed by this phase of aid to the Tunisian Government's ten-year program for more effective agricultural land use and improved farm practices is to make more efficient use of Tunisian natural resources through development of irrigation, soil conservation and forestry. This project provides for the preparation of plans and preliminary work for water storage and irrigation distribution systems to serve about 200 square miles in northern Tunisia.

Progress Toward Achievement of Specific Project Purpose: Agreement has now been reached on the specifics of the project and implementation is expected to begin shortly. Six U.S. technicians will review existing engineering, hydrological and other data and on this basis draw up plans for the above systems.

Explanation of FY 1962 Funding: In addition to the immediate tangible benefits of improvement of water supply in a land where this is a crucial problem, American engineering proposals will greatly influence future judgments on the most appropriate type and cost of small irrigation developments in Tunisia. FY 1962 funds will finance a contract with a planning-engineering firm to make feasibility studies of certain projects, particularly irrigation, which the Tunisian Government is now considering. The contractor will work closely with the two direct-hire technicians being recruited for this project.

EXHIBIT XI-Q

TABLE III

STATUS OF PROJECTS
(In thousands of dollars and equivalent)

Country: TUNISIA Sector: Food and Agriculture Function: Development Grant

Title and Number of Project:
Water Resources Development (664-A-12-AC)
Begun FY 59

U.S. DOLLAR CONTRIBUTION

Actual through June 30, 1961		Estimate, FY 1962		Estimated Obligations, FY 1963
Obligations	Unliquidated	Obligations	Unliquidated 6/30/62	
3819	2103	649	1500	877

FY 1963 COST OF PROJECT ELEMENTS

U.S. Technicians . . 57 . .
Participants. . . . . .
Contract Services. . 800 . . .
Commodities . . . . . 20 . .

Cooperative Services . . . .
Other Costs . . . . . .
Total. 877

ESTIMATED FOREIGN CURRENCY REQUIREMENTS

Obligations of U.S.-Owned		Commitments of Country-Owned	
Through 6/30/62	FY 1963	Through 6/30/62	FY 1963
-	-	11,636	11,500

Basic Plan and Purpose: This project is designed to assist the Tunisian Government in achieving the maximum and most effective development of water resources throughout the country. Early realization of this goal is essential to Tunisia's economic and social progress and success of the Development Plan. Over two-thirds of the population now lives on the land at bare subsistence level, largely because of water shortages. Specific activity targets of the DG portion of this project are: (a) to prepare plans and specifications for water-storage dams leading to complete construction through Development Loans; (b) to finance a well-construction and training program to drill and equip 50 production wells. Construction of an additional 50 wells a year would be financed by the Tunisian Government; (c) to complete a comprehensive survey and collection of hydrologic data required for a long-range water resources development program.

Status of Projects: A total of 131 wells have been drilled, equipped and/or renovated, and work is progressing on another 61 wells and cisterns. The $2 million pipeline in this project as of June 30, 1961 represented chiefly hydrological and well-drilling equipment for the Ministry of Agriculture, financed from FY 1960 and 1961 SA funds, on which deliveries are now nearing completion. Six geohydrologic maps in the Central Sahel have been completed, as well as topographic surveys on 142,000 hectares. Negotiation of a contract for 6 U.S. technicians to work on dam plans and specifications is nearly completed.

FY 1963 Funding: Services of the four U.S. direct-hire water advisors will be continued. The 6 contract technicians on dam plans and specifications will all be on board. The well-drilling contract providing for 3 U.S. technicians and necessary equipment, is expected to be in force. In addition, several Development Loans for construction of dams and of urban water and sewage systems may be made. Local currency in FY 1963 will be required principally to continue the Tunisian Government's program of dam-construction and well-drilling.

(*b*) If it became known that Country X were receiving a certain amount then Country Y, its rival, would demand equal treatment;

(*c*) If the figures were published, then, in the event the amount requested of the Congress were not appropriated, the AID administrators would be at a handicap in distributing the cuts on anything but an equal basis among all the countries receiving AID assistance and would not be in a position to determine priorities.

(*d*) The amount of military aid proposed for the forthcoming year would be an indication of the strength or weakness of the country aided.

One may seriously doubt the validity of these reasons. Or, if there is validity to classifying the level of a proposed program with respect to particular countries, there is no validity to classifying the figures for all countries aided.

These wholesale classifications are objectionable because they act as an effective bar to intelligent debate on the floor of the Senate or the floor of the other body. How can a Member of Congress intelligently oppose or support the overall authorization or appropriation for the AID program if its component parts cannot be mentioned? How can a Senator intelligently argue that the amount sought for a certain category of foreign economic aid is *x* million too high because cuts could be made in the amounts proposed for Countries A, B, C, and D? How can a Senator intelligently defend the amount sought against such an attack if he is thus gagged?

The result is that Congress is forced to legislate blindly in the area of foreign economic aid. Those who deplore the "meat ax" approach might well take steps to do away with the oversecrecy in the program.

(2). While the 1963 presentation to the Congress represented an improvement in informing the Congress, there remained serious deficiencies in the presentation made to the committees involved as well as to all Members of the Congress.

The presentation for the fiscal year 1962 had contained a description of *all* projects currently being aided. Exhibit XI–P is an example. These were not classified and could have been made available to all Members of the Congress, at least upon request. The presentation for fiscal year 1963, however, included only descriptions of projects over $500,000. In addition, the document entitled "Proposed Program for Fiscal Year 1963," referred to above, which was distributed to all Members of the Congress, did not contain descriptions, such as those for the Tunisian program (see exhibits XI–N and XI–O) for *all* countries aided, but only for programs in a few countries in each region of the world.

Thus the presentation of the projected AID program for fiscal year 1963 to the Appropriations and Foreign Affairs and Foreign Relations Committees did not contain detailed reports on projects under $500,000 and the presentations to the Members of the Congress contained only representative country program descriptions.

It was on this inadequate basis and on this incomplete information that the Congress was expected to vote intelligently to appropriate billions of dollars!

One may well wonder whether the veil of secrecy is not being drawn because the presentations themselves contain insufficient information to enable the Congress to legislate intelligently.

Thus, for example, in the presentation for fiscal year 1959 for Tunisia the only words about water are the following: "Self-help agricultural projects [words omitted because 'Security classified'] to * * * make the most effective use of available water * * *." On the basis of this very brief statement to the Congress in the AID presentation for fiscal year 1959, we have already, as of June 30, 1962, obligated $4,468,000 in U.S. dollars (see Exhibit XI–Q) for water resource development in Tunisia!

Findings and Recommendations

FINDINGS

In scrutinizing many of the AID presentations to the Congress in support of its authorizations and appropriations, it is obvious that the program has been hiding behind the cloak of secrecy far too long. Many documents classified for security reasons contained information already in the public domain. Through the years this cloak of secrecy has hurt the program because it has prevented the U.S. citizens from obtaining an accurate picture of how their dollars were being expended in the total program. Secrecy begets suspicion so that the bringing to light of faulty conceived and executed projects casts a shadow on the entire program.

IT IS THEREFORE RECOMMENDED THAT

A serious effort be made to avoid classifying documents presented to the Congress for security reasons; that any document so classified bear on its face an automatic declassification date unless the AID Administrator personally certifies that declassification automatically at any date in the future would be dangerous to the security of the United States; that authority to classify documents be confined to a small number of individuals; and that the authority to classify documents for security reasons with a declassification date more than 5 years later should be vested only in the Administrator of AID, or the Ambassador to the country aided.

XII. OBJECTIVES AND CONDITIONS OF FOREIGN ECONOMIC AID

Much has been written, many words have been spoken, many exhortations have been written into law concerning what should be the objectives and conditions of our foreign economic assistance program.

Public Law 87–195—the Act for International Development of 1961—contains the following Congressional Declaration of Policy:

SEC. 102. STATEMENT OF POLICY.—It is the sense of the Congress that peace depends on wider recognition of the dignity and interdependence of men, and survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom.

To this end, the United States has in the past provided assistance to help strengthen the forces of freedom by aiding peoples of less-developed friendly countries of the world to develop their resources and improve their living standards, to realize their aspirations for justice, education, dignity, and respect as individual human beings, and to establish responsible governments.

The Congress declares it to be a primary necessity, opportunity, and responsibility of the United States, and consistent with its traditions and ideals, to renew the spirit which lay behind these past efforts, and to help make a historic demonstration that economic growth and political democracy can go hand in hand to the end that an enlarged community of free, stable, and self-reliant countries can reduce world tensions and insecurity.

It is the policy of the United States to strengthen friendly foreign countries by encouraging the development of their free economic institutions and productive capabilities, and by minimizing or elimating barriers to the flow of private investment capital.

In addition, the Congress declares that it is the policy of the United States to support the principles of increased economic cooperation and trade among countries, freedom of the press, information, and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion. In the administration of all parts of this Act these principles shall be supported in such a way in our relations with countries friendly to the United States which are in controversy with each other as to promote an adjudication of the issues involved by means of international law procedures available to the parties.

Accordingly, the Congress hereby affirms it to be the policy of the United States to make assistance available, upon request, under this part in scope and on the basis of long-range continuity essential to the creation of an environment in which the energies of the peoples of the world can be devoted to constructive purposes, free of pressure and erosion by the adversaries of freedom. It is the sense of the Congress that assistance under this part should be complemented by the furnishing under any other Act of surplus agricultural commodities and by disposal of excess property under this and other Acts.

Also, the Congress reaffirms its conviction that the peace of the world and the security of the United States are endangered so long as international communism continues to attempt to bring under Communist domination peoples now free and independent and to keep under domination peoples once free but now subject to such domination. It is, therefore, the policy of the United States to continue to make available to other free countries and peoples, upon request, assistance of such nature and in such amounts as the United States deems advisable and as may be effectively used by the free countries and peoples to help them maintain their freedom. Assistance shall be based upon sound plans and programs; be directed toward the social as well as economic aspects of economic development; be responsive to the efforts of the recipient countries to mobilize their own resources and help themselves; be cognizant of the external and in-

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ternal pressures which hamper their growth; and should emphasize long-range development assistance as the primary instrument of such growth.

The Congress reaffirms its belief in the importance of regional organizations of free peoples for mutual assistance, such as the North Atlantic Treaty Organization, the Organization for Economic Cooperation and Development, the European Economic Community, the Organization of American States, the Colombo Plan, the South East Asia Treaty Organization, the Central Treaty Organization, and others, and expresses its hope that such organizations may be strengthened and broadened, and their programs of self-help and mutual cooperation may be made more effective in the protection of the independence and security of free people, and in the development of their economic and social well-being, and the safeguarding of their basic rights and liberties.

Finally, the Congress urges that all other countries able to contribute join in a common undertaking to meet the goals stated in this part."

On March 13, 1959, President Eisenhower, in transmitting his request for funds for our Mutual Security Program, said:

Our own programs of technical cooperation and capital assistance are not mere responses to Communist initiatives. The reverse is true. This year will mark the tenth anniversary of our Point Four program. Capital assistance for development has been flowing to nations needing our help for many years. Even if the Communist bloc should revert tomorrow to its previous icy treatment of all free peoples, we would continue the warmth of our interest in and help to their determined efforts to progress. Nevertheless, it is imperative that we understand the real menace of the Communist economic offensive. The great contest in half the globe, the struggle of a third of the world's people, is to prove that man can raise his standard of living and still remain free—master of his individual destiny and free to choose those who lead his government. The Communist economic offensive presents the grave danger that a free nation might develop a dependence on the Communist bloc from which it could not extricate itself. This must not happen. We and other nations of the free world must provide assurance that no nation will be compelled to choose between bread and freedom.

The Mutual Security Act of 1959, amended the statement of purpose of the 1954 act to read as follows:

STATEMENT OF POLICY

SEC. 2. Section 2 of the Mutual Security Act of 1954, as amended, which is a statement of policy, is amended to read as follows:

"SEC. 2. Statement of Policy.—(a) It is the sense of the Congress that peace in the world increasingly depends on wider recognition, both in principle and practice, of the dignity and interdependence of men; and that the survival of free institutions in the United States can best be assured in a world wide atmosphere of expanded freedom.

"(b) Through programs of assistance authorized by this Act and its predecessors, the United States has helped thwart Communist intimidation in many countries of the world, has helped Europe recover from the wounds of World War II, has supported defensive military preparations of nations alerted by Communist aggression, and has soundly begun to help peoples of economically underdeveloped areas to develop their resources and improve their living standards.

"(c) Programs authorized by this Act continue to serve the following principal purposes:

"(1) The Congress recognizes the basic identity of interest which exists between the people of the United States and the peoples of other lands who are striving to establish and develop politically independent and economically viable units, and to produce more goods and services, and to improve ways of living by methods which reflect the popular will, and to realize aspirations for justice, for education and for the dignity and respect as individual human beings, and to establish responsible governments which will cooperate with other likeminded governments. The Congress declares it to be a primary objective and need of the United States, and one consistent with its tradition and ideals, to share these strivings by providing assistance, with due regard for our other obligations, to peoples willing to work energetically toward these ends.

"(2) The Congress recognizes that the peace of the world and the security of the United States are endangered so long as international communism and the nations it controls continue by threat of military action, by the use of economic pressure, and by internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and nations once free but now subject to such domination. The Congress declares it to be the policy of the United States to continue so long as such danger to the peace of the world and to the security of the United States persists, to make available to other free nations and peoples upon request assistance of such nature and in such amounts as the United States deems advisable compatible with its own stability, strength, and other obligations, and as may be needed and effectively used by such free nations and peoples to help them maintain their freedom.

"(d) It is the sense of the Congress that inasmuch as—

"(1) the United States, though mutual security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of Western Europe; and

"(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and

"(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themeselves against aggression and contribute to the security of the free world;

those nations which have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this Act.

"(e) It is the sense of the Congress that assistance provided under this Act shall be administered so as to assist other peoples in their efforts to achieve self-government or independent under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence. To this end, assistance shall be rendered where appropriate and feasible in such a way as to promote the emergence of political units which are economically viable, either alone or in cooperation with neighboring units."

Secretary of State John Foster Dulles, in describing the reasons for the Mutual Security Program said:

Now there are a good many reasons for supporting this Mutual Security Program * * *. There is, first of all, a very elemental reason. This program gives employment to about 600,000 Americans * * *.

But of course, there are reasons far transcending that in importance. This Mutual Security Program assures to the United States the use of bases throughout the world which are absolutely indispensable for our security, our safety, the deterring of war and the preservation of peace * * *. It is absolutely indispensable for the effective use of these vital areas that they be bases not just of military power but bases of good will, friendship and cooperation * * *.

And then there is a third reason. This Mutual Security Program helps to maintain in existence forces around the world which are largely contributed by allied nations * * *. Eighty percent or more of the cost of that is borne by our allies. We make a contribution of around 20 percent, perhaps * * *.

Well, now, there is another aspect of mutual security and that is that the Mutual Security Program contributes to keeping out of the tentacles of Communist imperialism many countries of the world * * *.

Thus our efforts in the Mutual Security Program have high purposes. We seek to defend ourselves and to assure our own security; we seek equally to support the right of every nation freely to determine its own system of government; we seek equally to help in the progressive betterment of human beings. It is for these reasons that we have had a Mutual Security Program; it is for these reasons that we should and must continue it.

Secretary of State Christian Herter set forth the reasons for the foreign assistance program as follows:

Why is the welfare of other peoples a matter of concern to us? It is true, of course, that ignoring their problems and their needs would inevitably leave them no alternative but recourse to the Communists. It is also true that their

absorption into the Communist fold would confront us with a grim, if not hopeless, security opposition. Of these aspects we are well aware and must take measures accordingly.

Yet our interest in the welfare of human beings has a deeper and more meaningful basis and justification than merely protecting our own possessions and freedom.

Our efforts to defend our way of life, to prevent the spread of Communist power, are not efforts to impose our views on others or to require a common fealty to the United States. The efforts we make to help others to defend themselves, to achieve progress, are basically and fundamentally a part of our own creed.

We believe in the right of all peoples and nations freely to choose their own ways of life; we believe in cooperation, based on respect, with other nations; we believe in the dignity, rights, liberties, and importance of the individual man, the subordination of the state to the interests and will of its citizens; we believe in decision by discussion and dissent, in tolerance, in governments of laws, not of men, and in peace with justice.

Secretary of State Dean Rusk on April 3, 1963, stated:

* * * But in recent years we have given increasing attention to helping the peoples of the underdeveloped areas to move forward economically, socially, and politically. Then as now, the relationship between economic and political progress and the security of the United States was apparent. Then, as now, it was clear that our aid program must provide hope for progress through freedom as a vital instrument of our foreign policy * * *. It is in the U.S. interest, and in its proud humanitarian tradition, to foster the modernization process. Not to do so would simply assure that the growth of the less developed countries will be patterned by others.

Here lies the surest defense of freedom. For—let us be quite clear—the Communists believe the safest method of expansion open to them is to exploit the inevitable confusion and turbulence of the underdeveloped areas as they reach out to modernize their societies * * *. This is a method we must head off; and foreign aid is one of our instruments for heading it off and preserving the independence of nations.

The economic aid provided by the United States and its allies should make it possible to prevent conditions of stagnation and hopeless poverty from leading to political unrest and the growth of communism. * * *

Chester Bowles, former Under Secretary of State and now our Ambassador to India, stated his understanding of what the foreign assistance program hoped to accomplish in these words:

* * * The purpose of our aid program is to develop independent nations able and willing to stand on their own feet—and thereby to share with us a dedication to peace and freedom.

* * * We have a critical choice: We can help to guide the economic and social upheaval now sweeping Asia, Africa, and Latin America into constructive, peaceful channels, or we can sit back nervously and ineffectually, while the revolution of rising expectations in Asia, Africa, and Latin America slips into the hands of reckless extremists who despise everything we stand for—and a succession of Red Chinas and Red Cubas comes into being.

Properly administered foreign assistance can do one thing only: It can help to build independent nations capable of standing on their own feet and making their own free choices. And if we can do that, we can help create a rational world in which communism is steadily declining in influence—a world that holds some prospects of peace.

But Ambassador Bowles went further in trying to establish criteria for reviewing aid requests in his address of April 24, 1963:

In the spirit of the Congressional legislation, we are now posing for ourselves some searching questions in regard to all requests for assistance from abroad.

These questions relate to the applicant's present per capita income and its distribution;

the competence of the government, and its sensitivity to the needs of the population;

the existence of well-conceived, long-range national economic development plan;

the adequate distribution and collection of the nation's tax burden;

the priority given to the vast majority of citizens who live in the rural areas; the development of equitable land distribution and the creation of an integrated approach to community development;

the existence of a favorable climate and adequate incentives for foreign and domestic private investment; and

the maintenance of effective controls over the expenditure of foreign exchange for luxury imports.

Many of these same criteria are found in the Clay Committee report:

In asking whether we receive optimum value from our assistance programs, we must know what we seek and what it is we expect. We must not be disappointed if nations which receive our aid do not always agree with us. If our assistance strengthens the will and capacity of a country to remain independent and helps it move toward political and economic stability, our money will have been wisely spent. If our aid simply postpones the inevitable day of financial and national reckoning, then we have wasted our substance and helped the country not at all. It is for this reason that aid to countries which are avowedly neutral and sometimes critical of us may be in order, so long as their independence is genuine, their overall behavior responsible, and their use of their own resources prudent and purposeful.

Earlier, John Kenneth Galbraith, our former Ambassador to India, in the April 1961 issue of Foreign Affairs in an article entitled "A Positive Approach to Economic Aid" set out the following criteria that should be used to judge requests for economic assistance:

In our present view of economic development, the missing element in all countries is assumed to be external resources—above all, capital. The country, being poor, has little national product from which to save and much need for current consumption. Accordingly, the chance for internal capital creation is small, and capital must, therefore, be supplied from the outside. This is the critical need. From the outside, also, must come technicians and specialists to advise in the use and development of internal resources—to improve agriculture, search for oil, guide the exploitation of other natural resources, identify industrial opportunity, protect health or plan education. The capital and the technicians, together with food should this be lacking, we supply. Thus, it is thought, we contribute the missing and critical component of advance.

The difficulty is that what we supply is, in many cases, only one of the missing and critical requirements without which there will be no progress. At least four other things are crucial.

(1) A substantial degree of literacy and that smaller number of people with the higher education and skills necessary to man a government and undertake the managerial and technical tasks associated directly or indirectly with economic advance. We may lay it down as a rule that there will be no durable, self-sustaining advance under conditions of widespread illiteracy and ignorance and without an educated elite of substantial size. In the 18th or 19th centuries, it was well understood—at least in the United States—that popular education was of first importance for releasing the initiative and energy of the people, enabling them to work efficiently and progressively and to give development a thrust or impetus from below. There is no modern reason to believe that this view was wrong.

(2) A substantial measure of social justice. If the ordinary individual receives no share in the advance, he will make no willing contribution to it. And he can normally be counted upon to sabotage it—to be careless of the new machinery entrusted to his care or contemptuous of the new methods recommended to his attention. It is not always easy to get the individual in the underdeveloped country to see and pursue the path of his own self-interest when it involves a break with tradition. He will never do so if all the gains accrue to feudal landlords or employers or to tax-collectors, merchants, and usurers.

(3) A reliable apparatus of government and public administration. Clearly, economic development can occur only in a context of law and order, where persons and property are reasonably secure. But even though this is not always present, it is a good deal less than the minimum that is necessary. Positive

advance also requires a capacity for more difficult tasks—for planning and building roads and other communications, for importing capital and guiding its use, for the management of a fiscal system that makes adequate use of internal resources, or organizing education, and for many other essential tasks.

(4) A clear and purposeful view of what development involves. Development will not occur if it is believed to come automatically with escape from colonialism; if it is identified as a matter of course with faith in free enterprise or socialism; if it is regarded as the special magic that will be provided by a particular political personality; or if it is to be accomplished by some single stroke of genius such as the building of a particular road, the settling of a particular jungle, or the watering of a particular desert. In all instances, the result—not long deferred—will be serious disappointment.

To these four excellent criteria for the United States granting foreign aid might be added a fifth; namely, that there be some valid reason affecting the security and interest of the United States in our being the principal instrument and donor of such aid. Clearly there are countries remote from the United States geographically, historically, and in point of contemporary and prospective conditions, where the eager intromission of the U.S. aid—as against aid by another country more closely related to the recipient—may be questioned, or where no aid at all may be preferable.

Undeniably the practical administrative, economic, and political difficulties inherent in this delicate area of international relations in making a reality of high-sounding words of purpose and in applying firmly any criteria adopted for passing on which nations will receive our economic assistance—and how much—are real.

But if we are to have a foreign economic assistance program at all, this is exactly what we must do. Otherwise, we will dissipate throughout the world the economic substance of the United States without attaining our goal of aiding the underdeveloped nations of the Free World.

Actually it is to the benefit of the nations aided that we adopt realistic criteria to determine the nations to be aided and then "hang tough." We must make the hard decisions that will be required and then stand by them. Only in this way can the nation aided know it is being treated fairly and equitably—that when we say it we mean it not only with that nation but with every nation.

Some will say that to take such a firm stand will antagonize many a nation—that it will damage the image of the United States abroad.

I would emphatically disagree with such an analysis.

True, the nation whose aid is cut or stopped will take umbrage at first. But, if the nation knows—and sees it working as a fact—that we are equally firm with all nations aided, it, and all others, will come to respect the United States more. In international affairs—even as in our daily lives—there is no respect for a "sucker." With firmness coupled with consideration we will emerge with the image of a nation which means exactly what it says; i.e., that we are willing to give economic assistance to underdeveloped nations of the Free World *provided—and only provided*—they are willing at the same time to help themselves.

To critics of this policy of firmness one should say this: What kind of an image of the United States are we building in a nation where everyone knows our aid is going, in substantial sums, to line the pockets of the dictator-ruler? Are we building a strong image of the United States when we continue to grant huge sums of money to a country when

the great masses of that country see our aid going to help the rich grow richer and the poor grow poorer? Are we building an enviable image of the United States when year after year we continue to give economic assistance to a nation which is reluctant to adopt necessary tax reforms so that taxes are collected with certainty from the poor but the rich continue to evade their fair share of the nation's tax burden?

We should let it be known—and mean it—that we are unwilling to help those nations which do not take action to help themselves, which are not genuinely and realistically interested in their own economic development, which dissipate their own funds and our United States dollars on elaborate showplaces or in fighting aggressive wars against their neighbors, which make no real effort to institute needed governmental reforms, or the rulers of which put their own political aggrandizement ahead of the stability of their government and the economic development of their country.

Findings and Recommendations

FINDINGS

There is and has been far too great a tendency on the part of AID Administrators to proceed on the assumption that any nation in the Free World not only should, but is entitled to, receive United States foreign economic aid. This assumption operates regardless of internal situation of the country aided, its political stability, the sincerity of its desire and earnestness to raise the living standards of and grant civil and political freedom to its people, or the state of its economic development.

Not all nations of the Free World are equally ready or equally entitled to receive foreign economic assistance. There is no mandate, or obligation, to give to any and all. Indeed to do so—which has been the general inclination of our foreign aid administrators—is the height of folly.

This indiscriminate selection of nations to receive U.S. foreign economic assistance means a waste of U.S. dollars and hurts our image in the world. Recipient nations have therefore come to accept, and even to demand, U.S. foreign economic assistance not only matter-of-factly but, in some instances, even as a matter of right, rather than in a spirit of being and continuing to be worthy of its receipt.

The result cheapens our program in the eyes of the rest of the world.

In most of the countries aided, carrying out needed reforms on behalf of the people results in many economic and political dislocations and requires sincere determination on the part of the nation's leaders. The United States plays directly into the hands of those protesting the dislocations and weakens the determination of the nation's leaders when they see a neighboring country continue to receive U.S. economic assistance without instituting needed reforms and without disturbing the status quo.

What is desperately needed in the AID program is a set of criteria for determining which nations in the free world are worthy of receiving U.S. foreign economic assistance. These criteria should be widely published. And, even more important, they should be rigidly followed.

IT IS THEREFORE RECOMMENDED THAT

The following criteria be adopted for determining which nation needing and requesting economic assistance from the United States should receive such assistance:

(*a*) There is a reliable, stable, and reasonably efficient system of government and a basic cadre of trained and experienced public administrators.

(*b*) There is a force of trained managerial personnel to administer intelligently any aided economic developments.

(*c*) There is a genuine desire for economic development, a realization of the obligations entailed in such economic development, and a readiness to sacrifice in the present for future economic growth.

(*d*) The budget of the country is austere and its income is not being spent on frills or on the import of luxury goods.

(*e*) The laborers in factory and field—the skilled and unskilled, the workers and farmers—will receive a just share of the benefits accruing from economic development.

(*f*) There is no "flight" of private capital from the country.

(*g*) The country is not engaged in unprovoked military attack on its neighbors or in an unnecessary arms buildup for that purpose.

(*h*) The country is not committed to an economic system dedicated to the ultimate liquidation of private enterprise and investment.

(*i*) There has been formulated a well-conceived, not overambitious, long-range economic development plan.

(*j*) Needed equitable tax and land reforms have been adopted or are in the process of adoption.

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