85TH CONGRESS
1st Session

SENATE

DOCUMENT
No. 31

REPORT

ON

OVERSEAS OPERATIONS OF THE UNITED STATES GOVERNMENT

BY

Hon. Allen J. Ellender, United States Senator
from the State of Louisiana

MARCH 4, 1957.—Ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1957

89056

S. Res. 107

IN THE SENATE OF THE UNITED STATES,
March 4 (legislative day, March 2), 1957.

Resolved, That there be printed as a Senate document the report on Overseas Operation of the United States Government, by Honorable Allen J. Ellender, United States Senator from the State of Louisiana, submitted to the Committee on Appropriations under date of February 1, 1957; and that two thousand additional copies be printed for the use of the Committee on Appropriations.

Attest:

FELTON M. JOHNSTON,
Secretary.

LETTER OF SUBMISSION

FEBRUARY 7, 1957.

Hon. CARL HAYDEN,
Chairman, Senate Committee on Appropriations,
Washington, D. C.

MY DEAR SENATOR HAYDEN: I attach hereto my report covering 28 countries which I visited during the months of August to October, 1956, pursuant to the committee's instructions and authorization. These reports, which are in 21 volumes, contain observations and recommendations with respect to United States programs of economic, technical, and military assistance plus Department of State installations and the United States Information program. Some of the material contained herein is classified. Therefore, I suggest that the committee staff be instructed to file these in accordance with appropriate security regulations.

* * * * * * *

I suggest that the staff of each appropriate subcommittee be instructed to study the attached country reports in order to make available to the Senators as much information as possible during hearings on the 1958 fiscal year appropriations bill.

* * * * * * *

With kindest regards and best wishes, I am,
Sincerely,

ALLEN J. ELLENDER,
United States Senator.

INTRODUCTORY NOTE

Due to security regulations, certain of the supporting data referred to in the body of this report has been deleted. These documents are on file with the Committee on Appropriations and are available to Senators for their use.

This is my fifth formal report dealing with overseas operations of the United States in as many years. The four prior reports were filed with the Committee on Appropriations, under whose authority I conducted my inspections, but were not available to the public because of security regulations.

Following my trip in 1956, I felt that executive branch secrecy was not always being exercised for purely security purposes—that the time had come for the American people to learn—at least in a small way—the extent and manner in which some of their tax funds are being spent overseas. I therefore determined to make public as much of my report as possible. This report, while containing numerous changes and deletions due to security regulations, is the result of that determination.

I hope that it will be useful, not only to the committee and the Senate, but to the public as well. Although lengthy, it outlines in some detail the numerous uses to which United States aid funds are put—some good, some bad, some absolutely ridiculous and wasteful.

It will be noted that, in the body of the report, reference to 1957 fiscal year allocations of funds have been deleted. Almost 8 months of the 1957 fiscal year, which ends June 30, 1957, had elapsed at the time the final security scrutiny was given to this report. Even at this late date, it was the position of the executive branch that fiscal 1957 dollar amounts should not be made public since final allocations had not yet been made.

I think this attitude, too, should be known to the public. I think it displays better than any discussion I could provide, the utter waste inherent in this program—it shows, as I contended in debate, that there was absolutely no need for the full $3.8 billion in foreign-aid money appropriated during the 2d session of the 84th Congress. If after nearly 8 months, this new money has not even been finally allocated (much less obligated or actually spent), then the amounts provided were obviously too large.

I hope that by making this information available to the American people, they will be better able to judge for themselves if there is any valid need for this vast annual expenditure.

CONTENTS

	Page
Finland	1
Russia	9
Afghanistan	14
India	32
Ceylon	49
Indonesia	53
Australia	87
Philippines	91
Japan	109
Korea	136
Formosa	253
Hong Kong	284
Vietnam	286
Cambodia	328
Laos	376
Thailand	385
Burma	428
Pakistan	430
Middle East	446
Lebanon	446
Syria	447
Jordan	447
Israel	449
General Observations	455
Turkey	464
Western Europe	492
Italy	492
France	494
Belgium	496
United Kingdom	497
Netherlands	500

REPORT ON OVERSEAS OPERATIONS OF THE UNITED STATES GOVERNMENT

FINLAND

We have no economic-aid program in Finland. No grants have been made since World War II, with the exception that the Congress remitted a part of Finland's World War I debt. There have been no American loans since immediately after the war when credits were extended to Finland by the Export-Import Bank and also by our Government in connection with the sales of United States surplus properties to Finland. This latter transaction took place in 1946 and 1947.

In recent years, Finland has obtained loans from the International Bank of Reconstruction and Development and has been the beneficiary of certain credits extended by the Soviet Union.

While the bare statements I have outlined thus far would indicate that the Finns have not benefited from any of the American postwar assistance programs, it should be noted that from January 1954 through the end of 1956, a total of nearly $30 million in surplus agricultural commodities has been programed for Finland. More than one-half of this amount is represented by Public Law 480 sales for 1956 alone.

From 1954 to date the United States has received in Finnish currency the equivalent of about $15 million, with the remaining $15 million to be received during the latter part of 1956.

Of the $15 million received thus far, only $4 million has actually been spent but contracts are about to be entered into involving approximately $3 million more. The remainder of the proceeds of the $30 million worth of surplus agricultural commodities sold to Finland through 1956 has already been earmarked by our zealous planners for other purchases and projects. As outlined to me, the surplus agricultural commodity transactions with Finland may be broken down approximately as follows:

1. In January 1954 the Foreign Operations Administration arranged for the sale of approximately $3 million in surplus cotton and roughly $2.2 million in surplus tobacco with funds appropriated under section 550 of the Mutual Security Act of 1951. In other words, the Foreign Operations Administration used appropriated dollars—dollars appropriated under the foreign-aid program—to purchase surplus commodities, which commodities were subsequently sold to Finland. The Finnish currency derived from these sales has been used, according to my information, as follows: Roughly $2 million of equivalent Finnish currency was used to purchase for the Army prefabricated wooden buildings (warehouses and barracks) for shipment to Iran and Pakistan in connection with our military assistance program in those 2 countries. Another $1 million was spent by FOA in 1954 to buy building materials, such as doors and window frames, for shipment

to Greece as a part of the relief effort in that country immediately following the earthquake which struck the Ionian Islands. In addition, prefabricated houses in the value of $1.8 million are to be purchased for the refugee housing program in Berlin, but at the time of my visit to Helsinki actual contracts for these prefabricated dwellings had not yet been placed.

2. In March of 1955 the Foreign Operations Administration authorized the sale of roughly $2 million worth of coal to Finland, again with payment by Finland in its local currency. It is interesting to note that this coal was purchased with dollars from a revolving fund, which the Foreign Operations Administration had set up as part of its "coal sales" program to various European countries. It is my understanding that the Finnish currency received for this coal has been used in such a way as to permit replacement in the revolving fund of the actual amount of dollars expended. In this connection, Finnish lumber products are currently being shipped to Greece under contracts totaling $680,000; the remainder (about $1.3 million in finnmarks) will soon be spent under contracts which are to be placed for the sale of lumber and woodpulp to Spain. It is my understanding that these various items, which we procured with the Finnish currency received for the coal, are being sold to the foreign aid administrators in the 2 countries concerned for dollars, with dollar vouchers being drawn against the appropriations for those 2 nations.

3. In early May of 1955 our Government entered into a basic agreement with Finland concerning the sale of surplus agricultural commodities under Public Law 480. This agreement provided for sales approximating $3 million worth of cotton and $2,250,000 worth of tobacco. According to my information these commodities have all been shipped and the local currency has been paid to the United States Government but as yet it has not been spent. However, it would be too much to expect of our anxious planners to expect that this little "kitty" has not already been programed. As a matter of fact it has, with some $250,000 in local-currency equivalent to be used to help support the educational exchange program between Finland and the United States, and an additional $200,000 to be used to promote the development of markets for American agricultural commodities in Finland. The remainder (about $4.8 million) has been allocated to the Department of the Air Force, which intends to purchase prefabricated houses for use in military housing projects in the Mediterranean area.

4. During 1956 our basic Public Law 480 agreement with Finland (consummated on May 6, 1955) has been supplemented three times. At the time of my visit it provided for shipments of nearly $17 million worth of surplus agricultural commodities, including wheat, tobacco, cotton, corn, prunes and raisins, butter and fresh fruits. With respect to the butter sales (totaling $550,000) this butter was specially requested by Finland in January 1956 when domestic supplies were very low. But before this butter could be shipped, the supply position in Finland has improved so that Finland has actually been exporting butter this summer and our planners indicated to me that it may not be feasible for Finland to import the butter which was envisioned under Public Law 480 agreement.

Of the $17 million which this fourth transaction will provide our Government in Finnish currency equivalent, a total of about $2.2 million has been added to the $4.8 million already allocated to the

Air Force for the prefabricated military housing projects in the Mediterranean area. Some $12 million additional has been allocated to 6 south Asian countries to purchase small coastal and fishing vessels in Finland. Under this scheme, which fortunately has not yet progressed beyond the planning stage, the countries purchasing these vessels would repay the United States in dollars, or perhaps in their own local currency, under a long-term loan agreement.

The remaining funds from the 1956 sales of agricultural commodities under Public Law 480 (approximately $2.7 million) may be used for the purchase of Finnish machinery for the paper industry, for delivery to Turkey as a part of the ICA aid program in that country.

Time did not permit me to delve into the detailed operations of the various programs. I most earnestly recommend, however, that the Senate Appropriations Committee staff endeavor to ascertain whether the amounts derived from our sales to Finland of surplus agricultural commodities and coal and which have been used by the Department of Defense and the Foreign Operations Administration (now ICA) have been in addition to the regularly appropriated amounts for these agencies, or whether proper reimbursement has been made to the Department of Agriculture, the Treasury, or other affected Federal agencies.

I feel relatively sure that reimbursement has taken place; however, I am particularly anxious to obtain details with respect to the loan program of finnmark proceeds for the purchase of vessels in Finland by a number of south Asian nations. If these finnmarks were purchased from the United States Treasury with dollars appropriated for use in these various south Asian countries, the entire transaction appears to be aboveboard. However, if these amounts are over and above the appropriated dollars for these areas, then the entire transactions should be brought to the attention of the committee for appropriate action in connection with the fiscal year 1958 mutual security appropriations bill.

Earlier in this report I refer to the fact that the United States maintains in Helsinki a rather sizable information program.

Exhibit A, attached hereto, indicates that during the 1956 fiscal year a total of $157,105 was spent by USIA/Helsinki for information activities. This amount will increase to $215,980 in the 1957 fiscal year, and according to information obtained by me in Helsinki, our ambitious USIA planners will probably request a further increase in 1958.

Needless to say, it would appear that a large part of the USIA expenditures here are unnecessary. I visited the information offices, our library in Helsinki, and the USIA auditorium. The officer in charge there (Mr. Chapman) is a most sincere official and appeared to be most interested in his work. He was emphatic in his recommendation that a great deal of good can be accomplished if the information service is maintained in Finland at its present level (see exhibit A for details of budgetary items).

Be that as it may, there are a number of facets of the information program in Helsinki which certainly bear investigating. For example, I was informed that a 10-year contract has been consummated with a Finnish concern for space for the information service in a newly constructed office building. According to my information the yearly rental on this office space is in the neighborhood of $26,000 computed at the current rate of 325 finnmarks to the dollar. In it

are located the library, the auditorium, and offices for the USIA staff. The entire facility is very spacious, yet I saw only a few persons using it. I was told that in the summer the majority of the Finnish people go to the country and few use the library. Nevertheless, I was unable to obtain any information on the scene as to what authority in the Information Agency's enabling act or subsequent legislative enactments authorized our Government to contract for this space on a 10-year basis. At first blush, it would seem that at least some of our information officials are well on the way to making a permanent institution of this program—a program which Congress originated as a temporary stopgap.

Since the entire population of Finland numbers only some 4 million people I recommend that under no circumstances should the information program be further expanded, as is now contemplated for fiscal year 1958. I further recommend that the library be turned over to local authorities for operation. It was my information that many American books are handled by local libraries in other areas of Finland, and there is no reason why the same situation should not prevail in Helsinki. The people of Finland are most intelligent; they are well educated, and their literacy rate is extremely high. They are capable, and are overwhelmingly anti-Communist. They should be able to take over the operation of the library facility with no difficulty. It might be well for our planners to consider the establishment of a United States section in one of the main libraries in Helsinki proper, with the library itself providing the space and the maintenance, but with our Government contributing books and similar items.

With respect to the student exchange program, reference to exhibit A, attached hereto, discloses that only token amounts were earmarked under the country budget for this type of program. However, under Public Law 265, enacted August 24, 1949, an educational program is financed out of payments to the United States on Finland's debt.

Exhibit B, attached hereto, shows the amounts available for this purpose through 1984, the year Finland's indebtness to our country will be retired.

In addition to these amounts, however, the United States is also making foreign currency funds available for the Fulbright and Smith-Mundt Act programs. In other words, the United States is operating a three-pronged exchange effort in Finland; first, under the debt-retirement program referred to earlier; second, the Fulbright program; and third, the Smith-Mundt program.

Using the 1956 fiscal year exchange expenditures, it becomes evident that the exchange effort with respect to Finland is excessive. The Fulbright program referred to earlier requires that the sum of $250,000 annually over a 5-year period be spent for exchange and related activities. (See exhibit C.)

Thus, with reference to 1956 fiscal year, here is the way the exchange program operated. Out of the Finnish World War I debt retirement fund, a total of $275,958 was spent for the exchange program. This compares with a total of $398,454 available in both principal and interest payments from the Finnish debt-retirement program. In addition to the $275,958 spent for exchange purposes from this source, the exchange program here also spent the requisite $250,000 in local currency equivalent, under the Fulbright Act during the 1956 fiscal year. Thus, total expenditures for exchange activities in Finland aggregated $525,958. In addition to the $275,958 spent for exchange

of persons from the total Finnish debt payment available of $398,454, $115,000 was budgeted for purchase in the United States of American books and equipment for Finnish schools as provided by Public Law 265. The net result was that our country provided $398,454 under Public Law 265 and $250,000 in Finnish currency under Public Law 584 (the Fulbright Act).

I recommend most heartily that if the Fulbright, Smith-Mundt, and related exchange programs are to continue, they all be financed from payments available under Public Law 265 enacted in 1949, which authorizes the use of Finland's debt payments for such programs. Under no circumstances should we supplement these amounts for exchange of persons by further appropriations of dollars or allocations of local currency proceeds held by the United States Government.

It should be also noted that, during fiscal year 1956, 130 persons were involved in the exchange program utilizing debt payment funds. Included in this number were 30 Americans who were sent to Finland with assistance under the Fulbright Act; 2 other Americans who went to Finland under Public Law 265; and 98 Finns who were brought to America under the Fulbright and War Debt programs. It would seem most wasteful to provide appropriated dollars to send 130 exchangees back and forth between Finland and the United States, when at least the major part of the present effort could be maintained by using debt payments alone. I therefore recommend that the dollar expenditures and foreign currency funds made available to the Fulbright and Smith-Mundt programs, over and above the Finnish debt payments, be halted.

With respect to our operations in Finland as a whole, I would recommend a review of our present policy which precludes Finland's borrowing from the United States because of the Battle Act's provisions. Finland, which is rich in forest resources, is suffering from an acute shortage of capital. If the potentialities of this tiny nation are to be developed to the utmost, a reasonable and realistic program of loans to assist the Finns in rectifying their capital deficiencies would be most beneficial. Loans made on a fair and reasonable basis might so improve the economy of Finland that she would not need help of any kind.

EXHIBIT A

Summary by activity—Estimated USIS expenditures by activity

Activity	Title	Fiscal year 1956 estimated	Fiscal year 1957 estimated	Fiscal year 1958 estimated
11	Local salaries	$47,445	$76,030	
12	Living and quarters allowance	8,210	13,790	
13	Representation	400	400	
15	Radio and television		875	
16	Press and publications	37,745	48,850	
17	Motion pictures	4,900	7,365	
18	Information center and related programs	16,975	22,340	
19	Support to exchange of persons program	250	500	
	VOA monitoring	1,035	735	
20	Program direction and appraisal	1,325	5,460	
21	Direct administrative expenses	38,840	39,635	
	Total	157,105	215,980	

NOTE.—For fiscal year 1957, USIS Finland is requesting an increase of $58,875. Of this amount $39,280 are required due to Embassy-USIS agreement on 25 percent increase in local salaries, full American staff living and quarters allowance, small increase in administrative costs (communication costs in Finland are increased by 20 percent. The remainder $19,595 is for increasing program direction and appraisal, development of USIS program outside of Helsinki, and strengthening both the information and cultural programs.

Fixed charges

Activity	Title	Fiscal year 1957 estimated
11	Local salaries	$71,350
12	Living and quarters allowance	13,790
13	Representation	400
21	Direct administrative expenses	45,050
	Total	130,590

Program expenses

Activity	Title	Fiscal year 1957 estimated
	PUBLIC AFFAIRS OFFICE	
20	Program direction and appraisal	$5,460
171	Mobile unit operation	3,020
	Total	8,480
	CULTURAL PROGRAM	
18	Information center and related programs	22,340
19	Support to exchange of persons programs	500
	Total	22,840
	INFORMATION PROGRAM	
15	Radio and television	875
16	Press and publications	48,850
17	Motion pictures (excluding subactivity 171)	4,345
	Total	54,070

Percentage distribution of total budget between fixed charges and program funds

	Fiscal year 1956, percent	Fiscal year 1957, percent
Total budget	100	100
Fixed charges (activities Nos. 11, 13, 21	59.9	60.5
Program funds (activities Nos. 15, 16, 18, 19, 20)	40.1	39.5

EXHIBIT B

[81st Cong., 1st sess.; report of the Committee on Foreign Affairs on H. J. Res. 87 (H. Rept. No. 1195, Aug. 5, 1949)]

AN EDUCATIONAL EXCHANGE PROGRAM TO BE FINANCED OUT OF PAYMENTS TO THE UNITED STATES ON FINLAND'S DEBT

(Page 14)

The schedule of remaining payments is as indicated below:

Schedule (as of current date) of future payments by Finland to the United States on account of funding bonds issued by Finland, as modified by moratorium agreements; stated by calendar years

Year	Principal balance	Interest installments	Installments on principal	Installments under moratoriums	Total payment
1949	$7,234,000	$126,595	$103,000	$34,827.24	$264,422.24
1950	7,131,000	249,585	107,000	69,654.48	426,239.48
1951	7,024,000	245,840	110,000	42,264.36	398,104.36
1952	6,914,000	241,990	114,000	42,264.36	398,254.36
1953	6,800,000	238,000	118,000	42,264.36	398,264.36
1954	6,682,000	233,870	122,000	42,264.36	398,134.36
1955	6,560,000	229,600	126,000	42,264.36	397,864.36
1956	6,434,000	225,190	131,000	42,264.36	398,454.36
1957	6,303,000	220,605	136,000	42,264.36	398,869.36
1958	6,167,000	215,845	141,000	42,264.36	399,109.36
1959	6,026,000	210,910	146,000	42,264.36	399,174.36
1960	5,880,000	205,800	151,000	42,264.36	399,064.36
1961	5,729,000	200,515	156,000	42,264.36	398,779.36
1962	5,573,000	195,055	162,000	42,264.36	399,319.36
1963	5,411,000	189,385	167,000	42,264.36	398,649.36
1964	5,244,000	183,540	173,000	42,264.36	398,804.36
1965	5,071,000	177,485	179,000		356,485.00
1966	4,892,000	171,220	185,000		356,220.00
1967	4,707,000	164,745	192,000		356,745.00
1968	4,515,000	158,025	199,000		357,025.00
1969	4,316,000	151,060	206,000		357,060.00
1970	4,110,000	143,850	213,000		356,850.00
1971	3,897,000	136,395	220,000		356,395.00
1972	3,677,000	128,695	228,000		356,695.00
1973	3,449,000	120,715	236,000		356,715.00
1974	3,213,000	112,455	244,000		356,455.00
1975	2,969,000	103,915	253,000		356,915.00
1976	2,716,000	95,060	262,000		357,060.00
1977	2,454,000	85,890	271,000		356,890.00
1978	2,183,000	76,405	280,000		356,405.00
1979	1,903,000	66,605	290,000		356,605.00
1980	1,613,000	56,455	301,000		357,455.00
1981	1,312,000	45,920	312,000		357,920.00
1982	1,000,000	35,000	322,000		357,000.00
1983	678,000	23,730	333,000		356,730.00
1984	345,000	12,075	345,000		357,075.00

Exhibit C

Educational Exchange Statistics

Public Law 265 (Finnish World War I Debt Act) enacted August 24, 1949, to last through 1984. The annual amount available is indicated on the attached table. During fiscal year 1956 there was available $398,454.36 and in fiscal year 1957 the amount is $398,869.36. The breakdown of these respective sums as to category and amount is as follows:

	Fiscal year 1956	Fiscal year 1957
Books and library equipment	$45,000	$50,000
Technical and scientific equipment	45,000	50,000
Films and projectors	13,000	22,000
Recordings	12,000	8,000
Total	115,000	130,000

The remainder of the total payment as utilized in educational exchange is as follows:

	Fiscal year 1956	Fiscal year 1957
Finnish lecturers—research scholars	8	11
Finnish teachers	15	15
Finnish graduate students	40	36
Finnish leaders	27	26
Finnish specialists	8	6
United States specialists	2	2
Total	100	96
The total amount expended during fiscal year 1956	$275,958	
Fiscal year 1957		$265,228

Public Law 584 (Fulbright Act) enacted in an executive agreement with Finland on July 2, 1952, provides for foreign currency funds an amount of $250,000 annually for 5 years. Grants budgeted to Americans for fiscal year 1956 and fiscal year 1957 are as follows:

	Fiscal year 1956	Fiscal year 1957
Lecturers	9	10
Research Scholars	4	5
Teachers	2	2
Students	15	12
Total	30	29

Travel grants budgeted to Finns are as follows:

	Fiscal year 1956	Fiscal year 1957
Lecturers and research scholars	12	12
Teachers	15	15
Graduate students	55	55
Total	82	82

RUSSIA

Russia, in both people and resources, is a slumbering giant, now in the throes of complete awakening. I was astounded by both the progress this country is making, and its lack of progress in very basic areas.

For example, in agriculture, Russia has reached a point comparable to that attained by our country 20 to 30 years ago. Plagued by a shortage in the varieties of crops which she can produce, and hampered by adverse growing and harvesting conditions, Russian agriculture is making relatively slow progress. In addition, Russian agricultural methods, when compared to ours, are almost primitive; there is much waste, both of foodstuffs and manpower.

During my visit, I was able to travel freely, to see the things I wished to see, and to have with me, in addition to a Russian interpreter, my own interpreter, a member of the United States Embassy staff in Moscow. As a matter of fact, I arranged my own itinerary after I reached Moscow. My only difficulty was in obtaining accommodations where I desired to visit. As a result of a lack of accommodations, I had to travel long hours. In order to save time as well as expenses, we hired a Russian car and chauffeur. We traversed a wide area of Russian farmlands. In fact, we visited the heart of Russian agriculture. I motored over 2,500 miles and flew 5,000 miles over Russian territory.

I saw much waste, particularly with respect to food grains. For example, huge piles of grain lay in the open, on the roadways and the farms, without covering of any kind. Russian workers turned this grain frequently by hand, in order to facilitate drying. Buckets, trowels, dishpans, in fact, all sorts of utensils were used in the operation. (Because of the short growing season, and the lack of equipment, much grain must be cut before maturity. It is windrowed in the field when the kernels are milky and thereafter thrashed after the kernels harden.) South of Moscow, one-half of the hardsurfaced roadway we traveled over was covered with grain for a distance of about 500 kilometers to permit it to dry. It was raining and I know there was much loss sustained. Much human power was in use to save the grain.

Russia relies, to a large extent, upon mechanical devices to facilitate farming, but almost all the tractors, combines, harrows, and other equipment I saw appeared antiquated by our standards. I saw only a few more or less modern pieces of equipment at the fair ground in Moscow. They were on exhibition. Where equipment was not available, manpower was used, with women performing what we in American would regard as the work of men.

Despite the recent boasts of Russian leaders, the Soviet Union is having extreme difficulty in producing sufficient foodstuffs to properly feed its people; Russian dietary standards are far below our own. The majority of Russian people with whom I spoke (and this includes Russian men on the street) were plump and heavy-set and apparently relied almost entirely upon starchy foods for nourishment. Grain, potatoes, rootcrops, such as turnips, beets and radishes, form the bulk of their diet. Fats and oils come principally from sunflower seed and cottonseed. Meat is scarce and very expensive.

89056—57——2

For the past 2 or 3 years, Russian leadership has been engaged in opening new lands in the south central part of the U. S. S. R. to agriculture. Settlers are encouraged to go there and farm. The area is semiarid and the soil is held together by a layer of virgin grasses. About 60 million acres have been put to the plow and more is being plowed. One grain crop of consequence will be grown every 4 or 5 years after this area is in cultivation for a few years. This year a banner crop was produced. I predict that after the land is plowed for 3 or 4 successive years, it will blow away and create a dust bowl that will make our own look insignificant.

There is quite a stretch of land at the base of the Caucasus Mountains that is irrigated by water that comes down mountain streams which are fed from melting snows. Cotton, fruit, some vegetables, watermelons, and cantaloupes are grown in abundance. Between seven and eight million bales of cotton are produced annually.

The Kuban area—comparatively new lands, located between the Caspian and Black Seas—is very fertile. The rainfall is about 25 to 28 inches along the coastal plains. One is reminded of Iowa, Illinois, and Indiana lands. It is my belief that much corn and livestock could be produced here under proper guidance. It could be made to rival some of our own areas.

These developments, coupled with a more efficient use of the manpower available to the Soviet Union, plus an increased availability of modern farming equipment, could result in vast increases in Russian agricultural production. The Soviet, however, will continue to be plagued by a relatively short growing season, and climatic conditions which preclude the large-scale production of what we have come to regard as basic agricultural staples. I was disappointed not to find a wider variety of crops grown in the Ukraine. Portions of that once fertile area are deteriorating. Less than one-fifth of the land lies fallow each year. I saw many fields with weeds as thick as the planted grain.

Russian agriculture suffers tremendously from the concentration of production in either collective or state farms. Many of the Russian farmers have no desire to increase production or become more efficient, since they have lost their identity as individual entrepreneurs. The old saying "What's everybody's business is nobody's business" can be sucessfully applied to the collective farms.

As to Russian industry, I saw some modern processes (such as a most unique shoe production line), along with great evidence of expansion, but for the most part, Russian industry seems to be crude and backward when compared with our own. I saw only 5 different models of passenger cars, 2 models of passenger buses, 1 for short and the other long haul, 2 models of refrigerators, 1 standard model of trucks. I do not desire to leave the impression that this status may long remain, for great efforts are being made to modernize Russian industry, and to expand production—particularly in the area of heavy industry. Dams, both for navigation and power generation, are being constructed. More factories are rising. The industrial base is being widened, and within the next 5 to 10 years, Russia will undoubtedly become a mighty industrial power. That will come about by the increasing demand for more and more consumer goods.

I was much impressed with hydroelectric power development in Russia, particularly on the Volga River. At Stalingrad, 21 turbines will be constructed to produce 2,350,000 kilowatts per hour. Eight power facilities will be built on that great river which will produce, I

was told, 65 billion kilowatt-hours per year. Two rivers that now flow into the Arctic Ocean will be directed to the Volga so as to increase its capacity.

I visited a huge electrical manufacturing plant in Kharkov. I saw under construction a turbine that was larger in diameter than any I have ever seen in the United States. I doubt that we have sufficient water capacity to engage such a huge turbine economically.

I was not in Russia during the school months. However, I did have occasion to talk to Russians in almost all walks of life. The Soviets are placing great emphasis upon educational training. A modified form of merit system is in effect, with students selected for certain training on the basis of ability and aptitude; they attend college at Government expense; subsidies are paid to scholars, particularly in the technological fields and in both theoretical and applied sciences, I was informed.

Too, Russian children are being exposed to a universal educational system. In cities of 10,000 and more, from the 1st to the 10th grades is a must and in all other areas, from the 1st to the 7th is compulsory. While the Russian school curriculum is spiced heavily with Communist doctrine, the Soviet leadership has not yet found a way to communize such basic principles as the chemical composition of water or the Pythagorean theorum in geometry. I am firmly convinced that it is the Russian educational system that offers the greatest hope for ultimate Russian freedom. The people are beginning to think for themselves and as time goes on, it will be more and more difficult for the leaders to keep them in line.

I found that, as a whole, the educated Russians I spoke with were extremely curious about our mode of life in the United States, and, even more important, demonstrated a desire if not a compelling urge to go behind catchy Red slogans, and to do their own thinking. I have no doubt that the Russians of today are better off than they have ever been. Most of them seem satisfied for the reason that they know no better way of life than that which they are now enjoying.

Joseph Stalin grew to power in the midst of ignorance and poverty. I am convinced that because of the changed conditions in Russia the people will not permit another despot to assume such powers as those exercised by Stalin.

As more Russians become educated, they will become less and less prone to accept at face value the propaganda-loaded description of life in the United States which the Red propaganda system dins insistently into their ears. The Russian people are curious by nature; they are becoming increasingly more curious about Americans, about life in America, and about the freedoms we enjoy.

During my stay in Russia, I visited the Crimea, where former royal palaces have been turned into worker hotels and resorts. People gathered around me in the street, at the hotels, and on the boardwalks, eager to feel the quality of my clothing, to see the kind of leather from which my shoes were made, and to hear me speak (through our interpreter) of life in America. They were astounded to learn that American workers are not starving in the streets of New York, and that Negroes are not lynched by the hundreds in the Deep South. They thought it unbelievable that almost every American family has its own automobile, and that the people of the United States do not want war with the people of Russia.

They were extremely curious about the prices of food and goods in the United States. They displayed doubt when I told them my shoes cost $17.50, compared with $65 to $75 in the Soviet Union. The cheapness in price and abundant availability of goods in America created amazement and disbelief among these people, who are charged $220 for an 8-inch television set and $500 for a small electric refrigerator, and to whom owning an automobile is an almost unheard of luxury for the average worker.

This curiosity, it strikes me, offers the free world a fertile area in which can be planted the seeds of freedom for Russia. I therefore recommend that, subject to reasonable security regulations, we broaden our exchange-of-persons program with the Soviet Union, and that we bring more of the Russian people into the United States, to see at first hand how our people live. I recommend, too, that our Information Service increase its efforts to reach behind the Iron Curtain with the message of freedom. In this connection, it is of vital im portance that our magazine, our broadcasts, and so forth, to the people of Russia contain no criticism of their way of life. Although we abhor communism, instead of disparaging it we must stress the positive aspects of our own system. We should say, in effect: "We give you credit for believing in communism as an economic system; that is your right. But, here is what a free people, living under a democratic system of government, have both in physical and spiritual things." A better plan would be to extoll the virtues of democracy and completely ignore their system.

I do not pretend to be a psychologist, but I do know that the surest way to shut the ears of the Russian people to the story of our way of life is to criticize their existing form of government. As the old saying goes, "You can catch more flies with honey than with vinegar."

I am sincere in my belief that by bringing more Russian farmers, more Russian industrial workers, doctors, teachers, more Russian housewives and children and others, to our country, permitting them to see at first hand how we live and the benefits available to us under a free system, we can demonstrate that communism cannot hold a candle to democracy in furthering the cause of individual freedom or bringing a better way of life. This exchange of persons, coupled with objective reporting of our American way of life, will—I believe—create a mighty force for peace with its genesis among the Russian people, a force which the leaders of Russia could ignore only at their personal peril.

As a matter of fact, the Russian leadership has done much to make any effort on its part to generate a warlike spirit extremely difficult. Throughout the countryside were posters bearing the legend: "Peace." The Russian radio repeated the message that Russia desires only peace. The Russian people have been conditioned to expect peace, and I feel it will be extremely difficult for Soviet leaders to plunge them into a major conflict without creating fearsome conditions within the U. S. S. R., conditions which could perhaps result in a violent reaction among the Russian people.

The Russian people with whom I spoke believe that the United States fears Russia, and that present American policy is designed with one ultimate objective—the forcible destruction of the Soviet Union. Therefore, they fear us. As patriots (and the Russian people love their land if not their present government), the people of Russia would

be willing to fight for their existence. Soviet leadership has capitalized upon this fear; through this medium, they have been able to keep living standards low in order to forge a military machine. If it were possible (and I think it is) to dispel this fear, to eliminate the distrust of American motives *among the Russian people,* then relations between our two countries would improve overnight. We must make every effort to convince them that our preparations are not for war or aggression, but for defense.

To illustrate what I am driving at, while visiting the great dam at Stalingrad, I asked the engineer in charge, if it were not true that the dam was started in 1950 or 1951 and that suddenly orders came from Russian leaders to stop building the dam. I asked why that was done. He said because the money was needed for other purposes. "And what were those purposes?" I asked. He said it was political and he did not care to answer. I chided him and said "I suppose you spent the money to make weapons of war to fight us." He smiled, but insisted that the question was political and he would not discuss it further. I then asked "When did you resume work?" He said, "After the Geneva Conference, when your President indicated to the world that America wanted peace and not war."

The older Russian citizens with whom I spoke, people who had lived under and could recall the rule of the Czars, were unanimous in their belief that "things are better now than then." They have more food, more clothing, and a greater sense of their individual worth, as I indicated earlier in my remarks. However, there is much discontent within Russia—discontent that, nourished by exposure to America and Americans, could blossom into such a powerful force that communism could receive a telling blow.

These factors—increased education, natural curiosity, and a desire for self-improvement—are available to the United States for intelligent use as the foundation for an ultimate rejection *by the Russian people* of communism as both a way of life and an economic system.

I therefore regard as most unwise our Government's recent shutdown of exchange of persons between Russia and the United States. I think it was stupid. The reaction of the Russian people, fostered by the Communist propaganda machine, will be: "America fears us—she fears that we will see her poverty and her ignorance—she does not want us to see how weak she is and how her people are oppressed." In addition, this action will lend credence to the repetitive pronouncements of Moscow propaganda mediums that the United States wants war, while Russia wants peace. This, of course, will create an atmosphere which could ignite like tinder should even a tiny spark fall.

Since my return to the United States, I have been referred to by some mediums as having been "brainwashed" by Khrushchev. This I most vehemently deny. I believe I have noted basic factors which, if only capitalized upon by our country, can result in the destruction of dictatorial rule in Russia. The people of Russia bear within their great masses the seed of American victory in the cold war—a victory which can result not only in benefiting the free world, but in rekindling the light of freedom behind the Iron Curtain. It is now time for us to begin nourishing this seed, to the end that fear will be replaced with trust, ignorance with knowledge, and, ultimately, cold war with warm friendship between the people of Russia and the people of the United States.

AFGHANISTAN

There are three major programs either contemplated or underway in this isolated and undeveloped country. They are:

(1) Development of air transportation;

(2) Technical and economic cooperation with the Helmand Valley Authority;

(3) Technical cooperation with the Afghan Bureau of Public Roads.

A number of other technical assistance projects are already in existence, which I shall hereafter discuss, but the three items I have referred to are receiving the greatest emphasis and deserve the most comprehensive scrutiny.

Development of air transportation is a joint United States-Afghan project under which the United States Government will assist the Afghanistan Government in developing a balanced, efficient and financially stable air transport system.

Afghanistan is a landlocked country with an estimated area of 260,000 square miles. It is characterized by mountain and desert country interspersed with small valleys which are made to produce by irrigation from snow-fed mountain streams. It is the feeling of our planners in Afghanistan that due to this little nation's geographical position, which is astride trade and invasion routes leading from the Middle East into Central Asia and the Indian subcontinent, Afghanistan should be modernized, and to the maximum extent possible, made to feel that its most stable and realistic future lies in alinement with the West.

Consequently, our efforts in Afghanistan have been directed toward providing a foundation, both economic and political, upon which the Afghans can build a secure national existence.

Communication facilities in Afghanistan are particularly primitive. There is no railway in existence. The primary road system consists of a comparatively crude highway which connects the principal cities of the country; these roads are unpaved, with bridges frequently washed out. Many of the highways are little more than camel trails. One of the objectives of our ambitious planners in Afghanistan is to increase communication between the various areas of this backward land.

The air transportation development program will stress five major objectives. These are: first, the development of an international airport at Kandahar; second, the development of an Afghan national airline (Aryana Airlines Co., Ltd.); third, the development of small domestic airports; fourth, the development of an airway system in accord with international air traffic requirements; and fifth, development of the organization and skills of what is now the Afghan Department of Civil Aviation.

The development of Kandahar International Airport will include the construction of runways, taxiways, aprons, hangars, control tower, high intensity lighting system, aviation fuel storage and fueling systems, water supply system and essential buildings and facilities for operational purposes. In connection with the development of the airlines company proper, it is proposed to extend technical and economic assistance to the end that this organization will be managed and operated in accordance with what our planners regard as sound

commercial practices. It is proposed that the United States Government train pilots, mechanics, traffic control personnel, among others, and procure additional airplanes.

In developing smaller domestic airports and emergency landing strips, the proposed program will concentrate on three airports located at Herat, Baghlan, and Jalalabad, with emergency landing strips at other sites.

With respect to the development of an airway system, it is proposed that proper communications and navigational equipment be installed at all airports and other selected sites which our Government and the Government of Afghanistan may mutually agree upon. Of course, it will require technically trained personnel to operate this ambitious program, and we are presently undertaking to train Afghans for not only maintenance and communication chores but also in the regulation of civil aviation, that is, to equip the citizens of this extremely backward land with sufficient know-how to control the economic aspects of a commercial aviation program. It is my assumption that the end result of this latter phase will be the establishment of an Afghan equivalent of our Civil Aeronautics Board.

At the present time, a grand total of ——— in appropriated United States funds has been allocated to the aviation program. Of this amount, ——— is a loan; the remaining ——— is a grant. The loan funds will be used to provide aircraft for the airline company, for engineering and construction, and to import equipment, materials, supplies, etc., for the international airport at Kandahar.

Grant funds will be used in the following amounts for the following purposes:

Airline management and technical operations assistance and training, including training abroad, ——— communications-navigational aids, ——— with half of this amount to be used at Kandahar and the remaining one-half at Kabul, Herat, Baghlan, Jalalabad and other sites agreed upon: engineering and construction services and imported commodities for the construction and operation of domestic airports, ———.

In addition to the $1,800,000 which we have loaned to the Government of Afghanistan to be used in connection with the air transportation program for engineering and related service, ——— in grant funds will be made available for similar purposes, with an additional grant of ——— to be used for training equipment and facilities for technical schools. An additional ——— will be used for the department of civil aviation functional operating and training assistance program.

While the United States proposes contributing ——— at this time for the air transportation development program, approximately 100 million Afghanis (local currency of Afghanistan) will be contributed by the Government of Afghanistan. It is to be noted, however, that the great bulk of this amount is in the form of professional, skilled, and unskilled labor.

I recommend that an earnest effort be made to ascertain whether or not this program is too ambitious and not in keeping with the financial capabilities of the Government of Afghanistan. As I indicated earlier in this report, this is an extremely underdeveloped land. I fear that once these amounts are expended in order to provide a foundation for a commercial aircraft and transportation system in

Afghanistan, a continued effort will be required by our Government to see that the installations constructed, the aircraft provided, the navigational aids installed, and so forth, are properly serviced and maintained. In addition, the Government of Afghanistan may feel that the United States is at least morally bound to continue a pilot-training program, and to exercise general supervisory functions over the entire program. If this is true, then I fear that our initial effort in this tiny land will lead to a long-continued program which, under the circumstances, could lend to an increased feeling among the Afghan people themselves that their country is falling under the political domination of the United States.

As a matter of fact, there were indications that this feeling is growing at this time, stimulated no doubt by the intensive propaganda efforts of the Russians. To counter this program, we have had to undertake a rather comprehensive information effort here. Thus we enter the vicious circle. Our aid, which contemplates projects beyond the inherent capabilities of the people, creates ill will amongst the people. This necessitates greater expenditures for the information program. The more spent for information results in the need for more aid. Thus around and around we go and where we will stop nobody knows.

Perhaps an even better illustration of my remarks can be found with respect to the Helmand Valley program.

According to information provided me while in Afghanistan, the purpose of our cooperation with the Afghan Helmand Valley Authority is to provide basic assistance essential for the ultimate success of this ambitious program.

The Helmand Valley program goes back to 1946, when the Royal Government of Afghanistan entered into a contract with the International Engineering Co. and Morrison-Knudesn Afghanistan, Inc., a construction company, for building this combination reclamation, power development, and navigation project. No studies were made of the projects, except that plans for two dams were perfected at the request of the Afghan Government. The Government had on hand a little over $23 million and expected to complete the projects with that sum. The dams were started and well advanced when the Afghan Government ran out of funds. Applications for loans were made with the Export-Import Bank in 1950 and in 1954, and after only cursory engineering studies the bank loaned $21 million and $18,500,000, respectively, to the Government of Afghanistan to continue and complete the dams, canals, irrigation, and other works. This total of nearly $40 million made available by the United States Export-Import Bank had its implications. In making the loan we were supposed to know that the project was feasible; in fact, the prestige of the United States was at stake in the success or failure of this project. In fact, since American engineers were employed, the project was destined to be a great success according to its promoters.

We find ourselves, according to our planners, in the unhappy position of being blamed if the ill-planned project is not successfully completed, and actually receiving but scant credit should it be a success, since a successful effort will result in the Government of Afghanistan (which conceived the scheme in the first place) receiving the credit.

Because of this "heads you win, tails we lose" position of the United States, high priority has been given to the Helmand Valley

project in our assistance effort. Prior to fiscal year 1956, we extended technical assistance to Afghanistan and the Helmand Valley Authority on a more or less piecemeal basis. As the committee will recall, I pointed out in my report last year that the project appeared to be ill planned and in many respects ill conceived. Unfortunately, as I indicated before, this project was started on engineering studies which were essentially incomplete and which had not been thoroughly worked out. From the information I was able to obtain concerning our earlier efforts, it would seem that it would be correct to state that prior to fiscal year 1956 our money invested in this project was essentially wasted.

Prior to the 1956 fiscal year, our funds were used primarily to keep canals and minor irrigation facilities in operating condition, to accumulate hydrological data essential to the management of the flow of water from the reservoirs (which certainly should have been done prior to the undertaking of the project), to formulate and implement an agricultural program for the entire valley, to establish agricultural research, forestry, and horticultural nurseries, to undertake rural development including environmental sanitation, health and educational programs, and to establish a sound administrative program for the Helmand Valley Authority.

In other words, prior to the 1956 fiscal year, technical assistance rendered to the Government of Afghanistan in connection with this project amounted to performing functions which certainly should have been completed in advance of undertaking the project and, certainly, in advance of the granting of loans in 1950 and 1954 by the Export-Import Bank.

Since 1956, spurred by what our planners describe as "unexpected problems which have been encountered in the land reclamation phase of the Helmand Valley development", the entire project has been resurveyed at the request of the Royal Government of Afghanistan. While there I met members of the commission making the study.

At the time of my visit, I was informed that the Helmand Valley fiscal year 1957 works are being formulated only tentatively and will later be modified to conform with the recommendations of this survey mission. So far I have not been informed of its findings.

Just a brief rundown of the various subprojects involved in the overall valley program will indicate the present scope and the projected scope of what could become a monumental American effort here. As stated earlier, prior to fiscal 1957, ICA provided only technical assistance for the implementation of the Helmand Valley project. In June of 1956, $500,000 in economic assistance, to be spent over a 3-year period, was allotted for the proposed works. Up to the present time the Helmand Valley development program has been basically an operation designed to make increased water resources available for established agricultural areas and to reclaim additional agricultural lands. Two dams for water storage have been completed as well as approximately 200 miles of main canals and necessary laterals and drainage works. An additional 100 miles of main canals together with the necessary laterals and drainage works are under construction. When completed, it is proposed that the irrigation system will supply water for approximately 750,000 acres of land already under cultivation and for approximately 200,000 acres of reclaimed lands. The maintenance of this phase of the authority requires considerable

know-how and, unfortunately, the local personnel experienced in this work is extremely limited. Therefore, the primary purpose of our effort with respect to the canal operation and maintenance work has been to provide assistance in the nature of technical personnel to operate and maintain the canal system and to train local personnel for the efficient discharge of their responsibilities.

The second phase of the authority program is a surface water investigation project, the primary purpose of which is to accumulate hydrological data essential to the management of the flow of water from the two reservoirs already constructed. To further this work we have established, operated, and maintained streamflow stations on rivers and canals and compiled records for present and future use. We have also established and presently operate a network of weather stations to study and analyze streamflow records and to prepare rainfall runoff computations and runoff forecasts. We have also begun ground-water investigations which appeared essential to the solution of rather serious drainage problems. Three technicians are presently engaged in this work.

The third subproject in this authority program is a community development program which has stressed assistance to settlers in the reclaimed lands and the training of village workers and extension specialists in agriculture, health and sanitation, and social education. In other words, now that additional land has been made available, we are embarking upon a program to teach the settlers in these areas how best to use this land.

The fourth phase of the authority involves technical assistance and training in introducing and establishing principles and techniques of general administration, organization, and management in order to provide the local administrators of the authority with sufficient training to properly administer its various phases. During fiscal year 1957, funds to undertake this work on a 2-year basis under contract with an American administrative services organization are proposed to be allocated.

The fifth and final phase of the authority program involves a public health and sanitation effort in the Helmand Valley. It will be tied in with the village development project, which I referred to earlier, and will stress assistance in sanitation including the construction of latrines, compound planning, sewage disposal and similar programs. This will involve three technicians during the 1957 fiscal year.

While in Afghanistan I visited a considerable portion of the Helmand Valley project, and I quote now from my on-the-spot notes:

> The Helmand Valley project was not properly planned in the first place as I first noted 2 years ago. The firm hired to construct the two existing dams by the Afghans several years ago and which firm was partly paid out of funds advanced by the Export-Import Bank, evidently failed to live up to the original expectations of the Afghan Government. Consequently the Afghans have spent not only the bulk of the money they had planned to make available themselves for this work, but the amounts loaned by the Export-Import Bank as well. Since the project has still not met local government expectations, the United States is being blamed by virtue of the fact that it was our Export-Import Bank that made the original loans in the first place.

I visited both of the existing dams in the Helmand Valley area. The first (Arghandab) has formed a lake 2½ miles wide and about 24 miles long. The second (Kajakai) has formed a lake of similar size. Both of these structures are quite impressive and both have been built

so that generating equipment can be installed if and when money is made available.

I consulted with the local representative of the Morrison-Knudsen Co., and he admitted to me that he was hired to build dams but that he was not fully acquainted with the project or how it would operate. It was his view that his company had been employed before the Afghanistan Government had fully completed the necessary preconstruction planning.

A ride through the country with the technical adviser to the Helmand Valley authority resulted in my being able to inspect canal and lateral works. We also visited the first major reclamation and resettlement area undertaken under the valley authority. This particular section consisted of 21,000 acres; the soil appeared to be extremely shallow. By visiting subsequent areas I learned that there are now approximately 385,000 acres of land under development. However, I would recommend that before any further money is spent the survey mission should be permitted to conduct extensive soil surveys since it appeared to me that the soil, once the rich river bottoms proper are left, is extremely thin. I noticed stones and rocks scattered over most of the acres and the land is as hard as cement. It appears to me that much will have to be done at considerable expense to develop this area and condition the land for cultivation.

According to my information, the primary purpose behind the program is to settle the many nomads which roam Afghanistan. These tribes own thousands of sheep, goats, and camels and, basically, they are not farmers. Nevertheless our technicians are hard at work trying to make dirt farmers out of people who have wandered throughout this ancient land almost since time immemorial. Since the older folks are extremely set in their ways and actually have no interest in agriculture, our technicians have concentrated their efforts on young and inexperienced boys. Frankly, I fear that even should the proposed and expected areas be reclaimed, it will not be possible to convince a sufficient number of these nomadic tribal members to farm these areas efficiently. After revisiting this project, I have found that not only was the entire scheme ill-planned and insufficiently developed before vast sums of money were poured into it, but also that even with comprehensive and extensive planning, it will not meet the expectations of the Afghan Government. If more money be spent I sincerely hope that it will not come from the United States Treasury. Our experts in Afghanistan are advocating the expenditure of substantial amounts of money in order to make the project a success. They fear that unless we do so, we shall incur the displeasure of the Afghanistan people and that they will turn to Russia for aid. As a matter of fact, a considerable amount of Russian money has already been spent in this country. (See classified attachment with respect to use of Soviet loans thus far.) The general nature of work undertaken with Russian aid has involved paving streets in Kabul, building a grain silo, bakery, and oil storage tanks, and performing highway rehabilitation.

Not to be outdone, the United States is also proposing a highway construction program. According to my data, we are presently extending technical assistance to the Ministry of Public Works of Afghanistan, with primary efforts directed at planning a national road network. As noted by our mission here, the improvement of

roads in Afghanistan necessarily has a high priority because it is basic to the Nation's general economic development. They add:

> The present high per ton-mile cost of transport constitutes an obstacle to internal and external trade and consequently is a brake on agricultural, industrial, and mineral development. The (road) project will contribute to the success of ministry efforts to improve Afghanistan's roads and to the establishment of an effective maintenance organization.

Besides these three programs which I have discussed in detail, reference to exhibit A will indicate the following additional projects.

A national agricultural development project (technical cooperation with the Ministry of Agriculture) to modernize the production of livestock and crops, which presently involve century-old practices. Ultimately, our technical cooperation is designed to:

(1) Strengthen the organization and functioning of the technical and administrative departments of the Ministry;

(2) Establish a central research and experiment station in Kabul and substations in the provincial areas;

(3) Develop a national forestry policy and program;

(4) Develop a program for controlling locusts and other destructive insects;

(5) Introduce improved varieties of crops and breeds of livestock;

(6) Improve agricultural techniques and practices throughout the country; and

(7) Provide in-service training and training abroad for Ministry of Agriculture personnel.

We are also involved in a program of technical cooperation with the Ministry of Mines and Industry which involves a mineral resources and coal production project. We have given assistance to the Ministry of Mines and Industry concerning coal production since 1952. The best that can be said as a result of this aid is that production at these mines has been maintained, with a planned increase and output at one of them to materialize with the installation of an electric powerplant in 1957. The assistance planned through fiscal year 1957 will emphasize the development of additional coal deposits in Afghanistan. Our planners feel that this is necessary since they foresee an increase in Afghan industrial activity with a consequent increase in fuel and power requirements.

We are also extending technical assistance to the Ministry of Education to get more students to go to school. At the present time only about 5 percent of the young men of this country and only a fraction of 1 percent of the girls of school age attend school. Thus, we have established an institute of education, under contract with Columbia University—the Afghan Institute of Technology—a technical high school to supply trained workers for projects and industries of Afghanistan; a vocational agricultural education project, under contract with the University of Wyoming, to bring up to date the agricultural training program of the Afghan people; to train agricultural and engineering technicians, to provide administrative training and techniques to the University of Kabul, and to generally modernize the entire educational program of Afghanistan—a program which, for all practical purposes, had never before been in existence.

We are also dabbling in Afghanistan's finances in that we have established a technical assistance project to provide consultative and technical aid to the Ministry of Finance of the royal Government of Afghanistan in developing a more realistic organization of the Ministry, to set up budgetary preparation techniques, to organize a banking system, to teach administration with respect to fiscal matters to these underdeveloped people, and to generally educate the Afghans in what we consider to be the proper use of public funds and budgetary processes.

Perhaps it would be more appropriate for us to improve our own budgetary processes and obtain a truly balanced budget before we attempt to teach our techniques to any so-called backward country. If they followed our practices of budgeting they would bankrupt themselves.

We are also undertaking a national rural development project, which involves assistance to the Afghan Rural Development Commission in inaugurating and carrying on a community development type project in 75 villages of the valley areas of Afghanistan.

In general, it is my fear that we are so closely involved with the most intimate functions of the Afghanistan Government, its programs and its governmental processes, that we are laying ourselves open to not only severe criticism but dire injury to our prestige and objectives in this area should our efforts fail. Thus, it would appear that we must make these programs work or find ourselves rejected as friends of the Afghans. By all means, our planners should be instructed that no projects be undertaken unless surveys have been made and projects found feasible. Furthermore, we should be satisfied that the Government of Afghanistan can and will be able to maintain and carry on without further assistance from us. The technical assistance we are rendering to Afghanistan is in many areas badly needed. However, I fear that our technicians are forcing the Afghanistan Government to seek development of projects which it cannot possibly finance. I fear we will soon embark on a vast, long-range, high-cost economic aid program here.

It is my hope that the survey mission will indicate who is to blame for the apparent failure of the Helmand projects. We came into the picture long after the project was conceived and started. The mere fact that American engineers built the dams and that the Export-Import Bank furnished some of the money to continue the work does not brand the project as one undertaken by our Government.

EXHIBIT A

INTERNATIONAL COOPERATION ADMINISTRATION: SUMMARY OF OPERATIONS OF THE UNITED STATES OPERATIONS MISSION TO AFGHANISTAN

Reply to questionnaire submitted by Senator Allen J. Ellender (Democrat, Louisiana), September 21, 1956.

AFGHANISTAN

Summary of operations of International Cooperation Administration (formerly Foreign Operations Administration)

	Fiscal year 1952 through fiscal year 1954	Fiscal year 1955	Fiscal year 1956	Fiscal year 1957 (estimated)	Total
(A) Total expenditures:					
United States funds (counterpart funds generated)	$1,150,000	0	0	0	(Deleted)
United States funds (no counterpart funds generated	1,861,339	[1] $1,210,279	[1] $542,992	(Deleted)	(Deleted)
Counterpart funds (in equivalent United States dollars					
Local government contributions in equivalent United States dollars) ($1=21 afghanis)	600,000	790,000	900,000	(Deleted)	(Deleted)
				Unobligated	Unexpended
(B) Balance as of June 30, 1956: United States funds:					
Technical assistance				$49,756	$3,602,371
Economic assistance:					
Grant, $10,300,000					[3] 15,300,000
Loan, $5,000,000					
Counterpart funds (in equivalent United States dollars) ($1=21 afghanis)				(Deleted)	(Deleted)
(C) New allocations (tentative) from fiscal year 1957: Foreign-aid appropriation: United States funds:					
Technical assistance					(Deleted)
Economic assistance					
Counterpart funds (in equivalent United States dollars)					
(D) Total amounts available for obligation and expenditure in fiscal year 1957:					
United States funds					(Deleted)
Counterpart funds (in equivalent United States dollars)					(Deleted)

[1] Not actual expenditures but advice of expenditures received by USOM from ICA/W. There is a lag of many months in reporting expenditures.

1. Itemized list of all nonmilitary foreign-aid projects with the Royal Government of Afghanistan from the inauguration of the country program through fiscal 1956.

(*a*) Brief description and justification of each project:

TECHNICAL AND ECONOMIC COOPERATION WITH THE HELMAND VALLEY AUTHORITY

The purpose of ICA cooperation with the Helmand Valley Authority is to render the basic assistance essential for the ultimate success of the Helmand Valley development program of the Royal Government of Afghanistan. The development program was initiated by the Royal Government of Afghanistan in 1946 through a contract with the International Engineering Co. and with Morri-

son-Knudsen Afghanistan, a subsidiary construction company. In 1950 and 1954, the United States Export-Import Bank granted loans of $21 million and $18,500,000 respectively for the continuation and completion of the dams, canals, irrigation and other works. The prestige of the United States has consequently become involved in the success of the project. Although the storage and diversion dams have potential hydroelectric power capacity of more than 100,000 kilowatts, the Export-Import Bank loans are being used exclusively for increasing water resources for irrigation and for land reclamation. The ultimate success of the program is dependent upon both land resources and hydroelectric power being fully developed.

Because of United States involvement, ICA gives high priority to Helmand Valley projects in the Afghanistan country program. To some extent unexpected problems have been encountered in the land reclamation phase of Helmand Valley development. The development of the Helmand Valley Authority, as an agency for the management and operation of the dams, irrigation works and land reclamation, has not progressed as rapidly as had been hoped. Consequently, at the request of the Royal Government of Afghanistan, a survey mission has been provided by ICA to study the present situation and make recommendations for future action. The Helmand Valley fiscal year 1957 projects are, therefore, being formulated tentatively and will later be modified to conform with the recommendations of the survey mission. At the present time, the fiscal year 1957 projects include only technical assistance, although economic assistance may later be requested.

All technical cooperation with the Helmand Valley Authority was consolidated in a single project prior to fiscal 1956. The Helmand Valley Authority received only technical assistance from ICA during this period, except for an allotment of $500,000 economic assistance for canal operation and maintenance in June 1956.

Since 1953 considerable progress has been made—

(*a*) In accumulating the hydrological data essential to the management of the flow of water from the reservoirs;

(*b*) In keeping the canals and minor irrigation facilities in operating condition;

(*c*) In the formulation and implementation of an agricultural program for the valley;

(*d*) In establishing agricultural research, forest and horticulture nurseries;

(*e*) In initiating rural development, including environmental sanitation, health and education programs;

(*f*) In establishing the administrative organization of HVA on a sound basis.

While a beginning has been made, much remains to be done.

Helmand Canal operation and maintenance project—06-12-020

Up to the present time, the Helmand Valley development program has been basically an operation designed to make increased water resources available for established agriculture and for the reclamation of additional agricultural lands.

The Kajakai and Arghandab Dams for water storage have been completed, as well as approximately 200 miles of main canals and necessary laterals and drainage works. An additional 100 miles of main canals, together with laterals and drainage works, are under construction. When completed, the irrigation system will supply water for approximately 750,000 acres of lands already under cultivation and for approximately 200,000 acres of reclaimed lands.

The HVA Canal operation and maintenance division is responsible for the operation, maintenance, and repair of this vast irrigation system. HVA personnel experienced in this work are extremely limited. The purpose of this project is to provide assistance in the operation and maintenance of the canal system and to train division personnel for the effective discharge of their responsibilities. This requires continuous activity in maintenance and repair operations and in the management of water delivery schedules.

Prior to fiscal 1957, ICA provided technical assistance for the implementation of this project. In June 1956 ICA allotted $500,000 as economic assistance to provide for the implementation of the project over a 3-year period.

Helmand surface water investigation project—06-12-021

The primary purpose of this project is the accumulation of the hydrological data essential to the management of the flow of water from the Arghandab and Kajakai Reservoirs. The project, therefore, provides for technical assistance in collecting and analyzing hydrological and climatological data in the Helmand

River Basin and for the training of Afghan personnel to carry on the investigations and assume ultimate responsibility for effectively carrying on the work.

The principal activities under the project are the establishment, operation and maintenance of streamflow stations on rivers and canals; the compilation of records of streamflow for present and future use; the establishment and operation of a network of climatological stations; the study and analysis of streamflow records; and the preparation of rainfall-runoff correlations and runoff forecasts.

The institution of ground water investigations has also become essential to the solution of drainage problems and to the fuller utilization of the water resources of the region. Three technicians recruited by the United States Geological Survey are required to implement the project.

Helmand rural development project—06-81-022

This is a community development type project which has stressed assistance to settlers of reclaimed lands and the training of multipurpose village workers and extension specialists in agriculture, health and sanitation and social education. As trained personnel become available, old as well as new villages are included in the project areas. The purpose of the project, as in all community development programs, is to establish an organization which will encourage self-help in the villages and make improved methods and practices in agriculture, health and sanitation, and education available to village people.

The construction of the Arghandab and Kajakai Dams and the canal system have resulted in a larger and more dependable water supply throughout the crop year. Two crops each year have become possible. Production can be further increased by the introduction of improved practices and methods. This increased production, together with greater educational opportunities and better health facilities, will form the basis of a higher standard of living for the people in the Helmand Valley.

The project is to be coordinated with the program and policies of the National Rural Development Commission.

Two ICA technicians are assisting in field operations and training.

Helmand public administration project—06-71-024

The Helmand Valley Authority is charged with the responsibility for the administration, management, and operation of the regional development program of the Royal Government of Afghanistan. The purpose of the project is to assist the Helmand Valley Authority in introducing and establishing principles and techniques in general administration, organization and management required for the effective discharge of its responsibilities. Specific assistance will be provided in the development of budget administration, administrative services, personnel administration, property and supply management, audit and inspection, and accounting practices.

This project was not fully implemented in fiscal 1956. It is planned to allocate fiscal 1957 funds to enable implementation of the project for a period of two years under contract with an American administrative services organization. Three technicians will be required to achieve the purposes of this project.

Helmand public health and sanitation project—06-53-023

This project provides assistance in conducting a public health and sanitation program in the Helmand Valley. The project is to be integrated with the Ministry of Public Health programs. It will be an essential part of the village development project and function through village workers.

The project stresses assistance in environmental sanitation, including latrine construction, compound planning, vector control, and sewage disposal. Under the project a well-drilling program will begin, such work to start in the resettlement area but eventually spreading to surrounding villages. The Girishk Health Center has been completed, and the design for the Lashkar Gah Public Health Center approved.

This project was not fully implemented in fiscal year 1956. Three technicians are to be recruited in fiscal year 1957.

TECHNICAL COOPERATION WITH THE MINISTRY OF AGRICULTURE

National agriculture development project—06-11-002

Production of livestock and crops has been carried on in Afghanistan for centuries without much change in methods and practices. Since approximately 85 percent of the people of Afghanistan are engaged in agricultural pursuits, improve-

ment in agricultural production is the most immediate means of increasing incomes and raising the standard of living.

The Afghan Department of Agriculture was raised to Ministry level in 1954. The Ministry has had little experience in research and service functions. Research and experimentation are necessary to determine what improvements should be recommended to cultivators. The Ministry also lacks trained and experienced personnel.

Technical cooperation with the Ministry is, therefore, designed to:

(*a*) Strengthen the organization and functioning of the technical and administrative departments of the Ministry;

(*b*) Establish a central research and experiment station at Kabul and substations in the provincial areas;

(*c*) Develop a national forestry policy and program;

(*d*) Develop an effective program for controlling locust and other destructive insects;

(*e*) Introduce improved varieties of crops and breeds of livestock;

(*f*) Improve agricultural techniques and practices throughout the country;

(*g*) Provide in-service training and training abroad for Ministry personnel.

This project is being implemented through a contract with the University of Wyoming, which is furnishing 10 technicians to assist the Ministry.

TECHNICAL COOPERATION WITH THE MINISTRY OF MINES AND INDUSTRY

Mineral resources and coal production project—06-21-003

Assistance in coal production has been provided the Ministry since 1952 at the Ishpusta and KarKar workings. Production at these mines has been maintained and a planned increase in output at the KarKar mine is expected to materialize with the installation of electric power in 1957.

As Afghanistan increases its industrial activity, fuel and power requirements will expand. Within the next 3 years, coal requirements are expected to exceed the present level of output by at least 4 times. These requirements can be met only through the opening of new workings in the Darra Shuf area. Assistance planned for fiscal 1957 will emphasize the beginning of exploitation of the Darra Shuf deposits.

The services of two coal mining engineers, one of whom is now on duty, from the United States Bureau of Mines will be required to implement the project.

TECHNICAL COOPERATION WITH THE MINISTRY OF PUBLIC WORKS

National roads improvement and maintenance project—06-31-039

This project initiates cooperation with the Royal Afghan Ministry of Public Works. The Ministry has requested, through the Office of the Prime Minister, the services of four roads engineers as follows: (1) Division engineer; (2) maintenance and equipment engineer; (3) programing and planning engineer; (4) survey and design engineer.

The improvement of roads for Afghanistan necessarily has a high priority because it is basic to the nation's general economic development. The present high per ton-mile cost of transport constitutes an obstacle to internal and external trade and, consequently, is a brake on agricultural, industrial, and minerals development. The project will contribute to the success of Ministry efforts to improve Afghanistan's roads and to the establishment of an effective maintenance organization.

ECONOMIC COOPERATION WITH THE DIRECTORATE GENERAL IF CIVIL AVIATION

Air transportation development—06-37-036 (includes Haj assistance 06-37-043)

This is a joint project under which the Government of the United States will assist the Royal Government of Afghanistan in the development of a balanced, efficient, and financially self-perpetuating air-transportation system to serve the domestic needs of the country and to provide economic air services internationally.

The project will stress:

(*a*) The development of an international airport at Kandahar;

(*b*) The development of an Afghan national airline;

(*c*) The development of domestic airports;

(*d*) The development of an airways system commensurate both with domestic and international air-traffic requirements;

(*e*) Development of the organization and skills of the Afghan Department of Civil Aviation.

It is believed that financial support of this project by the United States will advance the economic and social development of Afghanistan and contribute significantly to the commercial success of Afghanistan internationally. Air transportation services within the region by Afghanistan enterprise will strengthen the communications and international relations of the country.

The work plan shall include the following components:

(*a*) The development of an international airport at Kandahar including the construction of runway, taxiway, aprons, hangars, control tower, high intensity lighting system, aviation fuel storage and fueling system, water supply system, and essential buildings and facilities for operational purposes.

(*b*) The development of the Aryana Airlines Co., Ltd. as an Afghan national airline, managed and operated in accordance with sound commercial practices and capable of maintaining adequate air services between domestic airports and between Kandahar and selected airports of other countries. This development will include the procurement of additional planes, the modification of C–47's now owned by Aryana, and the provision of management, operations, and training assistance.

(*c*) The development of domestic airports and emergency landing strips including airports at Herat, Baghlan area, Jalalabad, and other airports and emergency landing strips at such additional sites as may be mutually agreed upon. This will include an airstrip at Lashkar Gah.

(*d*) The development of an Afghan airways system, including the installation, maintenance, and operation of proper communications and navigational equipment and facilities at all airports and other selected sites as mutually agreed upon.

(*e*) The development of organization and skills in the Afghan department of civil aviation to provide for proper regulation of civil aviation and to provide for efficient maintenance and operation of the airports and the airways system.

(*f*) The development of training organizations and training personnel which will insure that both the Aryana and the Department of Civil Aviation will be capable of continuing on-the-job training beyond the period of this project.

Financial plan

	USG dollars	RGA Afghanis
1. Aryana Airlines Co., Ltd., for aircraft, etc.	[1] $3,200,000	----------
2. Airline management and technical operations assistance and training, including training abroad [2]	[3] 2,100,000	[4] 10,000,000
3. Communications-navigational aids ($500,000 for Kandahar; $500,000 for Kabul, Herat, Baghlan area, Jalalabad, and other sites)	[3] 1,000,000	[3] 5,000,000
4. Engineering and construction services and imported commodities for the construction and operation of domestic airports	[3] 2,200,000	[4] 30,000,000
5. Engineering and construction services and imported equipment, materials, supplies and facilities for an international airport at Kandahar	[1] 1,800,000 [3] 3,600,000	[4] 50,000,000
6. Training equipment and facilities for technical schools	[3] 160,000	----------
7. Department of civil aviation functional operating and training assistance	[3] 500,000	[4] 5,000,000
Total [5]	[6] 14,560,000	100,000,000

[1] Loan.
[2] Includes $150,000 for participant training abroad for Aryana and $50,000 for participant training abroad for the Department of Civil Aviation.
[3] Grant.
[4] Includes Afghani cost for professional, skilled, and unskilled labor.
[5] Excludes (*a*) $300,000 investment by Pan-American World Airways in Aryana; (*b*) Pakistan rupees 5 million contribution by RGA for estimated rupee transportation and handling for materials and equipment in Pakistan; (*c*) Previous allocation by RGA of approximately $1 million for Kandahar Airport.
[6] Haj assistance $240,000 additional.

Assistance in flying pilgrims to Mecca in June, July and August was provided in 1956.

TECHNICAL COOPERATION WITH THE MINISTRY OF EDUCATION

Although the Ministry of Education has made progress in broadening educational opportunities at all levels in recent years, only about 5 percent of the boys and only a fraction of 1 percent of the girls of primary-school age attend schools; approximately 110,000 students are enrolled in primary schools (grades 1–6), of which 6,000 are girls. Approximately 9,000 students, of which 1,000 are girls, are in secondary, technical, and teacher-training schools. In the faculties of Kabul University, 700 students are enrolled, of which 50 are women attending the Malalai School for Women. These statistics reflect the inadequacy of the Afghan education system to meet the country's need for literate and trained men and women if economic and social progress is to be made.

Technical cooperation with the Ministry of Education, therefore, constitutes an important part of the assistance program for Afghanistan. In support of policies adopted and programs already inaugurated by the Ministry of Education, the mission has concentrated its assistance thus far in meeting priority needs:

(*a*) Training teachers required to establish and maintain adequate primary and secondary schools;

(*b*) Training of teachers of English in order that English may become the first foreign language in Afghanistan and thus enable students to have greater access to the scientific literature essential to economic development;

(*c*) Training students in vocational and technical fields and in agriculture and engineering at the college level.

Institute of Education project—06–66–018

This project is being implemented through a contract with Teachers College, Columbia University. An Institute of Education has been established as the most effective means—

(*a*) For developing appropriate professional programs for the preparation of school administrators, inspectors, and teachers, and for the upgrading of educational workers already in service;

(*b*) For broadening the base of Afghanistan's education system;

(*c*) For carrying on educational research required for effective planning;

(*d*) For the production of teaching and learning materials essential for the implementation of new programs.

A special feature of assistance to the Institute of Education is the inauguration of an English language program in 1956 designed to assist in developing basic linguistic research, in improving instruction in English in Afghanistan schools and in developing a program for preparing Afghans to take complete responsibility for the teaching of English in Afghanistan.

Teachers College Columbia University is furnishing 7 specialists in teacher education and 20 specialists in English language teaching.

Afghan Institute of Technology project—06–61–007

This project continues assistance to the Afghan Institute of Technology through a contract with the University of Wyoming, which furnishes a director and six instructors, additional teaching supplies and equipment, and training abroad for participants who will replace American instructors.

AIT is a technical high school which is supplying badly needed technically trained workers for projects and industries of Afghanistan. The objectives of the project are:

(*a*) Assist the Royal Afghan Ministry of Education in establishing secondary technology education on a sound basis in Afghanistan with a staff of Afghan personnel.

(*b*) To provide training at the secondary level for Afghan students in electrical, mechanical, civil aviation, and audiovisual technology, in order to meet immediate needs for such skilled personnel in the Helmand Valley and other areas.

(*c*) To prepare qualified students who will be able to satisfactorily meet the entrance requirements for the newly established faculty of agriculture and engineering.

Vocational agriculture education project—06–62–008

The original survey for vocational agriculture education in Afghanistan was made in 1953 by the University of Wyoming. Recommendations included the improvement of the existing Agriculture School in Kabul and the establishment

of vocational agriculture departments in provincial high schools as soon thereafter as practicable.

The objectives of this project are:

(*a*) To establish vocational agriculture education on a sound basis and thus supply the increasing demand for trained agricultural workers.

(*b*) To assist the Ministry of Education in establishing courses in basic agriculture for students in primary teacher education.

(*c*) To establish vocational agriculture courses in the provincial schools of Afghanistan.

(*d*) To prepare qualified students who will satisfactorily meet the entrance requirements for the newly formed faculty of agriculture and engineering.

(*e*) To provide training abroad and in-service training for Afghans selected to replace American teachers.

Afghanistan's need for trained agriculturists in increasing rapidly as a result of its expanding agricultural development. Under this project the trained graduates are absorbed into every phase of the agricultural needs of the country, the only problem being insufficient graduates.

To meet this need and in line with the original objective, agriculture departments are being established in the Kandahar High School. (This will be similar to vocational agriculture departments in America.) Basic courses in agriculture are taught in the Teacher Training College.

The project is being implemented through a contract with the University of Wyoming, which furnishes a director for the school and three instructors.

Faculty of agriculture and engineering project—06-66-028

The faculty of agriculture and engineering was organized as a part of Kabul University in 1956, and the first classes were held in March of this year. This faculty is attempting to provide training at a university level in agriculture and engineering. This is the first such attempt in Afghan history. In the past it has been necessary to send students in these fields abroad for their education. Consequently, due to the great expense involved, there are relatively few persons trained to accept necessary positions. The few that have been trained are, for the most part, involved in administrative positions. Enrollment for the first year of this project totaled 43 students, with 23 enrolled in engineering and 20 enrolled in agriculture.

Courses being taught by American instructors, due to a lack of qualified Afghan personnel, are comparable to those in American universities.

The language of instruction is English and textbooks are American. This is essential because of the absence of appropriate materials in Persian. Not only will this project supply the greatly needed personnel for Government service, it will, in addition, provide a guaranty for the future that agriculture and industry will continue to improve.

The project is being implemented through a contract with the University of Wyoming, which is furnishing three full-time instructors and part-time instructors from other projects.

Kabul University administration project—06-68-030

This project is intended to assist the president of the University of Kabul in improving the organization and administrative procedures and practices of the university. The project involves the provision of a specialist in university administration who will serve as adviser to the president in the field of administration, and a specialist in medical education who will serve as adviser to the dean of the medical faculty. It is believed that these American specialists can be particularly helpful at the present stage of the university's development.

This project constitutes one phase of ICA effort to strengthen Kabul University and to broaden the opportunities it offers for higher education. Afghanistan's economic development will require a larger number of college-trained specialists than is now available. All fields of assistance activities, as well as all Afghan Government programs, should benefit from this effort to strengthen Kabul University.

TECHNICAL COOPERATION WITH THE MINISTRY OF FINANCE

National public fiscal administration project—06-75-029

The aim of this project is to provide consultative and technical assistance to the Ministry of Finance of the Royal Government of Afghanistan in developing:

(*a*) The functional organization and administration of the Ministry;

(*b*) The organization, procedures, and administration of the revenue and expenditures departments of the Ministry including budget preparation, presentation, and control;

(*c*) The organization, procedures, and administration of the central banking system; and

(*d*) The organization, procedures, and administration of a central statistical agency in the Ministry.

The assistance contemplated by this project will be provided through a contract by ICA with an appropriate American institution, which will furnish 5 technicians and 5 staff assistants for the implementation of this project.

Effective public fiscal administration with the Royal Afghan Government and a sound fiscal system are basic to Afghanistan's economic development. Assistance projects in all fields of activity will be seriously handicapped unless the national administrative structure is developed in accordance with the country's needs.

TECHNICAL COOPERATION WITH THE OFFICE OF THE PRIME MINISTER

Civil administration project—06-71-042

This project provides for training abroad of Government personnel in civil administration, especially civil police administration.

TECHNICAL COOPERATION WITH THE MINISTRY OF NATIONAL ECONOMY

National rural development project—06-81-012

Afghanistan's villages have not been able to benefit significantly from the advance of science and technology in the fields of agriculture, health, education, and small-scale industry. As a means of making some of these benefits available to the villages, the Royal Afghan Government established the Rural Development Commission consisting of representatives of the Ministries of Agriculture, Public Health, Education, and National Economy. The representative of the Ministry of National Economy serves as chairman.

At the request of the Royal Afghan Government, ICA, through a contract with the Near East Foundation, is assisting the Rural Development Commission in inaugurating and carrying on a community development type project in 75 villages in the Logar Valley.

Through the use of trained multipurpose village workers backstopped by specialists from the respective Ministeries, it is planned to demonstrate:

(*a*) Improved agricultural practices;

(*b*) Techniques to achieve better environmental sanitation;

(*c*) The means of expanding educational opportunities and increasing adult literacy;

(*d*) Ways to develop handicrafts and small-scale industries.

Through the use of the multipurpose village workers, the Ministries concerned will be able to bring to the rural areas their respective programs for improvement in agriculture, public health, education, and handicraft industries.

This demonstration of effective methods for raising the level of village income and living conditions is expected to point the way to a national rural development effort.

Five technicians are to be provided for assistance in field operations and training.

Program technical support—06-99-000

Program funds are used to provide the following support for project technicians:

(*a*) Chiefs of technical divisions, including agriculture, industry and mining, transportation, public health, education, public administration, and rural development.

(*b*) Procurement, property, and housing officers, staff assistants and local employees.

(*c*) A motor-vehicle pool and motor maintenance, operation, and repair.

(*d*) Housing.

(*e*) Clinical physicians at Lashkar Gah and Kabul.

(*f*) Audiovisual personnel, equipment, and supplies.

(*g*) Office supplies and equipment.

1. (*b*) Total cost of project: Table I attached.

(*c*) United States contribution: Table I attached.

(*d*) Local government contribution: Table I attached.

(*e*) Percent United States contribution to total cost: Table I attached.

(*f*) Estimated completion dates: Table II attached.

2. Copy of fiscal year 1957 proposed country budget.

Project descriptions in 1 (*a*) above cover all technical assistance projects proposed for fiscal year 1957. No new technical assistance projects were proposed for fiscal year 1957. Although the roads improvement and maintenance project was not approved and implemented in fiscal year 1956, it is included in the fiscal year 1957 program.

The final fiscal year 1956 allocations and the proposed fiscal year 1957 allocations are set forth in table II attached. Table III attached shows the fiscal year 1956 final allocations by use categories.

No appropriation for economic assistance specifically for Afghanistan in fiscal year 1957 was requested from Congress.

3. List of projects proposed for fiscal year 1957 under allocations from fiscal year 1957 appropriations: Table III attached.

4. Number of ICA employees:

As of June 30, 1956	Locals	United States	Total
(*a*) Technicians:			
1. United States employed		20	20
2. Contract employees		42	42
(*b*) Others	31	19	50
Total	31	81	112

TABLE I.—*Afghanistan assistance program, United States and RGA contributions*

Projects	Cumulative through fiscal year 1956			
	Total cost	United States [1] contribution	RGA [2] contribution	Percent United States contribution of total
Technical assistance	$12,477,000	$7,370,000	$5,107,000	59
Helmand Valley development	5,488,068	2,803,068	2,885,000	47
National Agriculture development, 06-11-002	720,000	420,300	300,000	58
Mineral resources and coal production, 06-21-003	718,883	418,883	300,000	58
Education projects	3,925,035	2,410,035	1,515,000	61
National public fiscal administration, 06-75-029	537,600	512,600	[3] 25,000	95
Civil administration, 06-71-024	58,000	[4] 48,000	10,000	82
National rural development, 06-81-012	283,600	211,600	72,000	74
Program direction and support, 06-99-000	745,514	745,514		100
Economic assistance	21,634,000	15,300,000	6,334,000	70
Helmand Valley development, canal operation and maintenance, 06-12-020	784,000	500,000	284,000	63
Air transportation development, 06-37-036	20,560,000	[5] 14,560,000	6,000,000	70
Haj assistance, 06-37-043	290,000	240,000	50,000	82

[1] Based on final allocations of fiscal year allotments. Final contribution date 3 years from date project agreement signed.

[2] Based on contributions specified in project agreements. Final contribution date 3 years from date agreement signed.

[3] Includes only salaries of Ministry personnel assigned to work directly with ICA technicians.

[4] For training United States only. No project agreement required.

[5] Includes $5 million ICA loan through the U. S. Export-Import Bank.

TABLE II.—*Afghanistan assistance program project allocations*

Projects	Final fiscal year 1956 technical and economic assistance allocations	Estimated completion date
Helmand Valley development projects:		
Helmand canal operation and maintenance (includes Arghandab), 06-12-020	[1] $696,000	1959
Helmand surface water investigation, 06-12-021	46,500	1960
Helmand agricultural development, 06-19-025	126,000	1960
Public health and sanitation 06-53-026	28,000	1958
Helmand public administration, 06-71-024	77,000	1958
Helmand rural development 06-81-022	179,400	1960
National agriculture development, 06-11-002	217,300	1960
Mineral resources and coal production, 06-21-003	81,500	1958
Air transportation development (including Haj assistance 06-37-043), 06-37-036	[2] 14,800,000	1959
Roads improvement and maintenance, 06-31-039	0	1960
Afghan institute of technology, 06-61-007	138,000	1958
Vocational agriculture education, 06-62-008	107,000	1958
Institute of education, 06-66-018	665,950	1959
Faculty of agriculture and engineering, 06-66-028	88,000	1960
Kabul University administration, 06-68-030	18,000	1958
Public fiscal administration, 05-75-029	512,600	1958
Civil administration, 06-71-042	48,000	1958
National rural development (including village industries 06-23-031), 6-81-012	66,500	1960
Program technical support, 06-99-000	404,250	
Totals:		
Technical assistance	3,000,000	
Economic assistance	15,300,000	

[1] Includes $500,000 economic assistance.
[2] Includes economic assistance.

TABLE III.—*Afghanistan country program final allocation for fiscal year 1956*

[In thousands]

A. TECHNICAL COOPERATION

	Total United States PPA/S	PPA/P	PPA/T	PPA/CS	PPA/C	PPA/O
Agriculture and natural resources:						
Natural agriculture development and training, 06-11-002	$217.3	$29.3	$27.0	$105.0	[1] $53.0	$3.0
Helmand canal operation and maintenance, 06-12-020	180.0	0	50.0	100.0	23.0	7.0
Helmand surface water investigation, 06-12-021	46.5	0	40.5	0	4.0	2.0
Helmand Arghandab irrigation survey, 06-12-027	16.0	0	15.0	0	0	1.0
Helmand agricultural development, 06-19-025	126.0	0	84.0	0	32.0	10.0
Industries and mining:						
Mineral resources and coal production, 06-21-003	81.5	8.0	36.5	0	34.0	3.0
Village industries development, 06-23-031	55.5	0	14.0	16.0	24.0	1.5
Public health and sanitation: Helmand public health and sanitation, 06-53-023	28.0	4.0	10.0	0	10.0	4.0
Education						
Afghan Institute of Technology, 06-61-007	138.0	27.0	0	100.0	[2] 10.0	1.0
Vocational agricultural education, 06-62-008	107.0	[3] 12.0	0	77.0	[2] 16.0	2.0
Institute of Education, 06-66-018	665.95	[4] 38.95	0	596.3	[5] 26.7	4.0
Faculty of agriculture and engineering, 06-66-028	88.0	0	0	67.0	[2] 20.0	1.0
Kabul University administration, 06-68-030	18.0	12.0	0	0	5.0	1.0
Helmand training project, 06-69-026	154.2	71.2	45.0	0	33.0	5.0
Public administration:						
Helmand public administration, 06-71-024	77.0	5.0	60.0	0	6.0	6.0
Civil administration, 06-71-042	48.0	48.0	0	0	0	0
Public administration (banking), 06-75-015	12.6	12.4	0	0	0	.2
National public fiscal administration	500.0	0	0	450.0	50.0	0
Community development;						
National rural development, 06-81-012	11.0	11.0	0	0	0	0
Helmand rural development, 06-81-022	25.2	0	0	0	21.2	4.0
Program technical support, 06-99-000	404.25	0	158.5	0	105.4	140.35
Total	5,009.00	278.85	540.5	1,511.3	473.3	196.05

B. ECONOMIC COOPERATION

	PPA/S	PPA/CS	PPA/C
Helmand Canal Operation and Maintenance 06-12-020	$500.0	$267.0	$233.0
Air transportation development, 06-37-036	14,560.0	3,800.0	10,760.0
Haj assistance, 06-37-043	240.0	240.0	0
Total	15,300.0	4,307.0	10,993.0

[1] $30.0 included under University of Wyoming contract.
[2] $46.0 included under University of Wyoming contract.
[3] $12.0 included under University of Wyoming contract.
[4] $24.0 included under Teachers College Columbia University contract.
[5] $26.7 included under Teachers College Columbia University contract.

INDIA

This is a vast country and thickly populated. It is extremely backward when measured by our standards, and the aid program undertaken here may result in some good over a period of many, many years but the process is bound to be slow. It is my frank judgment that with so many people in this ancient land, the vast majority of whom are illiterate, any effort to modernize India overnight is doomed to failure. The farms are small, the people are poor, and labor is cheap. There is little industry, and industrial expansion is still very slow. Because of the magnitude of the effort required I fear that much of the money we have spent has been in vain and that

it will require generations of steady work to bring the Indian industrial and agricultural economics into any semblance of modern order.

Since 1952 the United States has been committed to a variety of projects in India aggregating in cost approximately $334,430,154, with $81,062,592 of this total committed during the fiscal year 1956. The subtotals by function are: Agriculture and natural resources, $81,427,404 since 1952 with $6,986,917 committed in the 1956 fiscal year; industry and mining, cumulative total $62,675,383 with $3,051,800 committed during fiscal 1956; transportation, $40,959,200 cumulative with a 1956 commitment of $941,700; labor, cumulative, $1,010,590 with $260,590 committed during the 1956 fiscal year; health and sanitation, cumulative, $23,062,344, with $2,418,847 committed during fiscal year 1956; education, cumulative, $4,131,700, with a fiscal year 1956 commitment of $1,863,700; community development, cumulative, $13,233,240, with $182,380 of this amount committed in fiscal 1956. In addition to these programs, we have committed $16,430 for public administration, all of which was allocated during the fiscal year 1956. Total project assistance to India, cumulative, amounts to $243,233,619 with $18,746,919 committed in fiscal year 1956.

In addition to these amounts for project assistance, we have expended a total of $85,672,940 since 1952 in development assistance; $61,427,000 of this amount was committed during fiscal year 1956.

Through fiscal year 1956 total expenditures in India of United States funds (none of which generated counterpart) totaled $167,526,992. As of June 30, 1956, balances were as follows: Unobligated, $1,017,227; unexpended, $134,534,522. Of the $134.5 million in unexpended balances, the funds will be used as follows:

O. A. No.	Project	Unexpended balance (millions)	Remarks
6	Ground-water irrigation	$2.3	
8	Community development	5.2	
12	Ground-water exploration	2.0	
17	Railway rebabilitation	11.0	10 percent or $3.9 million withheld for 18 months' guaranty period. Deliveries up to December 1956.
18	Industrial steel	13.2	Delivery period December 1956.
20	Rihand Valley development	4.1	
24	Expansion aviation ground facilities	2.4	
25	National water supply	4.2	
26	Industrial research	2.2	
27	Educational institutions	2.0	
28	Agricultural education and research	5.0	Current university contract.
31	Modern storage of food grains	4.4	Delivery period December 1956.
	Subtotal	58.0	
	Other (balances less than $2 million)	20.1	
	Technicians, training program direction, technical supply and other projects.	3.3	
	Total (TCM/I allotment)	81.4	
	Run 13 (Washington allotments):		
	Bread grains (ISM)	13.8	Contracting July 1956.
	Fertilizer (GSA)	3.6	Contracting October 1956.
	Steel (ISM)	34.3	Contracting December 1956.
	DDT (GSA)	1.4	Delivery August 1956.
	Total (Washington allotment)	53.1	
	Grand total	134.5	

For fiscal year 1957, a program level of ——— is expected, but at the time of my visit the precise amount was still doubtful. With reference to a letter to me dated September 28, 1956, from New Delhi and attachments thereto, which material is included as exhibit A of this report, it is amply demonstrated that even as of that date, appropriations made by the Congress during the latter part of July had still not been allocated to India as of the 1st of October. Note 3 to attachment No. 1 of exhibit A indicates that the ——— amount for fiscal year 1957 includes a maximum development assistance level of ——— plus a tentative program of ——— for technical cooperation. The ——— million in development assistance is the maximum permitted under the fiscal year 1957 Mutual Security Appropriation Act. The important words to be noted are "Actual level not yet determined," which indicates that some 8 weeks after the Congress passed the fiscal year 1957 Mutual Security Appropriation Act, the final allocation to India had still not been made. Certainly an effort should be made to reduce this time lag, for it is doubtless a large contributing factor to the haphazard planning and large accumulation of unexpended and unobligated balances which have characterized many of our assistance programs.

Exhibit B, attached hereto, defines the scope and volume of our assistance effort to India during the fiscal years 1952 through 1956.

It should be emphasized that the unexpended and unobligated balances presently in the hands of the Indian-USOM aggregate ——— (see attachment No. 1, exhibit A). This amount compares with a total expenditure over the past 3 fiscal years (that is, fiscal years 1954, 1955, and 1956) of $167,526,992. In other words, the combined unobligated and unexpended balances which were in USOM/India coffers as of the beginning of the 1957 fiscal year would provide sufficient funds to carry the Indian program for over 3½ years based on expenditures during the prior 3 fiscal years.

Recently, the American people and the Congress have heard much about the prospect of a long-range foreign-aid program. However, despite the discussion in the Nation's press and evidently among the executive departments charged with administering this program, all authority for the aid program has been confined to a 1-year basis. It is apparent, though, that the accumulations of large unexpended and unobligated balances, such as those presently found in India, make possible what is in effect a long-range foreign-aid program. For example, reference to attached exhibit C, dealing with the 1956 fiscal-year India program, discloses that our program of assistance to the extension training program for secondary-school leaders in India will cover a 4-year period, that is, fiscal years 1956 through 1959. The rural-electrification program, toward which the United States is to contribute some $3 million, will not be completed until 1957 at the earliest. Since this program was begun in fiscal year 1956, it demonstrates that we are, indeed, engaged in a long-range foreign aid program. Other examples along this line include:

Tubewell casing, estimated completion date 1961.

Educational administration program, estimated completion date 1958.

Construction of a steel-casting foundry, estimated completion date 1959.

Other programs which will not be completed until fiscal year 1959 include small-industry development, assistance to the Indian Statistical Institute, development of Indian telecommunications, technical assistance for the Indian civil air transportation network, foundry training, a program for moving 40,000 cattle from Calcutta to Haringhata, the construction of a milk pasteurizing and processing plant at Calcutta, and emphazing the value of milk in the Indian diet. Thus, it appears that, despite the assurances of our administrators, the backlog of appropriated funds combined with what is obviously an intent to commit the United States in this area to a 3- to 5-year effort (at least in some fields) adequately indicate that our country is, indeed, involved in a long-range foreign-aid effort.

It should be noted that at the present time India has embarked upon a comprehensive economic-development program, designated as the Great Five Year Plan. It requires no stretch of the imagination to arrive at the conclusion that our Government is certainly involved in the success of this effort, and that funds already appropriated, and new money which will doubtless be requested to be appropriated in future years, will require us to carry a large portion of the burden that should more properly be assumed by India if the plan is to meet with success.

During the short period of time I was in India, it was obviously impossible for me to visit each and every project to which we have contributed. However, I was able to inspect some of the so-called grassroots operations and the information I gathered bears out my previous comments.

The first of these installations which I visited was at Budni, some 65 miles from Bhopal in south central India. This agricultural center is located in an old army camp. We have set up a tractor and machinery school. The United States provided $100,000 for the purchase of tractors, bulldozers, plows, and similar farm equipment to be used in demonstration seminars for the youth of this area. I was impressed with the objective of the program here, and particularly with the desire among the students to learn. They study 2 hours per day and do practical work on a nearby farm for 6 hours per day. They are clearing land and it is planned to ultimately operate a farm in conjunction with the agricultural center, thus giving students opportunities to put into practice the principles they are taught.

Each student is paid 30 rupees (about $7 in American currency) for his board per month. The barracks are neatly kept, and there is apparently a great eagerness among the students to learn new ways.

It seems to me that $100,000 was quite a large sum to spend for demonstration machinery. I would suggest that less emphasis be placed upon the purchase of heavy, highly technical equipment, and that small tractors, simple plows, and similar agricultural devices be emphasized; that is, we should provide the kind of equipment which is best suited to existing Indian agriculture, and which the farmers of India can put to best use. Few Indian farmers are able to purchase the type of equipment we have furnished for demonstration purposes.

I also visited several areas in the vicinity of Madras. Several community projects are now in progress in this area, at least two of which are maintained on a contract basis with the Universities of Tennessee and Wisconsin. I noted that emphasis was placed upon demonstration work. But our only direct contact with those programs

is in guidance and demonstration with contract payments comprising the bulk of our expenditures. I discussed the progress of these programs with one engineer present, a technician whose work it was to teach better methods of packing and manufacturing goods. He pointed out that large savings had been realized by Indian distributors and manufacturers as a result of the technical know-how made available under this program. I inquired if these savings were passed on to the consumers and the engineer with whom I spoke answered in the negative. He said that as a rule supply is short, and the manufacturers and distributors feel that there is no point in cutting prices.

It strikes me that this situation certainly should be corrected, for if our program here is to result in benefits to the few with no relief for the masses, our money is certainly being spent for naught. Unfortunately, this seems to be the case, as I pointed out in reference to our agricultural demonstration for the use of tractors and farm machinery.

In discussing the overall community projects with the representatives of the college groups present here, I inquired whether or not they believed their efforts were bearing fruit. The reply was unanimously negative with the reason cited that the programs were only about 1 year old and that much time would be required for them to take hold. Be that as it may, I believe that generally speaking these programs are extremely worthwhile and that the work should be followed through in order to achieve the utmost success.

My primary fear in this connection is that only a few of the people are being reached. I indeed hope that it will be possible for the Indians to soon carry the load; that is, the persons we train should subsequently train others and thus make the benefits of progress available to the great masses of India.

Also in the Madras area, I inspected the extension work we are doing in cooperation with the Government of India. Our only expense is the salaries of technicians.

Unlike the project in Bhopal, we are not providing machinery and tractors but it is felt that some demonstration material will be necessary. I expressed the hope then and I express the hope now that extreme care be taken not to follow the example at Bhopal where $100,000 was used to purchase tractors and complicated machinery in an effort to impose American farming methods on the people of India. It is my judgment that such a program, utilizing such complicated pieces of equipment, is not in keeping with existing conditions here. Our program should emphasize assistance for the small farmers, such as better yielding seeds, increased use of fertilizers, and modern basic devices, such as more efficient plows, hoes, et cetera. Under no circumstances should we engage in a program of training in order to provide skilled workers for the benefit of large landowners.

Following my inspection of these projects, I chatted with the former Governor General of India, Sir C. Rajagopalachari (Rajaji). He is a most intelligent gentleman, and he expressed views which I believe to be essentially sound. For example, he emphasized that he believed our program of foreign assistance should not be thrust on people. Even as to loans, he recommended that they be carefully regulated and not permitted to overload the budget of a country. Perhaps we here should take cognizance of this wise man's advice and not overload our own budget.

During my visit in Delhi, I had occasion to discuss in some detail our information program in India with director of the USIA program. He indicated to me that there is a strong undercurrent of anti-American feeling in India founded principally on three issues. First, their misunderstanding of our racial relationships here in the United States; second, anger at our support of Portugal and its claim to Goa; and third, our attitude toward the arming of Pakistan and its membership in the Baghdad Pact. We are also criticized for not giving Prime Minister Nehru sufficient credit for attempting to make peace between the United States and Russia.

Last year, that is during fiscal year 1956, the USIA country budget here totaled $1,200,000. This year, that is fiscal year 1957, it was increased to $1,738,000 with an increase in American employees from 57 to 68 persons. The bulk of the extra appropriation available for fiscal year 1957 will be used to expand existing programs and to further the circulation of America Reporter a bimonthly newspaper. The circulation of this publication is now 185,000 and it is proposed to increase this to 210,000.

The primary objectives of our information effort here in India are to convince the people of India that the United States champions peace and progress through peaceful means; to publicize the United States technical and economic aid program to India and the results thereof; to counter Communist propaganda and distorted information about the United States; and to promote a better understanding of the American way of life such as our historical background, our culture, our democratic processes, and our free-enterprise system, among other things. Achievement of these objectives is presently being sought through magazines, Voice of America broadcasts and translation and publication of books from the United States into the various languages and dialects of India. Our administrators here also feel that exhibits, such as that of the Family of Man play an important part in the program.

There are many obstacles in the path of our information program. For example, India is extremely sensitive to anything she may regard as an infringement of her sovereignty although the attitude seems to be that India needs assistance from the United States and other areas.

In this connection, I have received a letter from the Acting Director of the information program in Washington dated August 9, 1956, which letter contains comments on the country report I submitted to the Information Agency last year.

I have attached this letter to this report, but I feel it pertinent that I include in the body of this report the following extracts:

> It must be remembered, however, that the kind of program we are able to put on in a particular country depends to a large degree upon the attitude of the government. For example, in India the motion-picture program has not been expanded to the proportions we would desire, in large measure because of procedural redtape of the Indian Government which has the effect of restricting the film program.
>
> The Indian Government censorship program normally requires from 3 to 4 weeks for approval of a film. Films with an anti-Communist theme are generally not approved. Other films with a decided "message" may take up to 9 months for approval, by which time the film is out of date.
>
> In addition to censorship by the Indian Government, film showings are licensed by the local governments. In the Bombay area all mobile unit showings are prohibited. In other areas licensing requirements are such that showings by mobile units are not practicable. Finally, mobile units are now permitted to operate only out of four major posts, making it impossible to cover the more remote areas * * *.

There are roughly 80 million literates in India. Seven and a half million read English. These 80 million persons control most of the opinion-molding and policy-deciding positions in the country. The Communists are very aware of this fact and Communist publications are to be found in most bookstores. A November 1955 advertisement in the magazine New Age listed 90 different Soviet publications, ranging from illustrated children's books to works by Marx and Engel. Vigorous sales campaigns are undertaken including door-to-door solicitations and the setting up of stalls by the local chapters of the Communist Party * * *.

The information service maintains posts in India at New Delhi, Lucknow, Bombay, Hyderabad, Calcutta, Madras, Bangalore, and Trivandrum. A total of 69 Americans were on duty at these posts during the 1956 fiscal year with an additional 494 locals employed there.

We maintain information centers at these cities with reading room also at Guntur and Patna.

I wish to reemphasize my prior year recommendations that a greater effort be made to reach the masses of the Indian people. The magazine we publish, the books we print and, to a very large extent, the library and related facilities we maintain, are used almost exclusively by the literate of India, which constitute only a relatively small percentage of the Indian population. As noted in the letter cited above, only approximately 80 million of some 384 million Indian citizens are able to read and write. In the past, our information program has been directed almost exclusively at this literate element since it was felt that they are the opinion-molding and policy-deciding positions in the country. Unless we are able to reach the masses of the people, unless we are able to convince them of our peaceful intentions and our good offices inherent in the assistance we are rendering them, we shall never achieve any success in India. I also recommend that in bringing our information program to the grassroots of India that we be strictly objective. We should eliminate all criticism in any of the publications, pamphlets, movies, etc., prepared by us on India and in fact as to any nation. We should extol the virtues of our own way of life and not criticize others.

In addition I recommend that this country use its good offices with Portugal to the end that the Portuguese cede Goa to India and that Portugal and other nations claiming or holding areas in India relinquish those to the Indian Government. By so doing, they would lose at best only small parcels of land and the West would gain much in stature in the eyes of the people of India. I can well understand that perhaps in former days it might have been necessary for the Portuguese and other maritime nations to control small parcels of land here and there in order to provide bases for their commerce. However, the time for such things as this is past, and each day the Portuguese retain their claim to Goa, they do themselves and the cause of freedom irreparable harm.

EXHIBIT A

UNITED STATES OF AMERICA,
TECHNICAL COOPERATION MISSION TO INDIA,
AMERICAN EMBASSY,
New Delhi, September 28, 1956.

Hon. ALLEN J. ELLENDER,
United States Senate,
Washington, D. C.

MY DEAR SENATOR ELLENDER: Enclosed you will please find two copies of the questionnaire which you had asked to have filled out by the Technical Cooperation Mission to India. In accordance with our conversation, I am also enclosing copies of a chart showing our unexpended balances, a breakdown of the unexpended

balances, and two booklets showing what our program is in India at the present time.

Since your departure from India, I have made further inquiry into the reason as to why the 22-foot International Harvester disk plow happened to be at the agricultural machinery training center at Budni. I find that this plow is one of the type purchased in rather large numbers by the Indian Central Tractor Organization with money loaned them by the World Bank. The World Bank was interested in the Indian Central Tractor Organization's project to reclaim 300,000 acres of land from the infestation of Kans grass. Since the Central Tractor Organization bills other agencies and private individuals for work done, the World Bank considered the loan for the purpose to be sound. The implement at the agricultural machinery training center was, therefore, considered advisable since that type of plow is used extensively in the surrounding area and will be used by some of the personnel trained at the center.

I trust that your films have arrived safely and that your series on markets will be of great interest in the United States. It was a pleasure to have been able to travel with you in India and I do hope that we may some time meet again.

Sincerely yours,

HOWARD HOUSTON, *Deputy Director.*

ATTACHMENT NO. *1.—Summary of operations of International Cooperation Administration (formerly Foreign Operations Administration)*

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956	Fiscal year 1957 (estimated)	Total [1]
(*a*) Total expenditures:					
United States funds (counterpart funds generated) [2]					
United States funds (no counterpart generated)	$28, 439, 506	$57, 681, 444	$81, 406, 042	(3)	$167, 526, 992
Counterpart funds (in equivalent United States dollars) [2]					
Local government contributions in United States dollars) [4]					
				Unobligated	Unexpended
(*b*) Balances as of June 30, 1956:					
United States funds				$1, 017, 227	$134, 534, 522
Counterpart funds (in equivalent United States dollars) [2]					
(*c*) New allocations (tentative) from fiscal year 1957: Foreign aid appropriation:					
United States funds				(5)	(5)
Counterpart funds (in equivalent United States dollars) [2]					
(*d*) Total amounts available for obligation and expenditure in fiscal year 1957:					
United States funds				(deleted)	(deleted)
Counterpart funds (in equivalent United States dollars) [2]					

[1] Does not include fiscal year 1957 expenditures.
[2] Within the meaning of sec. 142 (II) of Public Law 665, as amended by Public Law 138, there is no counterpart fund in India.
[3] Not available.
[4] "Host government contributions" are listed in connection with each project description in attachment No. 2. Expenditure data on these projects is not available. On an overall basis, the United States contributed about 7 percent of the Government of India costs of the first 5-year plan which ended on Mar. 31, 1956.
[5] Fiscal year 1957 operational programs not yet approved by International Cooperation Administration in Washington.

QUESTIONNAIRE SUBMITTED BY SENATOR ALLEN J. ELLENDER (D–LA.) JULY 1956

1. Itemized list of all nonmilitary foreign aid projects (including technical assistance projects), from beginning of programs through fiscal year 1956. Include the following:

(*a*) Brief description and justification of each project.

(*b*) Total cost of project.

(*c*) United States contribution.
(*d*) Local government contribution:
(i) from country budget (in equivalent United States dollars).
(ii) from counterpart funds (in equivalent United States dollars).
(*e*) Percent United States contribution to total cost.
(*f*) Estimated completion date.
(*g*) If type of project which in United States would be privately operated, indicate whether local government operated or privately operated. If privately operated, how did private owner finance project?

See attachments.

2. Copy of fiscal year 1957 proposed country budget, as submitted to Washington in justification of proposed fiscal year 1957 allocations, including detailed description of each proposed project.

See attachment No. 3.

3. List of projects proposed for fiscal year 1957, under allocations from fiscal year 1957 appropriations.

See attachment No. 3.

4. Number of ICA employees (onboard strength as of July 31, 1956).

	Locals	United States	Total
(*a*) Technicians:			
1. United States employed	159	115	274
2. Contract employees		63	63
(*b*) Others		27	27
Total	159	205	364

FOREIGN MILITARY AID PROGRAM

(*a*) Furnish for each fiscal year, from the start of the program to and including fiscal year 1957, the following information:
(1) Amounts spent for hardware (including direct United States shipments and offshore procurement).
(2) Amounts spent for direct forces support.
(3) Percent of host country's total budget used for military purposes.[1]

EXPLANATORY NOTES ON SENATOR ELLENDER'S QUESTIONNAIRE

Attachments:
1. Questionnaire submitted by Senator Ellender.
2. Pamphlet, Indo-American Technical Cooperation 1952–55. Supplemental material has been added to this pamphlet to make the data current as of June 30, 1956.
3. Proposed budget for 1957 (technical cooperation).
4. Graph—Cumulative record of obligations, subobligations and expenditure data for period July 1, 1951–May 31, 1956.
5. Statement of unexpended balances by project agreement.
6. Pamphlet—Indo-American Program 1952–56, a Graphic Presentation.

[1] Indicate whether amount allocated for military purposes is for strictly military purposes, or includes pensions, counterpart funds, etc. If latter, indicate approximate proportion.

EXHIBIT B

Summary of Indo-American program for United States fiscal years 1952–56 (commitments as of June 30, 1956)

Agreement No.	Project title	Fiscal year 1956	Total 1952–56
1	Fertilizer for demonstration	$485,675	$17,248,104
2	Iron and steel for agriculture		19,855,337
3	Plant protection and locust control		608,602
4	Soil fertility and fertilizer use	44,100	402,915
5	Modernization of fisheries	409,600	2,894,419
6	Ground-water irrigation		18,644,842
7	Agricultural and home science extension and training	117,135	1,034,461
10	Development of forest research	95,500	494,500
12	Ground-water exploration		4,050,000
22	Training in agricultural machinery use		100,000
28	Agricultural education and research	967,200	5,057,517
31	Modern storage of food grains	4,029,600	5,468,600
32	Augmenting fertilizer supply		4,000,000
34	Agricultural information, production, and training		200,000
36	Agricultural economics research	59,400	79,400
38	Livestock improvement	113,100	148,100
42	Water resources survey and minor irrigation		465,000
45	Crop production and development	11,267	21,267
53	Production and marketing of citrus fruits	14,340	14,340
60	Calcutta milk scheme	340,000	340,000
61	Dairy development	300,000	300,000
	Total, agriculture and natural resources	6,986,917	81,427,404
11	River valley development	750,000	8,133,944
	Survey of Sindri fertilizer plant		67,106
	Engineering services to Damodar Valley Corp		917,000
13	Building materials development	91,500	291,500
14	Demonstration of low cost housing		56,000
16	Exploratory lignite development		748,500
18	Augmenting steel supply		37,300,000
19	Training construction equipment operators		460,000
20	Rihand Valley development		6,420,533
23	Improvement of Rajasthan power facilities		1,065,000
26	Industrial research and technical service institutions	12,000	2,537,500
	Technical and Engineering advisory services to CWPC		100,000
37	Flood control		302,000
39	Electrical distribution system maintenance training		240,000
40	Industrial technical services	699,900	2,447,900
59	Technical services in water resources	50,000	140,000
52	Steel casting foundry	289,500	289,500
54	Assistance to Irrigation Research Institute	81,200	81,200
55	Small industries development	808,400	808,400
57	Telecommunications development	106,500	106,500
62	Industrial design	162,800	162,800
	Total, industry and mining	3,051,800	62,675,383
17	Railway rehabilitation	712,200	38,389,200
24	Expansion of aviation ground facilities	196,000	2,536,500
58	Technical assistant for civil air transport	33,500	33,500
	Total, transportation	941,700	40,959,200
15	Central Labor Institute		100,000
35	Trades training	260,590	910,590
	Total, labor	260,590	1,010,590
9	Malaria control	24,000	14,492,197
25	National water supply and sanitation	1,524,697	6,424,697
29	Assistance to medical colleges	180,000	680,000
30	Health instruction training centers		37,000
33	Filaria control	682,700	1,412,700
43	Study of thermal environment conditions	7,450	15,750
	Total, health and sanitation	2,418,847	23,062,344
27	Assistance to technical education	431,100	2,016,100
41	Assistance to home science education and research		683,000
47	Extension training program for secondary-school teachers	1,206,900	1,206,900
59	Foundry training	175,700	175,700
50	Educational administration	50,000	50,000
	Total, education	1,863,700	4,131,700

EXHIBIT B—Continued

Summary of Indo-American program for United States fiscal years 1952–56 (commitments as of June 30, 1956)—Continued

Agreement No.	Project title	Fiscal year 1956	Total 1952-56
8	Community development program	$121,100	$12,892,960
44	Social welfare education	61,280	340,280
	Total, community development	182,380	13,233,240
51	Improved operating statistics and reports	13,630	13,630
63	Assistance to Indian Statistical Institute	2,800	2,800
	Total, public administration	16,430	16,430
	Technicians, participants, technical support	3,024,555	16,717,328
	Total, project assistance	18,746,919	243,233,619
	Development assistance (wheat, steel, DDT, fertilizer)	61,427,000	85,672,940
	Ocean freight	513,673	513,673
	Emergency relief (gamma globulin, food grains)	375,000	5,009,923
	Total	62,315,673	91,196,536
	Grand total	81,062,592	334,430,154

Notes on Summary of Indo-American program for United States fiscal years 1952–56

Agreement number	Project title	Note
1	Fertilizer for demonstration	The 1952–55 total was reduced by a deobligation of $119,498.
2	Steel for agriculture	The 1952–55 total was reduced by a deobligation of $300,000.
3	Plant protection and locust control	The 1952–55 total was reduced by a deobligation of $119,548.
4	Soil fertility and fertilizer use	The 1952–55 total was reduced by a deobligation of $21,035.
5	Modernization of fisheries	The 1952–55 total was reduced by a deobligation of $163,000.
6	Ground water irrigation	The 1952–55 total was reduced by a deobligation of $885,158.
7	Agricultural and home science extension and training.	The 1952–55 total was reduced by a deobligation of $117,874.
28	Agricultural education and research	The 1952–55 total was reduced by a deobligation of $17,583.
31	Modern storage of food grains	The 1952–55 total was reduced by a deobligation of $200,000.
11	Rihand Valley development	The 1952–55 total was reduced by a deobligation of $804,592.
18	Augmenting steel supply	The 1952–55 total included $6,840,885 reprogramed from agreements 20, 21 and 23. This amount not included in the 1956 total.
37	Flood control	The 1952–55 total was reduced by a deobligation of $261,200.
17	Railway rehabilitation	The 1952–55 total was reduced by a deobligation of $525,000.
9	Malaria control	The 1952–55 total was reduced by a deobligation of $653,807.

EXHIBIT C

BRIEFING MATERIAL—FISCAL YEAR 1956 PROGRAM

ASSISTANCE TO THE EXTENSION TRAINING PROGRAM FOR SECONDARY-SCHOOL TEACHERS

That phase of the total educatiunal program which requires special attention is the improvement of secondary education through improved teacher competence. Emphasis is being placed upon providing additional training to secondary-school teachers already in service as well as strengthening preservice training at secondary-school teacher training institutions. The program will introduce modern curriculum, planning procedures, produce various types of curriculum materials

and aids and finally, improve methods of examination and evaluation in 54 teacher-training institutions. United States funds will be used to cover the cost of the service of technical experts who will be assigned to the Central Institute of Education as well as to cover costs of books, teaching aids, audiovisual equipment and a vehicle for each of the 54 participating institutions.

Agreement No. 47:

Total cost	$1, 635, 510
United States contribution	$1, 206, 900
Host government contribution (budget)	$428, 610
Percentage of United States contribution	74
Estimated completion date	1959

RURAL ELECTRIFICATION

Rural electrification is an important factor contributing to the success of such ventures as tubewell operations, community development, and cottage industries development. Wood poles and steel joists, which are necessary components of the subtransmission and distribution network required to extend electrical energy to the ultimate consumers in the rural areas, will be purchased outside India at a total cost of $3 million. Further aid under the Indo-American program will consist of an additional rupee expenditure of Rs350 million to cover within India costs for the development of the rural electrification plan contemplated in this program. Approximately 11 million people will receive electric service under this project, representing 3.5 percent of the country's total.

Agreement No. 48:

Total cost	$3, 735, 000
United States contribution	$3, 000, 000
Host government contribution (budget)	$735, 000
Percentage of United States contribution	80
Estimated completion date	1957

TUBEWELL CASING

In fiscal year 1956 American aid consisted of supplying water-well casing pipe for an estimated 2,000 wells, each well having an average depth of 350 feet. The pipe has been allocated for the construction of wells in Uttar Pradesh, Bombay, Pepsu, and Bihar. Additional aid will be supplied by the central Government, while the states will be responsible for the construction and powering of these ground-water irrigation projects. It is anticipated that the 2,000 wells will provide supplementary irrigation to approximately 600,000 acres of land and are estimated to increase food grain production by about 150,000 tons annually.

Agreement No. 49:

Total cost	$7, 000, 000
United States contribution	$2, 000, 000
Host government contribution (budget)	$5, 000, 000
Percentage United States contribution	28
Estimated completion date	1961

EDUCATIONAL ADMINISTRATION

The purpose of this project is to provide technical assistance to a program for the improvement of educational administration in India. United States aid consists of the services of a highly qualified specialist in educational administration who will work directly in the Central Institute of Education and in the Ministry of Education. He will establish inservice training programs including activities such as conferences, workshops, seminars, and will act as a consultant to the existing organizations of headmasters. Commodity assistance will consist of professional publications in the field of educational administration, books, bulletins, periodicals, and other related library materials to be used under this project. This project serves both as a projection of and a complement to the secondary education project.

Agreement No. 50:

Total cost	[1] $50, 000
United States contribution	$50, 000
Host government contribution (budget)	(1)
Percentage United States contribution	(1)
Estimated completion date	1958

[1] To denote that the local currency requirements borne by the Government of India have not been specified by amount in the agreement. Local currency contributions will cover such items as the inland handling of equipment, interpreter and stenographic services, within-India travel costs for GOI requested technicians, participants within-India travel costs and other related project costs.

IMPROVED OPERATING STATISTICS AND REPORTS

A new Statistics and Reporting Section was recently established within the Department of Economic Affairs, Ministry of Finance. This project will equip the new section with basic modern office machines to enable it to perform as efficiently as possible in tabulating, presenting and reproducing data. The installation serves as a demonstration unit for other departments of the Government of India with a view to improving operating statistics and reporting and aiding in the improvement of public administration generally.

Agreement No. 51:

Total cost	[1] $13, 630
United States contribution	$13, 630
Host government contribution (budget)	(1)
Percentage contribution	(1)
Estimated completion date	1956

[1] To denote that the local currency requirements borne by the Government of India have not been specified by amount in the agreement. Local currency contributions will cover such items as the inland handling of equipment, interpreter and stenographic services, within-India travel costs for GOI requested technicians, participants within-India travel costs and other related project costs.

PILOT PROJECT ON PRODUCTION, PROCESSING, AND MARKETING OF CITRUS FRUITS

The marketing of citrus in India combines all the elements necessary for the successful marketing of other agricultural crops. This project is intended to assist in the development of cooperative techniques in the production, processing, and marketing of citrus products in India in the light of American experience in the line. Madhya Pradesh which is a major citrus-producing State in India, has recently submitted a scheme for the processing and marketing of citrus to the Central Ministry of Food and Agriculture. Successful implementation of this demonstrational project for the Nagpur area will provide valuable experience in organization for other areas and other crops. Under this program funds will be provided for an ICA short-term contract of 3 months duration with an outstanding citrus cooperative organization either in California or Florida in order to make a brief survey to determine any special problems and prepare brief reports which might contribute to the development of the Nagpur project. Provision is also made for the training of one Indian at postgraduate level in the improvement and standardization of citrus culture, citrus research, and allied horticultural problems.

Agreement No. 53:

Total cost	$24, 490
United States contribution	$20, 740
Host government contribution (budget)	$4, 200
Percentage contribution, United States	82
Estimated completion date	1958

ASSISTANCE TO IRRIGATION RESEARCH INSTITUTE

The present Irrigation Research Institute at Roorkee in the State of Uttar Pradesh does not have the laboratory equipment and facilities required to make possible the use of modern construction and design methods necessary for the construction of powerplants, roads, and structures of all kinds. Under the present agreement, the United States will provide technical equipment and advice and information for the installation and operation of a modern construction material research laboratory and materials testing laboratory and for the expansion of the present hydraulics laboratory at Roorkee. American assistance will cover, apart from the equipment, the services of a technical expert for at least 1 year to advise and assist in the installation of the laboratory equipment and to instruct Indian personnel on its use.

Agreement No. 54:

Total cost	(1)
United States contribution	$81, 200
Host government contribution (budget)	(1)
Percentage United States contribution	(1)
Estimated completion date	1957

[1] To denote that the local currency requirements borne by the Government of India have not been specified by amount in the agreement. Local currency contributions will cover such items as the inland handling of equipment, interpreter and stenographic services, within-India travel costs for GOI requested technicians, participants within-India travel costs and other related project costs.

SMALL INDUSTRIES DEVELOPMENT

Small industry which provides by far the largest portion of industrial employment, is an area in which an expanded program of development is urgently needed. In this project special attention is given to the development of small industry with a view to raising income in rural and semiurban areas by drawing upon the reservoirs of skills and talents available in India. United States Government will make available under this project various items of basic machinery and equipment not available in India for the training and demonstrational units of the Delhi Industrial Estate. It will also make available under contract the services of six technical men who will advise on the planning layout and equipment required for the pilot production and development center as well as advising and assisting in the development of plans, programs and construction specifications necessary for the establishment and initial operation of the component units of the Delhi Industrial Estate. Provision is also made to provide training facilities for an Indian technician to study vocational and industrial training techniques in the United States.

Agreement No. 55:

Total cost	$17, 608, 400
United States contribution	$808, 400
Host government contribution (budget)	$16, 800, 000
Percentage United States contribution	5
Estimated completion date	1959

ASSISTANCE TO INDIAN STATISTICAL INSTITUTE

The Indian Statistical Institute is recognized as the focal center for professional training and research in statistics. Under this project, a management library will be supplied to the Industrial Management Research Unit of the Institute. The institute is carrying on research in problems of long term planning on behalf of the Government of India and executes the technical processing work of the national sample survey of the Government of India.

Agreement No. 64:

Total cost	(1)
United States contribution	$2, 800
Host government contribution (budget)	(1)
Percentage United States contribution	(1)
Estimated completion date	1959

[1] To denote that the local currency requirements borne by the Government of India have not been specified by amount in the agreement. Local currency contributions will cover such items as the inland handling of equipment, interpreter and stenographic services, within-India travel costs for GOI requested technicians, participants within-India travel costs and other related project costs.

TELECOMMUNICATION DEVELOPMENT

The Posts and Telegraphs Department of the Government of India, Ministry of Communications, is now establishing a telecommunication research laboratory. The laboratory is intended to carry out design and other development research work in order to fill a basic gap in this field and to help provide better telecommunication services in the country at lower cost through new designs and improved maintenance and manufacture of equipment using local materials to the greatest possible extent. Under this project, the United States Government will provide assistance in the form of a nucleus of modern laboratory-type precision testing and measuring equipment for line communication systems, technical books and publications for reference purposes, as well as the services of

a telecommunication engineer to assist in the organization of this unit, setting up the laboratory and training research personnel.

Agreement No. 57:

Total cost	$318, 222
United States contribution	$106, 500
Host government contribution (budget)	$211, 722
Percentage United States contribution	33
Estimated completion date	1959

TECHNICAL ASSISTANCE FOR CIVIL AIR TRANSPORT

Under this project, designed to improve Air India International (AII), an executive of broad experience in the general management and operations of an airline is to be furnished for a 4-month period and a specialist in stores and inventory management for a 6-month period in order to examine the management, organization, and operations of Air India International, and make recommendations for improvement. As a result of the recommendations that will be made by the specialists, the United States may furnish additional technical assistance during a 1- to 3-year period in order to insure that the rapid development of operations is placed on a higher standard, long-range basis and that adequate coordination is established between the various AII departments.

Agreement No. 58:

Total cost	(1)
United States contribution	$33, 500
Host government contribution (budget)	(1)
Percentage United States contribution	(1)
Estimated completion date	1959

[1] To denote that the local currency requirements borne by the Government of India have not been specified by amount in the agreement. Local currency contributions will cover such items as the inland handling of equipment, interpreter and stenographic services, within-India travel costs for GOI requested technicians, participants within-India travel costs and other related project costs.

FOUNDRY TRAINING

An important aspect of the increased emphasis on India's industrialization in the second 5-year plan is the need for expanded facilities for training technical personnel for Indian industry, including foundrymen training in the latest foundry practices and techniques. A Foundry Training Center at Kharagpur, the first of its kind in India represents a pilot effort in training and demonstration in modern foundry practices for Indian industrial personnel. This center will eventually be expanded and improved to provide training not only to foundrymen generally, but also to graduates in mechanical engineering and metallurgy and to foundry foremen and supervisors. The Indo-American agreement provides United States financial assistance for the purchase of essential foundry equipment and supplies as well as to extend the services of the United States foundry technologist now in India.

Agreement No. 59:

Total cost	$312, 200
United States contribution	$175, 700
Host government contribution (budget)	$136, 500
Percentage United States contribution	56
Estimated completion date	1959

CALCUTTA MILK SUPPLY SCHEME

The Government of India Calcutta milk supply scheme proposes the movement of over 40,000 cattle from Calcutta proper to Haringhata, with housing facilities at Haringhata for 28,000 milk animals and their calves and owners, a 6,000-acre fodder farm at Haringhata, housing facilities for 12,000 dry cattle on a 3,000-acre farm at Pannagarh, the erection of a milk pasteuring and processing plant at Calcutta having a capacity of 500,000 pounds and increased collection of milk from rural areas at both Haringhata and Calcutta. Under the Indo-American program financial assistance will be provided toward the cost of establishing the pasteurization plant in Calcutta. This will also demonstrate the use of modern milk processing and milk reconstituting equipment as well as the use of milk tankers as an economic means of transporting milk from the Haringhata farm to

the Calcutta plant. In addition, technical assistance will be provided to assist in the training of Indian technicians in the operation of both the processing plant and the farm.

Agreement No. 60:

Total cost	$2, 440, 000
United States contribution	$340, 000
Host government contribution (budget)	$2, 100, 000
Percentage United States contribution	13
Estimated completion date	1959

DAIRY DEVELOPMENT

Under the dairy development project, the United States further assists India in its efforts to increase and improve the quality and supply of milk and milk products. United States assistance will make available the services of technicians to advise Indian Government officials and train personnel on the practical aspects of dairy herd management, dairy processing plant operation, and the marketing of dairy products. Pilot demonstrational and training equipment will be made available for one milk processing plant and associated rural collection centers, three rural creameries and several cooperative milk union plants.

Agreement No. 61:

Total cost	$12, 700, 500
United States contribution	$300, 000
Host government contribution (budget)	$12, 400, 500
Percentage United States contribution	2
Estimated completion date	1959

INDUSTRIAL DESIGN

The regional small industry institutes provide an extension type of advisory services to small industry in India. Industrialists in this field can obtain technical advice on such problems as production, materials, marketing and engineering. This project will assist in making available a further service in the field of industrial design and product development and is intended to help expansion of production in the small industries field through more diversified, better designed and cheaper products. Under the present program, one industrial design specialist will be assigned to each of the initial four regional institutes of Delhi, Bombay, Calcutta, and Madras. The specialist will evaluate local production and develop new product designs in the light of production plans, and recommend materials and distribution methods for both small industries producing mainly for internal consumption, and handicrafts producing mainly for export.

Agreement No. 62:

Total cost	$188, 840
United States contribution	$162, 800
Host government contribution (budget)	$26, 040
Percentage United States contribution	86
Estimated completion date	1959

UNITED STATES INFORMATION AGENCY,
Washington, August 9, 1956.

The Honorable ALLEN J. ELLENDER,
United States Senate.

DEAR SENATOR ELLENDER: The Agency has previously commented by letter of July 2, 1956, on some of the recommendations you made on the information program following your inspection trip last year. At the time of our previous letter, the Agency had not completed its study of all of your recommendations and we advised you that we would comment on the remaining recommendations as soon as possible. We have now completed our study of your recommendations concerning the USIA program in India, and wish to make the following comments:

As I stated in my letter of July 2, 1956, it is our practice to use every medium of communication available to us to the extent that it has value and is effective. Of course, due consideration is given to indigenous factors in the use of the different mediums. In a country the size of India, for example, an activity, or medium use, that would have major importance in one area may be of little significance in another area, but every medium has utility in one part or another in the vast territory and widely differing conditions of that country. American books have little significance to the illiterate multitudes of India's rural areas, but they are a

potent means of influence among the educated and highly influential groups of the cities. The same can be said of the various services we provide to the influential newspapers of India.

As you astutely observed in your report, motion pictures have particular significance in all areas of India which has for years had an indigenous motion-picture industry of large proportions.

We agree with your recommendation regarding the value of films and are making every effort to reach our target audiences by motion pictures. We currently have a film library of 890 film titles with some 9,000 prints in 8 languages for use in India.

It must be remembered, however, that the kind of program we are able to put on in a particular country depends to a large degree upon the attitude of the government. For example, in India the motion-picture program has not been expanded to the proportions we would desire, in large measure because of procedural redtape of the Indian Government, which has the effect of restricting the film program.

The Indian Government censorship program normally requires from 3 to 4 weeks for approval of a film. Films with an anti-Communist theme are generally not approved. Other films with a decided "message" may take up to 9 months for approval, by which time the film is out of date.

In addition to censorship by the Indian Government, film showings are licensed by the local governments. In the Bombay area all mobile unit showings are prohibited. In other areas licensing requirements are such that showings by mobile units are not practicable. Finally, mobile units are now permitted to operate only out of four major posts, making it impossible to cover the more remote areas.

Nevertheless, in line with your recommendations, the Agency is exploiting all opportunities for increasing the effectiveness of the film program through local production of films. Such "local productions" (of which 25 were made on the various United States technical-aid activities in India) prove most effective. A film on America, using Nehru's visit here as the vehicle, had been planned for production by the Agency for wide commercial showing in India along the same lines as the extraordinarily successful film on President Sukarno's visit. Such a film is still planned when and if the Nehru visit is revived.

Meanwhile, an effective film program, giving Indians of all walks of life a picture of America, our people, and our way of life, and explaining the purposes of our foreign policy, is going forward. During a recent 6-month period 244 nontheatrical showings of Agency films were held in Bombay. The six films of the Atoms for Peace series have been especially popular. During the same period 136 commercial movie houses in Bombay showed the films entitled "Vice President Nixon—Ambassador for Friendship," "Falcon Dam," and "President Eisenhower." During the same period there were 266 different USIS film shows in Calcutta and 71 in New Delhi.

Significantly, university students, from whom the most vociferous anti-American outbursts have come, have been turned into "customers" for films, and now account for a consistent demand for USIS films. A recent questionnaire prepared in India regarding the film program, was answered by a large percentage of secondary schools and colleges which evidenced interest in borrowing films.

In addition to films, we use other mediums to give us rapid access to thousands of persons. Notable successes have been obtained through the showing of exhibits in India. Our Atoms for Peace exhibit drew thousands, and was visited by both the Prime Minister and the President. At the present time The Family of Man exhibit is drawing record crowds in Bombay, and the Government of India has indicated it would like to produce a film on this subject. The Voice of America is widely listened to and reaches many that cannot be contacted through other activities.

Finally, the printed word is used with great effectiveness in India. Notwithstanding the widespread illiteracy in India, newspapers, books, periodicals, and pamphlets have a tremendous effect. That is due, of course, to the relatively small group of highly educated and western oriented Indians who wield an influence in modern-day India far out of proportion to the size of the group.

There are roughly 80 million literates in India. Seven and a half million read English. These 80 million persons control most of the opinion-molding and policy-deciding positions in the country. The Communists are very aware of this fact, and Communist publications are to be found in most bookstores. A November 1955 advertisement in the magazine New Age listed 90 different Soviet publications, ranging from illustrated children's books to works by Marx and Engel.

Vigorous sales campaigns are undertaken, including door-to-door solicitations and the setting up of stalls by the local chapters of the Communist Party.

Because of the importance of this literate group which we are trying to reach, our book program in India is one of the largest in the world. Last year we published in various local languages 106 books, most of which emphasized the democratic concept. The average cost of these books was 50 cents or less.

In our low-priced book program in English we have been equally, if not more, successful. Information from the distributor in India of the low-priced books in English indicates that the books are selling at the rate of more than 1,000 per day. In fact, in Calcutta alone they are moving at the rate of 500 copies per day, and more importantly, the books are appearing in bookstores in both poor and wealthy sections of the city.

Another very effective means of reaching this very small but immensely influential group is through the American Reporter, a biweekly newspaper published in India in 5 languages, which is distributed to 185,000 persons. The American Reporter carries major pronouncements by the President, the Secretary of State, and other officials which would not otherwise be available in India. It furnishes the only opportunity in India for getting our policy statements to Indian readers in completely unrevised form.

While the press is not censored, it is closely watched by Government officials, and the USIS press service is valuable to newspaper editors in presenting the news in such a way that it can be used without Government of India objections. The libraries in India are constantly overcrowded, and activities such as seminars and lectures conducted at the information centers are heavily attended.

We expect to complete our review of your recommendations with respect to Japan in the near future, and to furnish you with our comments prior to your proposed visit to Japan.

Sincerely yours,

ABBOTT WASHBURN, *Acting Director.*

CEYLON

Ceylon is a small island located near the southern tip of India. It has a total land area of 25,332 square miles, which is roughly equal to that of the State of West Virginia. The last census, taken in 1955, shows a population of 8,700,000, with the highest concentration of inhabitants located in the southwestern quarter of the island where agricultural conditions are exceptionally favorable.

There is much poverty on Ceylon. It is plagued by a shortage of good cultivable land and a burgeoning population which is estimated to double itself every 25 years.

Much of the good arable land is presently owned by well-to-do Ceylonese, who, until recently, have maintained the workers in the status of medieval serfs. However, the Government of Ceylon is doing a great deal to bring new land into cultivation, and there is increasing pressure being applied against the large landowners to have them sell some of their holdings or liberalize their rentals, and thereby give the small farmers a break. A great deal of the state-owned land located in the northern part of the island, where the rainfall is scant and where irrigation is practiced, will be distributed among the Ceylonese farmers. It is expected that such a land redistribution program may discourage continued large holdings among the wealthy landlords. It is to be hoped that this can be done in an orderly way with just compensation to the landlords.

Our assistance effort in Ceylon consists primarily of technical and development assistance. The aid effort was initiated in fiscal 1956, with an agreement signed with Ceylon on April 28, 1956. However, on June 29, 2 days before the close of the 1956 fiscal year, ICA allotted $5 million for fiscal 1956, for economic and technical assistance funds to Ceylon. The money was tentatively earmarked for improvement

of railroads, development of power and irrigation projects, the expansion of the University of Ceylon, and agricultural extension services. No plans had been previously made for any of these projects.

This $5 million was drawn from the President's fund for Asian development, and it is interesting to note that while the allocation actually took place in fiscal year 1956 it occurred only 48 hours before the close of that fiscal year with no hope of spending, nor even contracting for it, during fiscal 1956. Only token amounts have been firmly obligated. Since the 1957 fiscal year mutual security appropriation bill carried an appropriation of ——— in development assistance funds plus ——— in technical assistance funds, it is obvious that during the present fiscal year a total of roughly ——— will be available for obligation and expenditure.

The circumstances surrounding the last-minute allocation of funds to Ceylon out of fiscal 1956 appropriations is compelling evidence tending to prove that the present system of presentation, review, and appropriation by the Congress of mutual security funds requires extensive revision. It appears absolutely senseless for some $5 million in tax money to be allocated during the closing hours of a fiscal year, and then for our ambitious planners to insist upon, and by the way, actually receive an additional ——— for the succeeding fiscal year. Certainly this opens the way to waste and inefficiency.

During my visit to Ceylon, it was my judgment that since the Government of Ceylon has fixed 1962 as its target date for a number of economic reforms, our planners doubtlessly have in mind building up a large "kitty" for Ceylon in order to assure that nation of continued assistance even if the Congress should reduce aid here in some future year.

Of the $5 million allotted to Ceylon during the last 48 hours of the 1956 fiscal year, project assistance will be distributed as follows:

Some $1,875,000 to purchase 15 diesel locomotives as part of a program to modernize Ceylon's railway services.

Roughly $1,824,000 to purchase construction equipment, supplies, and technical assistance for the construction of irrigation projects and related maintenance facilities.

Over $581,000 to expand the University of Ceylon.

Roughly $75,000 to be used for supplies and equipment for government agricultural research and extension centers.

Exhibit A attached hereto indicates the scope of the program we have undertaken in this area.

Exhibit B, "Proposed fiscal year 1957 Ceylon American development assistance and technical cooperation program as of August 27, 1957," is a tentative outline of what can be expected in the way of further aid to this country should ICA Washington allocate ——— ——— or ——— in development assistance funds, plus ——— in technical assistance funds, during the 1957 fiscal year.

It is interesting to note that this exhibit indicates that instead of USOM/Ceylon formulating a program of technical assistance consistent with local requirements, ICA allocated the ——— in technical assistance funds to the Ceylon mission and directed USOM/Ceylon to find ways and means of spending it. (See also exhibit C.)

In this connection, it should also be noted that during the 1957 fiscal year, USOM/Ceylon will have available for expenditure not the ——— in technical assistance which ICA witnesses went to such pains to justify as ansolutely necessary but, actually, nearly ——— in

technical assistance funds, since to the ——— 1957 fiscal year allocation must be added the $975,000 allocation which took place during fiscal year 1956, and which was not obligated and, of course, not spent during that fiscal year.

Since present circumstances have made possible the accumulation of roughly ——— in development assistance funds plus some ——— in technical assistance funds for use in Ceylon, I recommend that the committee should not appropriate additional funds for this country in fiscal 1958. The addition of more money to the huge unobligated amount presently on hand would constitute an engraved invitation by the Congress for the continuation of wasteful practices. On the other hand if all the money available is spent and/or obligated it might be used in the future as a gage to determine the size of the yearly program for the future.

I also direct the committee's attention to the fact that some $491,000 in development assistance funds allocated to the Government of Ceylon out of 1956 fiscal year appropriations was used to defray the ocean freight costs of transporting powdered milk to Ceylon for distribution by CARE. Since funds for ocean freight for relief shipments have been appropriated under separate authority in the mutual security bill, I find it most strange that our foreign aid planners have gone out of their way to use development assistance funds—money for which they pleaded and which they emphasized as necessary down to the last penny if our aid program was to succeed—to pay ocean freight. I question the authority of ICA to use development assistance funds to pay freight on commodities for relief. Those responsible should be questioned and dealt with properly. I recommend that appropriate language be incorporated in the fiscal year 1958 bill precluding further diversion of such funds for purposes other than appropriated, should there be a loophole in the present law to permit such a diversion of funds. In this connection, the committee will recall that when the subject of a Presidential fund for Asia was first broached to the Congress last year, the overriding necessity for a separate appropriation for this purpose was justified on the basis that the money would be used for regional projects.

During hearings before the House Committee on Appropriations on the fiscal year 1957 appropriations bill, Mr. John B. Hollister, Administrator of the International Cooperation Administration, again testified that the purpose of the President's fund for Asian economic development was to further the establishment of a number of regional projects, but he added: "While under the statute preference is to be given to projects of a regional character, the possibility of a need to use this fund for assistance to individual countries was also foreseen. We have kept such situations to an absolute minimum but have found it necessary to fund a modest development program for Indonesia and a small part of one for Ceylon from the Asian fund. These activities, which account for less than 5 percent of the outstanding appropriation, were deemed to be of major importance to the accomplishment of our foreign policy objectives in Asia, at a time when there was no other readily available source of funds with which to carry them out" (p. 62, hearings, mutual security appropriations for 1957, House Committee on Appropriations).

While it is perhaps understandable that some individual country projects should be financed from money appropriated for primarily

regional development, it is particularly difficult for me to understand in the case of Ceylon just why it was of such major importance that $5 million of these regional funds should be withdrawn from their primary purpose and allocated to Ceylon when, by waiting only 48 hours, fiscal year 1957 funds, request for which was then pending before the Congress, could have been used. Activities such as this on the part of our foreign aid administrators are responsible in no small measure for an increasing lack of confidence in and appreciation of our foreign assistance efforts among both rank and file American citizens and of course Members of the Congress. At the time of my visit to Ceylon, which was more than 60 days since the allocation of fiscal 1956 funds, no actual work had yet been undertaken.

It is my considered judgment that a reasonable and realistic program of assistance to Ceylon could achieve much good. However, extreme care will have to be used in both the manner and method by which the funds are applied.

Reference to the attached exhibits will demonstrate that it is proposed to spend some ——— during the next fiscal year on irrigation and land reclamation in Ceylon. By all means, programs upon which these funds are to be applied should be carefully scrutinized, and every effort should be made to see that the money we spend for this development will not inure to the benefit of the large landowners. The overriding purpose of our expenditures should be to better the way of life of the masses of the people. I would also recommend that consideration be given to suggesting that an increased tax rate be made applicable to the large landowners by the Government of Ceylon, on the theory that those who have created the conditions of unrest, with reference to land shortages, should assist in defraying the cost of rectifying their errors. If a tax is not feasible, some other method should be studied and applied.

———.

It is my impression that the changed Government owes its existence primarily to the activities of religious leaders of the Buddhist faith. The Buddhist priests were very active in the election. It was their position that the former premier was too favorably inclined toward Christianity and that his reelection would injure the Buddhist cause. Apparently such was not the case. The people have learned better since the election, and there is a growing dissatisfaction in Ceylon with the ruling regime. I was informed by people I talked to in various parts of the island.

It was my privilege while in Ceylon to confer with Sir Oliver Goonetilleke, Governor General of Ceylon, who has held his post since July 17, 1954. He is the first Ceylonese to ever hold this position in the local government. Before his appointment he served as Minister of Finance in the Government formerly headed by Sir John Kotelawala.

During our discussions, Sir Oliver emphasized the need for assistance to Ceylon, and was most interested in conditions in the United States. I stressed to him our present economic position, with particular reference to our large debt and the fact that we are bogged down in deficit financing; I hope that my remarks had some effect. It has been my impression that too many foreign leaders feel that the United States is an inexhaustible source of funds—an impression which, unfortunately, is fostered by some of our representatives abroad. All of the budgets for foreign aid are made up and suggested by our

own representatives and they seem unwilling to consider the impact that such spending will have on our own economy. A large bureaucracy has been established on both the Washington and the foreign level that has become most powerful. It dictates the amounts to be spent and the terms and conditions under which the spending is to be made.

It is my hope that the program in Ceylon will be administered in keeping with this small country's financial ability to carry on after we leave. We should start at the bottom rung of the ladder and go up progressively as the people show a tendency to help themselves.

EXHIBIT A

Fiscal year 1956 Ceylon American economic and technical-cooperation program, as of June 30, 1956

[In thousands of dollars]

Project No.	Project title	Number	Participants	Number	Technicians	Contract services	Commodities	Other costs	Total	H.C.C.
11-002	Agriculture, extension research and education	4	10				75		85	1,377
12-003	Irrigation and land development					365	[1] 1,459		1,824	4,782
27-004	Industrial development and productivity						35		35	210
33-005	Development of Colombo area railway services						[1] 1,875		1,875	1,668
52-007	Environmental sanitation	1	6.5						6.5	
66-006	Assistance to the University of Ceylon					381.2	[1] 200		581.2	1,103.5
79-001	Technical assistance in public administration	1	2.3						2.3	
99-000	Technical support			8	21		50.925	28.075	100	
	Total project assistance	6	18.8	8	21	746.2	3,694.925	28.075	4,509.0	9,140.5
	Nonproject assistance, ocean transport of CARE milk powder						[1] 491		491	
	Grand total	6	18.8	8	21	746.2	4,185.925	28.075	5,000.0	9,140.5

[1] Development-assistance funds 4,025,000 plus 975,000 for technical cooperation.

INDONESIA

Indonesia is essentially an island Republic, with a population of some 80 million. The land area of the country, which is about twice the size of Texas, consists of over 2,500 islands stretching from the equator in a southeasterly direction for a distance of some 3,000 miles. Included are the islands of Sumatra, Java, Celebes, the Moluccas, and Borneo. Java, incidently, is the most densely populated area in the world. Living within its confines, an area approximately the size of New York State, are 50 million people.

Prior to the establishment of an independent Government in Indonesia, the area was under Dutch influence. Known as the Dutch East Indies, the islands were developed into one of the world's richest colonial possessions. It is an unfortunate fact that the Dutch made no concerted effort to improve the living conditions of the people who inhabit what is now the Republic of Indonesia.

While improving health conditions and establishing on the main island of Java an extensive road and railway network, the Dutch

concentrated their principal efforts in exploitation of the rich natural resources of the islands and neglected the education and training of the local inhabitants. A 4-year armed struggle for their independence further encouraged in the Indonesian people strong anti-Dutch sentiments.

The net result at this time is a tremendous distrust of white men, particularly those who inhabit the nations allied with the West.

It is against this background that present events in Indonesia must be studied. In extending assistance to the Republic of Indonesia, the United States is treading on extremely dangerous grounds, for while the island Republic is rich in natural resources and ripe for development, there is an outward hesitancy to accept aid from the United States lest the impression be left that the country is falling under the domination of another western power. Thus, at least outwardly, Indonesia must maintain a position of being unwilling to accept American aid even while its present circumstances cry out for development.

American assistance to Indonesia began in 1950, although approximately $60 million in American assistance was extended to Indonesia in 1945 to 1948 through the Netherlands. In 1948, our aid program was suspended, but in 1949, when sovereignty was transferred from the Netherlands to the Government of the new Republic, an additional $40 million of assistance—largely in food and consumer goods—was authorized by the United States in order to help the new nation through its difficult infancy.

In 1950, our Government signed an agreement for economic and technical cooperation with the Government of Indonesia. Aid rendered since that time has been primarily technical assistance, with some economic aid.

In addition to American assistance, the United Nations technical-assistance program has also been operating in Indonesia. As a matter of fact, as of July 1956, the following U. N. agencies were active in this area:

(1) United Nations Technical Assistance Administration.
(2) International Labor Organization.
(3) Food and Agriculture Organization of the United Nations.
(4) United Nations Educational Scientific and Cultural Organization (UNESCO).
(5) International Civil Aviation Organization.
(6) World Health Organization.

During 1957, the United Nations will spend a total of $13.3 million in technical assistance in Indonesia for projects of a varied nature.

Attached to this report is a 21-page summary of proposed programs for the United Nations fiscal year 1957.

I was not able to obtain the total of expenditures by the United States since its program of assistance to Indonesia began. However, since the 1951 fiscal year through fiscal year 1956, United States dollar contributions to Indonesia have totaled $41.7 million. This amount comprises 41.73 percent of a total program cost of $99 million. The remaining 58.27 percent is made up of $38.5 million from the Indonesia country budget plus $19.6 million in counterpart funds.

Total of actual expenditures in Indonesia by the United States during the 1956 fiscal year aggregated $6.3 million, including $2 million generating counterpart funds, and $4.3 million which generate no

counterpart. In this connection, unexpended balances in United States funds as of June 30, 1956, totaled $17.2 million, with an additional $847,624 unobligated.

Unexpended counterpart funds (in equivalent United States dollars) aggregated $41.4 million as of June 30, 1956, with $38.2 million in counterpart equivalent unobligated.

To these amounts must be added the ——— appropriation voted by Congress in the fiscal year 1957 mutual security appropriation bill, thus raising the total of unexpended funds to ——— with some ——— of this amount unobligated. In addition, however, $47.5 million in counterpart funds (in equivalent United States dollars) is estimated to be available for expenditure, with $44.2 million of this amount unobligated.

Over and above this amount, we presently have programed for Indonesia under Public Law 480 (title 1) $96.7 million worth of agricultural commodities. Of this sum $77.4 million of the total currency proceeds are to be loaned back to the Government of Indonesia for economic development. (See p. 24, H. Doc. 447, 84th Cong., 2d sess., Fourth Semiannual Report on Activities Under Public Law 480, 83d Cong., as Amended, dated June 30, 1956.)

Thus there is available for expenditure in Indonesia during the 1957 fiscal year a total of ——— composed of ——— in unexpended dollar funds under the Mutual Security Act, ——— in counterpart funds, and $77.4 million in local currency loan funds under title 1 of Public Law 480.

In this connection, it is interesting to note that there is an apparent discrepancy between the figures I obtained in Indonesia and those cited to the House Appropriations Committee's Subcommittee on Mutual Security Appropriations during hearings on the fiscal year 1957 appropriations bill.

At that time (June 14, 1956) Dr. R. T. Moyer, Director, Office of Far Eastern Operations, International Cooperation Administration, testified that ICA expected to terminate the fiscal year 1956 with only some $10.4 million in unexpended funds in the Indonesian account. J. E. Murphy, Controller, International Cooperation Administration, testified on that same date that the unexpended balance for both technical and development assistance in Indonesia was expected to aggregate $10.4 million, based on an expectancy of spending $7.9 million during the 1956 fiscal year.

According to my figures, actual expenditures in dollars during the 1956 fiscal year totaled $6.3 million, with an unexpended balance as of June 30, 1956, of $17.2 million. In other words, taken together, testimony before the House Appropriations Committee subcommittee and information given me during my visit to Indonesia are irreconcilable. According to the latter, the Indonesian account contains approximately $6.8 million more than either Mr. Murphy or Mr. Moyer expected, despite the fact that expenditures totaled $1.6 million less than expected. I have not been able to determine precisely what happened to the difference—approximately $5.2 million. Nevertheless, this point should be cleared up by ICA, for it is strong evidence of an almost total lack of accounting procedures and/or sloppy management in the aid program here.

Of the ——— tentatively earmarked for the fiscal 1957 program, approximately ——— will be spent for agriculture and natural resources, ——— for industry and mining, ——— for transportation,

——— for labor, ——— for health and sanitation, ——— for education, ——— for public administration, ——— for community development, social welfare, and housing, and ——— for general and miscellaneous purposes such as radio, film, and general audiovisual advisory services, and so forth. This last item would be more properly chargeable against information program activities, but since it represents visual aids and similar items for the furtherance of the technical and development assistance program here, it is charged as an expense against the ICA program.

During my stay in Indonesia, I had an opportunity to visit several of the aid projects. My first visit was to the office of the medical control center, part of a project involving the modernization of medical services in this Republic. The offices I visited are quite modern.

The proposed medical program is a 5-year effort. It involves assisting the medical faculty of the University of Indonesia in strengthening its teaching facilities to a point where some 300 physicians as opposed to 30, at present, can be graduated annually. This goal is supposed to be reached by 1965.

Under a contract with the University of California Medical School consummated in July 1954, an affiliation has been established between that institution and the medical faculty of the University of Indonesia. The University of California is providing 10 to 12 man-years of teaching services to the medical faculty annually. California personnel are in practical charge of operations of the various departments of the Indonesian Medical School. Graduates of the local facility are sent to the United States for specialized training, and upon their return may join the Indonesian faculty as members thereof. By the time the contract activities are concluded, which is presently proposed as 1960, it is hoped that sufficient new personnel will have been trained not only to replace the contract personnel but also to expand the teaching capacity of the medical faculty in order to provide the requisite graduates per year by 1965.

I was informed that the maleria health program, which actually began in 1951, was undertaken on such a small basis that over $2.5 million was spent with little or no results. The local authorities evidently tried to cover too much ground with the small amount of money they had available. Under present plans, equipment and services which are acquired will be provided over a 5-year period with the total United States contribution required fixed at about $10 million. An equivalent amount will be contributed by the local government in labor, fuel, and administration. This would appear to be just one more example of a long-term obligation, normal if not precisely legal, entered into by our planners without adequate congressional authority. Nevertheless, a glance at the total unexpended balances available for expenditure in this area indicate that, while congressional authority for this long-term obligation is not available per se, the accumulation of funds presently in ICA in Indonesia coffers will permit the program to be carried to completion. If this were the only long-range program I discovered on my journey, I would not feel that there is presently a deliberate and apparently successful effort being made to circumvent if not negate the intent of Congress in not authorizing mutual-aid programs on a long-term basis. However, in Indonesia alone, a number of projects have been

undertaken which will not be completed for a number of years. These include:

(1) Agriculture and extension and the creation of an agricultural experiment station: Reference to the attached data will show that "it is expected that United States assistance will be withdrawn from this project by the end of calendar year *1961* and that, by that time, Indonesia will be able to carry on the necessary activities in this field with only a minimum of consultation with ICA headquarters personnel."

(2) Land development and conservation: This is described as "A companion project to the agriculture extension and agricultural experiment station * * *." It would appear that this program will continue for the same length of time as its conjunctive effort.

(3) Expansion and modernization of marine and inland fisheries: This project is tailored to increase the use of fish as a source of animal protein which is essential for an adequate diet; by providing demonstrations of the possibilities inherent in production methods of fishing, of handling, and of processing; assisting in providing sources of fish flour, canned fish, and quality dried fish and shrimp to establish and stimulate their acceptance in domestic trade channels; provide training for the development of skills necessary in expanding operations throughout Indonesia; fostering improved culture techniques in existing inland ponds; stimulating stocking of rice paddies for inland fish varieties; and assisting to halt production declines by preventing the silting of brackish water feeder canals. According to attached data, "It is planned to withdraw ICA assistance to this project by the end of *1961*, by which time Indonesian personnel should be in a position to effectively carry on the activities of the project to its natural conclusion."

(4) Consumer industry development techniques, which involves providing American technicians to help plan increased manufacturing of consumer items from raw materials which are indigenous to Indonesia: According to the data supplied to me, "United States withdrawal for the entire project is tentatively scheduled for early *1958*."

(5) Cement plant training: This project provides 22 training grants in cement plant management and operation for the technical and managerial staff of the Government-owned cement plant here. A contract for the operation of this plant is presently in effect with the Morrison-Knudsen Co., and this contract will expire in *1959*. In the attached information ICA indicates: "It is not expected that ICA assistance will continue past the termination of that contract which is planned for late *1959*."

I visited the cement plant referred to, which is state-owned and which was financed by an Import-Export Bank loan of approximately $14 million. Capacity of the plant is approximately 275,000 tons per year, compared with present production of some 15,000 tons per year now resulting from the old plant on Sumatra. It was indicated that Indonesia's present cement requirements aggregate some 500,000 tons annually, and this will probably increase in the near future to some 900,000 tons annually. According to my notes, we have entered into

a contract that will cost the United States some $600,000 to operate the cement plant for 18 months to 2 years (this is the Morrison-Knudsen contract) and in addition we are sending 22 Indonesians, at a cost of $7,000 each, to the United States for on-the-job training.

(6) Vocational education teacher training: This project was originally scheduled for completion in late 1957 but the Indonesian Government has requested that the Tuskegee University contract be extended until the *end of 1958*. It is my understanding that this contract has been so extended.

All of these projects point to a plan by our local administrators, coupled with at least a moral obligation to maintain an aid program in Indonesia for a period ranging from 3 to 5 years from the present date.

In addition to my visit to the cement plant, I also proceeded to other projects in Indonesia. I visited an agricultural station. This center trains tractor operators and repairmen for the various tractors located throughout Indonesia. Groups of 16 to 20 students spend approximately 6 months in this type of training and then return to their respective areas as tractor operators or repairmen. We provided 6 or 8 tractors and repair parts, as well as machine tools, for training. This work is carried on at the expense of the local government except for our contribution of technical help, tractors, etc., for demonstration.

I also visited the demonstration farm of 27 acres, designed to demonstrate the value of soil conservation. Some 10 acres have been restored to fertility. The land was nicely worked and legumes were planted. There is not much erosion in some parts of Indonesia, but it is my understanding that in west Java much land has been worn out. It is hoped that more demonstration farms will be undertaken, and I agree that they would serve a useful purpose. However, we should confine our assistance to providing technicians and perhaps a little fertilizer for demonstration purposes.

I was informed that it is proposed to construct a fertilizer plant in Indonesia, to cost approximately $20 million. Public Law 480 proceeds will be used to some extent to pay for labor and local materials, but the United States, I understand, is to contribute some $12 million for machinery and contract services by an American firm. I have requested details on this and other proposed projects, for I fear that coupled with the examples I have cited above, they indicate a continuing obligation being forced upon our country by our field administrators to continue the aid program for many, many years to come.

I visited one of the public technical schools in Djakarta to see some of the work being done by Tuskegee University under its contract with ICA. It was my impression that our effort will meet rough going. The country is almost completely devoid of trained workers, because of the failure on the part of the Dutch to properly teach the Indonesian people various trades. I was informed that students are apt and willing to learn. All of them that I saw appeared very young and not too strong. The blacksmith shop and carpenter shop were well attended, and the equipment was being put to good use. In the school grounds I saw a few heavy pieces of steel being buried to get them out of the way so as to have more space. It impressed me that it is extremely wasteful for the Indonesians, aided and abetted by our administrators, to bury such valuable material. It was claimed that

there were no large torches available to cut up the material and no foundry of sufficient size available to melt the iron. I feel that there is no excuse for such waste.

I also visited the diesel engine and auto mechanic school, the electricity school, and the woodworking shop. We have furnished quite a number of lathes, anvils, and other equipment such as engines, and parts of all kinds, for those engines. Each student is given a tool kit, and at the end of his term he is responsible for its return. Progress in such work as this is very slow. It will require many years to recruit a sufficient force.

In addition to the American operations, I have already referred to the fact that the United Nations carries on a rather large program also. It is my considered judgment that despite assurance given me by the local program administrators, there is a considerable amount of duplication between United Nations and United States technical aid. Perhaps a primary example of this is the malaria control program.

During fiscal 1957, the United Nations has programed a total of some $52,600 for malaria demonstration and training and for assistance to the malaria section. In addition to this amount, the United States has programed some ——— for malaria control technical services and ——— for equipment for malaria control. This equipment consists primarily of chemicals for spraying purposes and equipment to conduct the spraying operations. It strikes me that this work should be left to the United Nations. As it is now operated, the United States contributes 100 percent of its own program work for malaria control, plus a considerable portion of the United Nations effort. While there is no doubt that it would be beneficial to rid the island of malaria as quickly as possible, it would seem that the local government, operating with the United Nations, could assume some of the burden without the United States having to undertake additional expenditures.

Reference to the attached summary of United States technical assistance through 1956 fiscal year and the proposed fiscal 1957 program, along with the United Nations proposed program for fiscal 1957 will demonstrate that in almost every field, the United Nations and the United States are attacking the same problems. This is bound to result in duplication. As a matter of fact, before leaving Djakarta, I discussed the possibility of duplication with the chief of the United Nations mission in Indonesia, Mr. J. B. Ross. He admitted that at one time there was considerable duplication of effort between the United States and United Nations, but he insisted that the situation had been corrected to a large extent. I told him of my criticism with respect to duplication 2 years ago and he said that I was absolutely right. I am convinced that at least some duplication has been removed, but it is my fervent belief that a considerable amount still exists. It is my suggestion as it was several years ago that before any program is undertaken or pursued further by either the United Nations or the United States, consultation should take place and all possibility of duplication eliminated.

The information program here has an authorized contingent of 23 Americans and 126 locals. At the time of my visit only 18 were actually employed and 126 locals were on the job. For fiscal year 1957,

the number authorized will be raised to 24, but it is expected that only 19 will be actually at work. As I just indicated, during fiscal 1956, 126 locals were employed, with 136 to be employed during fiscal 1957.

The USIA budget here shows a tremendous increase from 1956 to fiscal 1957. In the former year, the budget was $345,900; for fiscal 1957 this amount will be raised to $655,400.

I refer the committee to USIS-Indonesia material attached hereto, a portion of which is classified. This exhibit outlines in detail the activities carried on and the scope thereof.

It seems to me that the huge increase in funds approved for this post for fiscal 1957 is unnecessary. Surely, the needed work could be done here without the expenditure of nearly $700,000 per year.

It was my privilege while in Djkarta to confer with the Indonesian Minister for State Planning and his assistant. He requested more aid from the United States and pointed out that Indonesia was in need of it. I suggested to him that increased economic assistance was really not necessary. I emphasized that if his Government created a better economic climate in order to attract private investment it could certainly earn for itself the dollar exchange necessary to further Indonesian development. I told him of how our country was developed but I could not convince him that it would be more beneficial to Indonesia if the United States did not step in.

Frankly, I do not feel that the United States should become too deeply involved here. A number of years will be required to educate a sufficient number of the Indonesian people in the technical complexities which they seem to want to acquire almost overnight. Progress is very slow, and we are in the unhappy position of having to attempt to force progress beyond its normal bounds in order to satisfy the claims of our planners and to beat down attacks on the aid program from pro-Communist elements in Indonesia, particularly those found in labor unions.

It should be noted that Indonesia is extremely rich in natural resources—particularly oil, tin, and rubber. If the people of Indonesia and their leadership would only create the proper climate for private capital to assist them in their development, I feel sure that an abundance of progress could be made without the United States spending one thin dime. This course is partly blocked by what is perhaps a not unreasonable fear that, based on the experience of Indonesia under the Dutch, foreign investment is synonymous with exploitation. As a matter of fact, it is this same fear that has made Indonesia reluctant to accept United States assistance. At this point, it would appear that unless the attitude of the government of Indonesia changes, the present leadership may decide that, in order to satisfy public clamor, asking increased grant assistance from the United States would be a better way to achieve economic development than permitting private enterprise to assist the government of Indonesia obtain that objective.

If such a request is made, I most heartily recommend that it be denied, that the Government of Indonesia be advised to seek to establish cooperative arrangements with private firms, using private capital, for development purposes. Certainly, the example of some Latin American nations, which have required as a condition precedent that foreign firms operating there plow a specified portion of profit from their operations back into the local economy, should be cited as a

laudable course which Indonesia could well afford to follow. Our Government and our people cannot afford to expend huge sums to develop Indonesia merely because the Indonesian people and the Indonesian leadership do not desire to do it in the same manner our own people did a century ago.

If private capital cannot be encouraged to develop the country, then a loan program should be proposed, rather than outright grants.

EXHIBIT A

DJAKARTA, *August 7, 1956.*

No. 896. Pakin/K-56.

Subject: Country Program for 1957.

Mr. J. P. B. Ross,
Deputy Resident Representative,
UN Technical Assistance Board,
76 Kebon Sirih, Djakarta.

DEAR MR. ROSS: I am pleased to be able to submit to you, finally, the country program for 1957.

In composing this program, as you are aware, we have had to cope with manifold requests from the relevant ministries. Notwithstanding the fact that we have tried to prevent any excess beyond the target figures set by your headquarters, I regret to say that we still have an excess for category I of $6,700; however, I hope that this amount will not have an important influence on the whole program, and I shall be very much obliged if you could find some other funds to cover this excess. As, however, some of the experts probably will arrive in Indonesia not very early in 1957, but some time in the second half of the year, this might compensate this difference.

I should also like to draw your attention to the following: The State Planning Bureau and the Ministry of Economic Affairs each require an industrial development economist and industrial marketing expert. At this moment Dr. de Neuman and Mr. Bedinger, industrial development economist and industrial marketing expert, respectively, are working with the State Planning Bureau. If these experts continue their work with the Planning Bureau in 1957, and as the Ministry of Economic Affairs is also very anxious to have experts in these fields working with them, I would like to request your intermediary to find additional funds to cover the expenses for these two experts.

Finally, I would request you to transmit this country program for Indonesia to your headquarters, and I want to express my thanks for your cooperation in the preparation of the program.

Yours sincerely,

ALI BUDIARDJO,
Chairman, Interdepartmental Coordinating Committee.

GOVERNMENT OF THE REPUBLIC OF INDONESIA COUNTRY PROGRAM FOR 1957

Projects in respect of which aid from United Nations Expanded Technical Assistance Program funds is requested by the Government.

Comprehensive request submitted on behalf of the Government of Indonesia.

DR. ALI BUDIARDJO,
Chairman, Interdepartmental Committee on Coordination.

DJAKARTA, July 31, 1956.

United Nations program, 1957

CATEGORY I SUBMISSION FOR UNTAA

Requesting government department	Project No.	Project identification	Experts			Fellowships			Equipment, estimated cost	Total estimated cost
			Number	Man months	Estimated cost	Number	Man months	Estimated cost		
State Planning Bureau	25-55	Monetary and fiscal adviser	1	12	$10,000					$10,000
		Demographer	1	12	10,000					10,000
		Agricultural economist	1	12	10,000					10,000
		Mineral resources adviser	1	12	10,000					10,000
		Industrial development economist	1	12	10,000					10,000
		Forest industries adviser	1	12	10,000					10,000
		General power development adviser (hydro, thermal, nuclear).	1	12	12,500					12,500
		Secretary	1	12	5,000					5,000
Total			8	96	77,500					77,500
Ministry of Economic Affairs	389-53	Production engineer	1	12	11,800					11,800
		Central production plant expert	1	12	11,700					11,700
		Mechanical engineer	1	12	10,700					10,700
		Starch processing expert	1	12	12,600					12,600
		Chemical engineer	1	12	10,700					10,700
		Ceramics expert	1	12	10,700					10,700
		Industrial marketing expert	1	12	12,000					12,000
		Building materials expert	1	12	12,000					12,000
		Leather machinery specialist	1	12	6,000					6,000
		Leather manufacture specialist	1	12	6,000					6,000
		Shoe manufacture specialist	1	12	6,000					6,000
		Shoe design specialist	1	12	6,000					6,000
Total			12	144	116,200					116,200
Department of Topography		Topography scholarships				3	36	13,500		13,500
Ministry of Communications	391-53	Interisland shipping adviser	1	12	11,000					11,000
		Marine engineer	1	6	7,000					7,000
Total			2	18	18,000					18,000
Ministry of Public Works	29-56	Senior technologist, housing center B	1	1	18,000					18,000
		Technological adviser, housing center B	1	12						
	3-53	Town planning adviser (Djakarta municipality)	1	12	9,000					9,000
Total			3	25	27,000					27,000

Ministry of Finance	30-56	Taxation expert	1	12	12,000					12,000
Category I grand total			26	295	250,700	3	36	13,500		264,200
ADDITIONAL PROJECTS SUBMISSION FOR UNTAA										
Resolution 200:										
State Planning Bureau	25-55	General chemical (including coal processing) industrial development adviser.	1	12	$12,500					$12,500
Ministry of Communications		Motor spare parts manufacturing plant adviser	1	12	12,000					12,000
Total			2	24	24,500					24,500
Resolution 418:										
Ministry of Social Affairs		General social welfare adviser	1	9	12,000	1	6	3,000		15,000
Ministry of Public Works		Architect-designer	1	12	12,000					12,000
Ministry of Health		Physiotherapists	2	24						
		Orthopaedic surgeon, financed	1	12	13,000					13,000
		Orthopaedic nurse, by WVF	1	12						
Total			6	69	37,000	1	6	3,000		40,00
Other additional funds:										
(a) Roubles U. S. S. R.:										
Ministry of Economic Affairs.	389-53	2 50 kilovolt-amphere diesel generators for Ceramics Institute, Bandung.							15,000	15,000
Ministry of Public Works.	29-56	Equipment for housing center, Bandung							50,000	50,000
Total									65,000	65,000
(b) Kroner: Danish:										
Ministry of Communications.	100-55	Continued training of merchant marine officers (scholarships).				10	120	10,200		10,200
Ministry of Economic Affairs.	389-55	Management and operation of technical institutes				3	36	7,500		7,500
		Management and operation of small industries				3	36	7,500		7,500
Total						16	192	25,200	65,000	25,200
Additional projects grand total			8	93	61,500	17	198	25,200	65,000	153,700

United Nations program, 1957—Continued

CATEGORY II SUBMISSION FOR UNTAA (IN ORDER OF PRIORITY)

Requesting government department	Project No.	Project identification	Experts			Fellowships			Equipment, estimated cost	Total estimated cost
			Number	Man months	Estimated cost	Number	Man months	Estimated cost		
State Planning Bureau	25-55	National income computation adviser	1	6	$7,000					$7,000
		Community development sample studies				2	12	$6,000		6,000
		Development planning and budgeting techniques adviser.	1	6	7,000					7,000
		Secretarial training instructor (2d)	1	9	5,000					5,000
		Public administration expert	1	9	11,500					11,500
	26-55	Community development administration and intelligence organization.				2	12	6,000		6,000
		Community development, exchange of literature				1	12	3,500		3,500
Total			4	30	30,500	5	36	15,500		46,000
Ministry of Economic Affairs	389-53	Glass manufacture expert	1	9	11,500					11,500
		Microbiologist	1	9	11,500					11,500
		Chemical engineer	1	9	11,500					11,500
		Organic chemist	1	9	11,500					11,500
		Ceramic design-artist	1	9	11,500					11,500
		Physical chemist	1	9	11,500					11,500
		Structural civil engineer	1	9	11,500					11,500
		Glass furnace engineer	1	9	11,500					11,500
Total			8	72	92,000					92,000
Ministry of Public Works	29-56	Housing research statistician	1	9	11,500					11,500
Category II, grand total			13	111	134,000	5	36	15,500		149,500

RESERVE LIST SUBMISSION FOR UNTAA

Ministry of Public Works		Rural survey and design relations				1	6	$4,000		$4,000
		Consultant	1	3	$3,000					3,000
		Adviser	1	12	10,000					10,000
		Adviser (professional), town planning	1	12	10,000					10,000
		Assistants	3	36	30,000					30,000
Reserve list grand total			6	63	53,000	1	6	4,000		57,000

CATEGORY I AND II SUBMISSIONS FOR WMO

Ministry of Communications		Meteorological fellowships, category I total				2	12	$6,000		$6,000
		Meteorological expert, category II total	1	12	$10,000					10,000

CATEGORY I SUBMISSION FOR ILO

Ministry of Labour	INS-1 INS-4 INS-5	Manpower survey and employment information expert.	1	12	$12,000	2	12	$5,000		$17,000
		Chief occupational supervisory expert (solo center)	1	12	12,000					12,000
		Vocational training-general adviser	1	12	12,000	4	24	10,000		22,000
		Wages policy and industrial relations	1	3	3,000	2	12	5,000		8,000
		Job evaluation expert	1	9	9,000					9,000
		Labour statistics expert	1	6	6,000					6,000
		Study Grants: Regional employment information institute.				3	3	2,000		2,000
		Labor administration fellowship				1	6	2,500		2,500
		Social security expert	1	9	9,000					9,000
Total			7	63	63,000	12	57	24,500		87,500
Ministry of Communications		Motor vehicle maintenance expert	1	4	4,000					4,000
Category I grand total			8	67	67,000	12	57	24,500		91,500

CATEGORY II SUBMISSION FOR ILO (IN ORDER OF PRIORITY)

Ministry of Labour	INS-1 INS-4 INS-5	Occupational analyst and training	1	6	$6,000					$6,000
		Vocational guidance fellowships				2	12	$5,000		5,000
		Vocational guidance counselling institute: Study grants.				3	3	3,000		3,000
		Craft instruction fellowships				4	24	8,000		8,000
		Foreman trainee awards				6	24	6,000		6,000
		Regional instruction training center: Study grants				2	6	3,000		3,000
		Social security fellowships				2	12	5,000		5,000
		Wages policy fellowship				1	6	2,500		2,500
		Industrial relations fellowship				1	6	2,500		2,500
		Labour administration fellowships				2	12	5,000		5,000
		Labour statistics fellowships				2	12	5,000		5,000
Category II grand total			1	6	6,000	25	117	45,000		51,000

United Nations program, 1957—Continued

CATEGORY I SUBMISSION FOR FAO

Requesting government department	Project No.	Project identification	Experts			Fellowships			Equipment, estimated cost	Total estimated cost
			Number	Man months	Estimated cost	Number	Man months	Estimated cost		
Ministry of Agriculture	120-53	FAO representative (mission chief and agricultural adviser).	1	12	$10,800					$10,800
	119-53	Soil surveyor, general	1	12	10,800					10,800
	119-53	Soil chemist	1	12	10,800					10,800
	119-53	Soil deficiencies and improvement experts	2	18	16,800					16,800
	120-53	Horticulturist	1	12	10,800					10,800
	120-53	Cotton fiber agronomists	2	12	12,000					12,000
	120-53	Cotton (fellowship)				1	12	$4,000		4,000
	452-53	Foot and mouth disease expert	1	4	4,000					4,000
	572-53	Marine fisheries biologist	1	6	6,000					6,000
	119-53	Soil deficiency improvement fellowship				1	12	4,000		4,000
	12-56	Agricultural credit expert	1	6	6,000					6,000
Total			11	94	88,000	2	24	8,000		96,000
Ministry of Economic Affairs	121-53	Agricultural statistician	1	12	10,800					10,800
	121-53	Agricultural statistics fellowship				1	9	3,000		3,000
Total			1	12	10,800	1	9	3,000		13,800
Ministry of Health	123-53	Food chemist	1	12	10,800					10,800
	123-53	Soyabean engineer	1	12	10,800					10,800
	123-53	Home economist (nutrition)	1	8	7,500					7,500
Total			3	32	29,100					29,100
Category I grand total			15	138	127,900	3	33	11,000		138,900

CATEGORY II SUBMISSION FOR FAO (IN ORDER OF PRIORITY)

Ministry of Agriculture		Plywood/match production expert	1	6	$6,000					$6,000
		Fishing boat builder and designer	1	9	8,200					8,200
		Rice expert I	1	6	6,000					6,000
		Forest industries-rattan expert	1	6	6,000					6,000
		Tobacco production expert	1	9	8,200					8,200
		Agricultural marketing expert	1	9	8,200					8,200
		Fisheries (fellowship)				1	12	$4,000		4,000

		Forestry statistician	1	3	3,000					3,000
		Forestry statistics (fellowship I)				1	12	4,000		4,000
		Poultry expert	1	10	8,700					8,700
		Forest industries expert	1	9	8,200					8,200
		Forestry statistics (fellowship II)				1	12	4,000		4,000
		Grassland agronomist	1	8	7,500					7,500
		Rice expert II	1	6	6,000					6,000
		Agricultural climatologist	1	8	7,500					7,500
		Ecologist	1	8	7,500					7,500
		Climatology/ecology (fellowship)				1	12	4,000		4,000
Category II grand total			13	97	91,000	4	48	16,000		107,000
ADDITIONAL PROJECTS SUBMISSION FOR FAO										
Roubles U. S. S. R.		40 GAZ-69 jeeps							$80,000	80,000
CATEGORY I SUBMISSION FOR UNESCO										
Ministry of Education	96-53	Chief of mission	1	12	$10,000					$10,000
		Primary and secondary education				1	9	$3,000		3,000
		Educational research and teacher training	1	12	10,000					10,000
		Science teaching	1	12	10,000					10,000
		Audio visual aids teaching	1	12	10,000					10,000
		Library reorganization	1	12	10,000					10,000
		School libraries	1	12	10,000					10,000
		Secondary education	1	12	10,000					10,000
	206-53	Fundamental education	1	12	10,000					10,000
	245-55	University education:								
		University libraries	1	12	10,000					10,000
		Chemistry teaching	1	12	10,000					10,000
		Physics teaching	2	24	20,000					20,000
		Physiology teaching	1	12	10,000					10,000
Category I grand total			13	156	130,000	1	9	3,000		[1] 133,000
ADDITIONAL PROJECTS										
		Primary and secondary education (Danish kroners)				1	9	$2,500		$2,500
		Fundamental education (Turkish lire)				2	18	6,000		6,000
Additional projects grand total						3	27	8,500		8,500

[1] If the small excess of $2,000 over the agency suballocation for category I cannot be absorbed by UNESCO/TAB by means of recosting, then government is agreeable to having the 1 primary and secondary education fellowship placed in category II.

United Nations program, 1957—Continued

CATEGORY II SUBMISSION FOR UNESCO (IN ORDER OF PRIORITY)

Requesting government department	Project No.	Project identification	Experts			Fellowships			Equipment, estimated cost	Total estimated cost
			Number	Man months	Estimated cost	Number	Man months	Estimated cost		
Ministry of Education	206-53	Domestic science	1	12	$10,000					$10,000
		Teaching of geography	1	12	10,000					10,000
		Education of handicapped children	1	12	10,000					10,000
		Science teaching equipment							$30,000	30,000
Category II grand total			3	36	30,000				30,000	60,000
RESERVE LIST SUBMISSIONS FOR UNESCO										
Ministry of Information		Public relations/journalism				10	60	$30,000		$30,000
		Arts design				5	30	15,000		15,000
		Radiation				1	6	3,000		3,000
		Sound engineering				1	6	3,000		3,000
		Record pressing				1	6	3,000		3,000
		Film editing				1	6	3,000		3,000
		Laboratory technician				3	18	9,000		9,000
		Electronics engineering (sound)				2	12	6,000		6,000
		Camera repairing				1	6	3,000		3,000
		Film production				1	6	3,000		3,000
Reserve list grand total						26	156	78,000		78,000
CATEGORY I SUBMISSION FOR ICAO										
Ministry of Communications	9-53	Chief of mission (aviation adviser; principal training adviser).	1	12	$10,000					$10,000
		Aircraft and engineering maintenance instructors	4	48	40,000					40,000
		Radio maintenance instructors	2	24	20,000					20,000
		Ground instruction pilots	2	24	20,000					20,000
		Air traffic adviser	1	12	10,000					10,000
		Communication equipment adviser	1	12	10,000					10,000
		Administrative assistant	1	12	5,000					5,000
		Pilot-aircraft rating and check pilot's course				1	12	$3,500		3,500
		Air traffic control				1	12	3,500		3,500
Category I grand total			12	144	115,000	2	24	7,000		122,000

CATEGORY II SUBMISSION FOR ICAO (IN ORDER OF PRIORITY)

Ministry of Communications	9–53	Aircraft maintenance fellowship				1	12	$3,500		$3,500
		Aircraft maintenance equipment							$1,500	1,500
		Aircraft maintenance instructors	2	24	$20,000					20,000
		Communications adviser	1	12	10,000					10,000
		Aircraft maintenance fellowship				1	8	3,000		3,000
		Communications fellowship				1	8	3,000		3,000
		Aircraft communications equipment							5,000	5,000
Category II grand total			3	36	30,000	3	28	9,500	6,500	46,000

CATEGORY I SUBMISSION FOR WHO

Ministry of Health	39–53	Malaria demonstration and training (continuing):								
		Malariologist	1	12	$12,600					$12,600
		Entomologist	1	12	8,700					8,700
		Public health engineer	1	12	9,600					9,600
		Supplies and equipment							$100	100
Total			3	36	30,900				100	31,000
	49–55	Assistance to malaria section (continuing):								
		Malariologist	1	12	8,000					8,000
		Entomologist	1	12	10,500					10,500
		Short-term consultant	1	1	1,000					1,000
		Supplies and equipment							100	100
		Regional fellowship				1	6	$2,000		2,000
Total			3	25	19,500	1	6	2,000	100	21,600
	5–56	TB demonstration and training center (continuing):								
		Senior officer	1	12	11,400					11,400
		Laboratory technician	1	12	5,300					5,300
		Public health nurses	2	24	10,300					10,300
		Statistician	1	12	6,700					6,700
		Bacteriologist (STC)	1	2	2,000					2,000
		Supplies and equipment							1,000	1,000
Total			6	62	35,700				1,000	36,70
	50–55	Trachoma control (continuing):								
		Trachoma specialist	1	9	6,600					6,600
		Supplies and equipment							100	100
		Travel fellowship				1	3	2,000		2,000
Total			1	9	6,600	1	3	2,000	100	8,700

United Nations program, 1957—Continued

CATEGORY I SUBMISSION FOR WHO

Requesting government department	Project No.	Project identification	Experts			Fellowships			Equipment, estimated cost	Total estimated cost
			Number	Man months	Estimated cost	Number	Man months	Estimated cost		
Ministry of Health	Indon-12	Plague (new):								
		Specialist	1	9	$6,600					$6,600
		Short-term consultant	1	2	2,000					2,000
		Supplies and equipment							$2,000	2,000
Total			2	11	8,600				2,000	10,600
	51-55	Strengthening of health services (continuing):								
		Epidemiologist	1	12	8,000					8,000
		Supplies and equipment							100	100
		Fellowship				1	12	$3,700		3,700
Total			1	12	8,000	1	12	3,700	100	11,800
		Vaccine and sera production (new): Short-term consultant	1	3	3,000					3,000
		Vital and health statistics (continuing):								
		Health statisticians	2	24	19,200					19,200
		Equipment							500	500
		Fellowship				1	12	3,700		3,700
Total			2	24	19,200	1	12	3,700	500	23,400
	Indon-51	Post-graduate school of nursing (continuing): Fellowships.				2	24	7,500		7,500
		Nursing advisory services (new):								
		Short-term consultant	1	3	3,000					3,000
		Fellowship				1	6	3,200		3,200
Total			1	3	3,000	1	6	3,200		6,200

Ministry of Health		Health education, (continuing)								
		Health educator	1	12	6,700					6,700
		Equipment							1,000	1,000
		Fellowship				1	12	3,700		3,700
Total			1	12	6,700	1	12	3,700	1,000	11,400
	42-53	Maternal and child health services (continuing):								
		Specialist	1	12	8,000					8,000
		Equipment							100	100
Total			1	12	8,000				100	8,100
	Indon-5	Assistance to nutrition instructor (new): Short-term consultant.	1	3	3,000					3,000
	Indon-20	Environmental sanitation (continuing):								
		Sanitary engineer	1	12	7,900					7,900
		Sanitarians	2	24	10,600					10,600
		Equipment							2,000	2,000
		Fellowships				2	24	7,500		7,500
Total			3	36	18,500	2	24	7,500	2,000	28,000
Ministry of Education	48-55	Medical education: Fellowships				2	24	7,500		7,500
	151-55	Paediatric nursing-Gadjah Mada (continuing):								
		Paediatric nurse	1	12	5,300					5,300
		Equipment							100	100
Total			1	12	5,300				100	5,400
Ministry of Health	48-55	Medical education, preventive medicine (continuing): Short-term consultant.	1	3	3,000					3,000
		Drug investigation:								
		Short-term consultant	1	3	3,000					3,000
		Fellowship				1	12	3,200		3,200
Total			1	3	3,000	1	12	3,200		6,200
Category I grand total			29	266	182,000	13	135	44,000	7,100	233,100

United Nations program, 1957—Continued

CATEGORY II SUBMISSION FOR WHO (IN ORDER OF PRIORITY)

Requesting government department	Project No.	Project identification	Experts			Fellowships			Equipment, estimated cost	Total estimated cost
			Number	Man months	Estimated cost	Number	Man months	Estimated cost		
Ministry of Health	5-56	TB control and training center (area undesignated):								
		Senior TB officer	1	6	$5,000					$5,000
		Public health nurse	1	6	5,000					5,000
		Laboratory technician	1	6	5,000					5,000
		Equipment							$800	800
Total			3	18	15,000				800	15,800
	41-53	Yaws control:								
		Epidemiological assistant	1	6	4,700					4,700
		Equipment							100	100
		Fellowship				2	12	$5,100		5,100
Total			1	6	4,700	2	12	5,100	100	9,900
		Filariasis: Short-term consultant	1	4	4,000					4,000
		TB country adviser: short-term consultant	1	4	4,000					4,000
		Environmental sanitation services: Fellowship				1	12	3,800		3,800
Category II grand total			6	32	27,700	3	24	8,900	900	37,500

RESERVE LIST SUBMISSION FOR WHO

Ministry of Education		Medical School Surabaja:								
		Professor of biochemistry	1	9	$6,600					$6,600
		Professor of pharmacology	1	9	6,600					6,600
		Equipment							$100	100
Grand total reserve list			2	18	13,200				100	13,300

Summary—Indonesian Country Program, 1957

Agency	Target	Request	Difference
Category I:			
UNTAA	$260,000	$264,200	+$4,200
WMO	6,000	6,000	0
ILO	90,000	91,500	+1,500
FAO	140,000	138,900	−1,100
UNESCO	131,000	133,000	+2,000
ICAO	122,000	122,000	0
WHO	233,000	233,100	+100
Total	982,000	988,700	+6,700
Category II:			
UNTAA	130,000	149,500	+19,500
WMO	10,000	10,000	0
ILO	50,000	51,000	+1,000
FAO	75,000	107,000	+32,000
UNESCO	55,000	60,000	+5,000
ICAO	41,000	46,000	+5,000
WHO	100,000	37,500	−62,500
Total	461,000	461,000	0
Combined totals	1,443,000	1,449,700	+6,700

Additional projects:	
Resolution 200 (UNTAA)	$24,500
Resolution 418 (UNTAA)	40,000
Additional funds:	
Russian funds (UNTAA—FAO)	145,000
Danish funds (UNTAA-UNESCO)	27,700
Turkish funds (UNESCO)	6,000
Total	243,200

Dr. Ali Budiardjo,
Chairman, Interdepartmental Committee on Coordination.

Djakarta, July 31, 1956.

89056—57——6

EXHIBIT B

TABLE V.—*Planned uses of foreign currency under title I Public Law 480 agreements signed Jan. 1–June 30, 1956* [1]

[Million dollars]

Country	Total amount programed (market value including ocean transportation)	Market development (sec. 104 (a))	Purchase of strategic material (sec. 104 (b))	Payment of United States obligations [2] (sec. 104 (f))	International educational exchange (sec. 104 (h))	Military procurement (sec. 104 (c))	Purchase of goods for other countries (sec. 104 (d))	Grants for multilateral trade and economic development (sec. 104 (e))	Loans for multilateral trade and economic development (sec. 104 (g))
Austria	22.5	0.5		5.5			2.0		14.5
Burma	21.7			21.7			(3)		
Chile	34.6	.6		6.0	0.3				27.7
Egypt	14.0	.7		2.9	.7		(3)		9.7
Finland	17.0			17.0			(3)		
Greece	6.1	.3		1.5					4.3
Indonesia	96.7	1.0	2.0	16.0	.3				77.4
Iran	12.5	.2		3.7	.2	5.9			2.5
Israel	10.9			1.3			(3)		9.6
Japan	65.8	1.3		[4] 8.4	1.3	(4)	5.4		49.4
Korea	43.8			4.4		39.4			
Pakistan	16.9			3.4		11.0			2.5
Paraguay	3.0	.2		.5	.1				2.3
Peru	2.8	.4		.4					2.0
Portugal	7.1	.3		2.9	.5				3.4
Spain	85.9	.5		33.4	.5				51.5
Turkey	15.5			8.0					7.5
United Kingdom	12.0			[4] 12.0		(4)			
Yugoslavia	49.0	.3		8.7		31.0			9.0
Total agreements, Jan. 1–June 30, 1956	537.9	6.3	2.0	157.7	3.9	87.3	7.4		273.2
Uses as percent of total	100.0	1.2	.4	29.3	.7	16.2	1.4		50.8

[1] Amounts shown on this table are subject to adjustment when actual purchases and allocations have been made.

[2] In order to provide flexibility in the use of funds, many agreements provide that a specified amount of local currency proceeds may be used under secs. 104 (a), (b), (f), and (h). In some instances, possible uses under sec. 104 (d) are also included in this category. Therefore, estimates based on the best information now available are indicated above under subsecs. (a), (b), (d), and (h). Balances not otherwise distributed are included under subsec. (f). This distribution is subject to revision when allocations have been completed.

[3] Sales agreements include unspecified amounts for possible procurement for 3d countries. Although not specified in the agreement, there is a definite understanding in regard to the amount shown for Argentina.

[4] The Japanese agreement provides for the use of $8.1 million and the United Kingdom agreement provides for the entire currency use under subsec. 104 (c). However, since in return for this currency use, these countries will construct and make available to the United States Armed Forces an equivalent value of dependent housing, the amounts are shown under sec. 104 (f).

EXHIBIT C

Summary of operations of International Cooperation Administration (formerly Foreign Operations Administration)

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956	Fiscal year 1957 (estimated)	Total
(a) Total expenditures:					
United States funds (counterpart funds generated)	$1,786,063.42	$3,272,107.81	$2,024,005.02		
United States funds (no counterpart funds generated	3,252,455.85	3,639,022.66	4,293,015.73		
Counterpart funds (in equivalent United States dollars) (approved for withdrawal)		597,417.00	15,538,294.00		
Local government contributions (in equivalent United States dollars) (estimated)	1,244,972.00	7,785,038.00	10,731,323.00		
				Unobligated	Unexpended
(b) Balances as of June 30, 1956:					
United States funds				$847,624.83	$17,244,711.37
Counterpart funds (in equivalent (United States dollars)				38,191,381.12	41,434,183.27
(c) New allocations (tentative) from fiscal year 1957 foreign aid appropriations:					
United States funds					
Counterpart funds (in equivalent United States dollars) (balances as of Sept. 31, 1956)				36,993,213.32	40,235,954.47
				Available for obligation	Available for expenditure
(d) Total amounts available for obligation and expenditure in fiscal year 1957:					
United States funds (for congressional presentation)				12,000,000.00	29,200,000.00
Counterpart funds (in equivalent United States dollars) (estimated)				44,200,000.00	47,500,000.00

1. Itemized list of all nonmilitary foreign aid projects (including technical assistance projects), from beginning of programs through fiscal year 1956. Include the following:

(a) Brief description and justification of each project.
(b) Total cost of project.
(c) United States contribution.
(d) Local government contribution:
  (i) from country budget (in equivalent U. S. dollars)
  (ii) from counterpart funds (in equivalent U. S. dollars)
(e) Percent United States contribution to total cost.
(f) Estimated completion date.
(g) If type of project which in United States would be privately operatedl indicate whether local government operated or privately operated. If privately operated, how did private owner finance project?

See attached summary.

2. Copy of fiscal year 1957 proposed country budget, as submitted to Washington in justification of proposed fiscal year 1957 allocations, including detailed description of each proposed project.

See attached summary.

3. List of projects proposed for fiscal year 1957, under allocations from fiscal year 1957 appropriations.

Program not yet approved.

4. Number of ICA employees:

	Locals	United States	Total
(a) Technicians:			
1. United States employed	128	92	220
2. Contract employees	1	21	22
(b) Others:			
Total	129	113	242

FOREIGN MILITARY AID PROGRAM

(a) Furnish for each fiscal year, from the start of the program to and including fiscal year 1957, the following information:

(1) Amounts spent for hardware (including direct United States shipments and offshore procurement.)

(2) Amounts spent for direct forces support.

(3) Percent of host country's total budget used for military purposes.[1]

Foreign military aid program closed out in December 1952, and all records transferred to Department of Defense, Washington, at that time.

Financial summary of the United States technical assistance in Indonesia from fiscal year 1951 through fiscal year 1956 (estimated)

Field of activity	Total United States dollar contribution	Cooperating country contribution			Total program cost	Percentage of United States contribution to total cost
		Country budget	Counterpart funds	Total cooperating country contribution		
10 Agriculture and natural resources	$9,495,688	$16,654,720	$4,252,263	$20,906,983	$30,402,671	31.23
20 Industry and mining	8,597,441	4,323,216	146,312	4,469,528	13,066,969	65.79
30 Transportation	274,441	107,600	----------	107,600	382,041	71.83
40 Labor	956,820	854,214	2,665	856,879	1,813,699	52.75
50 Health and sanitation	10,847,853	7,538,944	5,820,708	13,359,652	24,207,505	44.81
60 Education	3,989,307	1,760,373	652,435	2,412,808	6,402,115	61.71
70 Public administration	4,653,143	4,477,684	1,811,707	6,289,391	10,942,534	42.52
80 Community development, social welfare and housing	653,563	750,305	4,081,993	4,832,298	5,485,861	11.91
92 Audio-visual (mass communication)	1,861,281	1,988,166	37,756	2,025,922	3,887,203	47.88
99 All other	411,287	25,600	2,837,763	2,863,363	3,274,650	12.55
Grand total	41,740,824	38,480,822	19,643,602	58,124,424	99,865,248	41.73

[1] Indicate whether amount allocated for military purposes is for strictly military purposes, or includes pensions, counterpart funds, etc. If latter, indicate approximate proportion.

Estimated total financing of the ICA program in Indonesia, project by project, fiscal year 1951–56

Project No.	Field of activity and project title	Total United States dollar contribution fiscal year 1951–56	Cooperating country contribution			Grand total	United States percentage of total
			Regular budget	Counterpart	Total		
	AGRICULTURE AND NATURAL RESOURCES						
97-11-004	Agricultural extension and agricultural experiment station	$2,756,579	$6,553,518	$1,681,361	$8,234,879	$10,991,458	25.07
97-12-023	Land development and conservation	1,483,685	8,158,100	457,698	8,615,798	10,099,483	14.69
97-13-003	Livestock disease control [1]	138,033	132,983	218,722	351,705	489,738	28.18
97-13-040	Small holder rubber production [1]	602,696	601,300	700	602,000	1,204,696	50.02
97-14-026	Agricultural credit and cooperatives	439,512	212,620		212,620	652,132	67.39
97-15-011	Rice storage	23,800	19,800		19,800	43,600	54.58
97-17-038	Sawmill operations [1]	501,899	500,000		500,000	1,001,899	50.09
97-18-001	Expansion and modification of marine and inland fisheries	2,838,545	418,183	1,620,899	2,039,082	4,877,627	58.19
97-11-088	Agricultural college education	217,500	38,000	262,467	300,467	517,967	41.99
97-19-000	Agriculture and natural resources—OTS	493,439	20,216	10,416	30,632	524,071	94.15
	Total	9,495,688	16,654,720	4,252,263	20,906,983	30,402,671	31.23
	INDUSTRY AND MINING						
97-23-010	Assistance to private industrial enterprises (including spinning mill)	2,418,898	2,143,179		2,143,179	4,562,077	53.02
97-21-043	Mining operations	130,826	48,760	4,200	52,960	183,786	71.18
97-22-032	Training min—— of communications officials	227,000	24,411		24,411	251,411	90.29
97-23-017	Consumer industry development techniques	1,455,508	1,640,800	7,000	1,647,800	3,103,308	46.90
97-23-060	Paper pulp mill survey	40,000	25,000		25,000	65,000	66.66
97-23-089	Cement plant training	153,900	28,600		28,600	182,500	84.32
97-23-096	Fertilizer manufacturing survey	100,000	50,000		50,000	150,000	66.66
97-25-031	General engineering advisory service—J. G. White Corp. [1]	3,580,000	180,000	175,896	305,896	3,885,896	92.12
97-28 073	Training within industry	145,000	73,000		73,000	218,000	66.51
97-21-013	Minerals—core drilling [1]	76,500	30,000		30,000	106,500	71.83
97-27-046	Small industry management [1]	132,476	27,947		27,947	160,423	82.57
97-24-045	Banking facilities for small business [1]	15,900	2,400		2,400	18,300	86.88
97-29-000	Industry and mining—OTS	121,433	49,119	9,216	58,335	179,768	67.54
	Total	8,597,441	4,323,216	146,312	4,469,528	13,066,969	65.79

See footnote at end of table, p. 79.

Estimated total financing of the ICA program in Indonesia, project by project, fiscal year 1951–56—Continued

Project No.	Field of activity and project title	Total United States dollar contribution fiscal year 1951–56	Cooperating country contribution			Grand total	United States percentage of total
			Regular budget	Counterpart	Total		
	TRANSPORTATION						
97-31-080	Highway technical training	$35,476	$5,400		$5,400	$540,876	86.78
97-33-081	Railway technical training	25,000	3,500		3,500	28,500	87.71
96-34-082	Port and harbor technical training	18,388	2,100		2,100	20,488	89.75
97-36-083	Maritime shipping	21,000	3,900		3,900	24,900	84.33
97-37-078	Airport technical training	33,000	6,500		6,500	39,500	83.54
97-37-079	Training in meteorology	128,000	71,200		71,200	199,200	64.25
97-37-033	Aircraft and engine mechanics training[1]	13,577	15,000		15,000	28,577	47.51
	Total	274,441	107,600	0	107,600	382,041	71.83
	LABOR						
97-42-008	Ministry of Labor vocational training center [1]	120,000	120,000		120,000	240,000	50.00
97-46-050	Manpower utilization and union welfare service [1]	118,000	118,000		118,000	236,000	50.00
96-43-034	Increasing productivity of labor [1]	289,239	266,201		266,201	555,440	52.07
97-42-037	Industrial job evaluation and training [1]	46,000	149,352		149,352	195,352	23.54
97-41-093	Labor leadership training	200,000	25,000		25,000	225,000	88.88
97-46-024	Railway workers welfare services	110,000	166,000		166,000	276,000	39.85
97-49-000	Labor—OTS	73,581	9,661	$2,665	12,326	85,907	85.65
	Total	956,820	854,214	2,665	856,879	1,813,699	52.75
	HEALTH AND SANITATION						
97-55-012	Quarantine stations and mobile dental clinics [1]	215,000	220,000		220,000	435,000	49.42
97-51-006	Malaria control	2,237,757	1,355,216	84,128	1,439,344	3,677,101	60.85
97-51-085	Mararia control, special commodity fund	3,977,000		3,303,499	3,303,499	7,280,499	54.62
97-54-015	Nurse education [1]	321,947	1,148,614	12,000	1,160,614	1,482,561	21.71
97-55-002	Hospital rehabilitation [1]	1,614,535		437,445	437,445	2,051,980	78.68
97-54-009	Public health training center [1]	7,000	2,624		2,624	9,624	72.73
97-54-029	Medical education	2,145,001	4,788,900	1,978,503	6,764,403	8,909,404	24.07
97-54-067	Public health administration	79,802	4,056		4,056	83,858	95.16
97-59-000	Health and sanitation—OTS	249,811	22,584	5,133	27,667	277,478	90.02
	Total	10,847,853	7,538,944	5,820,708	13,359,652	24,207,505	44.81
	EDUCATION						
97-61-020	Vocational education teacher training	2,585,575	943,000	647,419	1,590,419	4,175,994	61.91
97-69-011	English language institute [1]	120,837	16,623		16,623	137,460	87.90
97-61-065	Development of technical and science faculty of University of Indonesia at Bandung	550,000	583,500		583,500	1,133,500	43.54
97-61-052	Gadjah Mada University contract	336,000	153,000		153,500	489,500	68.64

97-66-071	Development of university level staff	126,481	19,600		19,600	146,081	86.58
97-66-072	Advanced scientific and engineering training	97,529	11,700		11,700	109,229	89.28
97-68-053	Survey of technical education [1]	15,000	11,000		11,000	26,000	57.69
97-61-087	Commercial teacher training	18,650	2,700		2,700	21,350	87.35
97-66-094	Library teacher training	49,000	9,100		9,100	58,100	84.33
97-69-000	Education—OTS	90,235	9,650	5,016	14,666	104,901	86.01
	Total	3,989,307	1,760,373	652,435	2,412,808	6,402,115	61.71
	PUBLIC ADMINISTRATION						
97-77-039	Public administration, school and library training	10,000	10,000		10,000	20,000	50.00
	(Deleted)						
	(Deleted)						
97-75-022	Public finance, economics training [1]	10,000	2,600		2,600	12,600	79.36
97-71-054	Ministry of Economic Affairs Library [1]	2,000	4,000		4,000	6,000	33.33
97-72-035	Central government administration	205,779	36,000	87,489	123,489	329,268	62.49
97-72-075	Local government administration	145,650	27,000		27,000	172,650	84.36
97-77-086	Economist teacher training [1]	27,200	35,200		35,200	62,400	43.58
97-79-000	Public administration-OTS	126,434	5,634	3,033	8,667	135,101	93.58
	Total	4,653,143	4,477,684	1,811,707	6,289,391	10,942,534	42.52
	HOUSING						
97-83-030	Workers housing and community planning [1]	169,073	270,484	12,000	282,484	451,557	37.44
97-83-057	Building materials development and low cost housing	281,800	462,438	3,500	465,938	747,738	37.68
97-83-076	Technicians housing	154,100	2,383	4,059,493	4,061,876	4,215,976	03.65
97-89-000	Housing—OTS	48,590	15,000	7,000	22,000	70,590	68.83
	Total	653,563	750,305	4,081,993	4,832,298	5,485,861	11.91
	AUDIO-VISUAL						
97-92-016	State film service (including L de R contract)	1,502,550	1,870,500		1,870,500	3,373,050	44.54
97-92-058	Audio-visual advisory services	35,736	44,246	1,748	45,994	81,730	43.72
97-92-059	Audio-visual—OTS	95,495	42,120	36,008	78,128	173,623	55.00
97-92-063	Support for RRI	145,500	22,700		22,700	168,200	86.50
97-92-074	Training of mass media executive personnel	22,800	3,000		3,000	25,800	88.37
97-92-068	Syracuse Institute of Audio-Visual Training	59,200	5,600		5,600	64,800	91.35
	Total	1,861,281	1,988,166	37,756	2,025,922	3,887,203	47.88
	GENERAL AND MISCELLANEOUS						
Unnumbered	Ocean transportation	93,899				93,899	100.00
97-98-098	Atoms for Peace	3,000	300		300	3,300	90.90
97-99-071	Vanderbilt seminar training	7,000	1,300		1,300	8,300	84.33
97-99-066	General program administration [1]	137,250		1,700,405	1,700,405	1,837,655	07.46
97-99-000	Technical support costs of mission	170,138	24,000	1,137,358	1,161,358	1,331,496	12.77
	Total	411,287	25,600	2,837,763	2,863,363	3,274,650	12.55
	Grand total						

[1] Project completed.

97-11-004—Agricultural Extension and Agricultural Experiment Station

Total United States dollar contribution		$2, 756, 579
Cooperating country contribution		8, 234, 879
Country budget	$6, 553, 518	
Counterpart funds	1, 681, 361	
Total cost of project		10, 991, 458
Percent of United States contribution to total cost		25. 07

Eighty percent of the Indonesian people are dependent upon agriculture for their livelihood. Nearly 75 percent of the national income is derived from this same source. Still, Indonesia has a serious deficit in food crops which contributes a heavy burden and a serious impediment to economic developments. This project recognizes these factors and is designed to meet one area of this need through the conduct of research to develop new and/or better types of agricultural products and to strengthen the means for disseminating the new and improved knowledge among the agricultural populace. The working activity of the project includes conduct and utilization of agricultural research and working directly with the Indonesian Agricultural Extension Service to demonstrate and disseminate improved methods of farming under the conditions extant throughout Indonesia.

Through this project, ICA is making a basic and essential contribution: by providing American technicians to help develop and implement techniques of improved farming, to instruct Indonesian personnel in the application and instruction of farmers in the use of these improved techniques; by providing training in the United States and other countries for Indonesian personnel so that they will have firsthand knowledge of the desirable techniques, practices and implementation factors necessary to bring about agricultural sufficiency; and, by providing demonstration, instruction and practice equipment to permit practical application of the new improved methods and techniques being acquired.

It is expected that United States assistance will be withdrawn from this project by the end of calendar year 1961 and that, by that time, Indonesia will be able to carry on the necessary activities in this field with only a minimum of consultation with ICA headquarters personnel.

97-12-023—Land development and conservation

Total United States dollar contribution		$1, 483, 685
Cooperating country contribution		8, 615, 798
Country budget	$8, 158, 100	
Counterpart funds	457, 698	
Total cost of project		10, 099, 483
Percent of United States contribution to total cost		14. 69

This project is a companion project to project 97-11-004, agricultural extension and agricultural experiment station, and is designed to develop, within the Indonesian agricultural system, the technical know-how necessary to insure proper selection, development, utilization and conservation of agricultural land and water resources. These activities are essential if any success is to be had in ICA's attempts to aid Indonesia in strengthening and improving her agricultural sector.

Project activities include planning, and on-the-job training in all phases of soil and water conservation, land selection, land capability classification, onfarm irrigation, drainage and runoff control, grassland improvement, and the use, care and operation of power equipment in the development, treatment and cultivation of agricultural land. In addition to training in Indonesia, more than 70 Indonesians have received advanced training in the United States concerned with the various phases of the project. As these personnel have returned to Indonesia, they have become field operators or instructors applying and disseminating the skills which they acquired or improved while in the United States.

97-11-088—Agricultural college education

Total United States dollar contribution		$217, 500
Cooperating country contribution		300, 467
Country budget	$38, 000	
Counterpart funds	262, 467	
Total cost of project		517, 967
Percent of United States contribution to total cost		41. 99

One of the major reasons for Indonesia's lagging behind other nations of similar potential in agricultural development is the lack of trained personnel in the various branches of agriculture. This project was conceived during fiscal year 1956 to provide assistance in the development of the College of Agriculture and Veterinary Science of the University of Indonesia to strengthen its teaching and training facilities leading to a college degree in the many fields of agriculture, with particular emphasis on soil science, agronomy, veterinary science, plant pathology, animal husbandry, entomology, agricultural engineering and agricultural economics. By providing the services of at least 10 American college professors for a period of 3 years and a limited amount of instructional equipment, the college will be strengthened to the point where it will be able (within a reasonable period of time) to overcome the present chronic shortage of professionally trained agricultural personnel. Failure to assist the college at this time might well serve to negate any advances made in other phases of agricultural development over a long period of time, since the advances which might be made cannot be sustained unless there are professionally trained personnel available to utilize these advances.

97-18-001—Expansion and modernization of marine and inland fisheries

Total United States dollar contribution		$2, 838, 545
Cooperating country contribution		2, 838, 545
Country budget	$418, 183	
Counterpart funds	1, 620, 899	
Total cost of project		4, 877, 627
Percent of United States contribution to total cost		58. 19

Indonesia depends largely on fish as a source of animal protein which is essential for adequate diet. At the inception of the ICA program in Indonesia, indigenous production was less than half of the amount needed to maintain recognized dietary standards, despite the fact that the waters of the archipelago are capable of producing quantities sufficient to cover indigenous needs. Two major reasons for this discrepancy are (1) the area of major demand (highest population) is concentrated in Java and Madura while the areas of source are elsewhere and (2) the techniques, facilities and equipment being used in fish production, preservation and marketing are inefficient, inadequate and/or obsolete. Since one of the objectives of the ICA program is to contribute effectively to the raising of the Indonesian standard of living, it was essential that something be done in this area to increase the availability of fish and fish products which would increase the dietary standard of the people and thus contribute to raising of the standard of living.

To assist in bringing about the aforementioned conditions, this project is endeavoring to introduce the use of better techniques and equipment in both marine and inland fisheries operations. The project is attempting to meet these objectives by (*a*) providing demonstrations of the possibilities inherent in production methods of fishing, of handling, and of processing, as opposed to subsistence methods; (*b*) assisting in providing sources of fish flour, canned fish and quality dried fish and shrimp to establish and stimulate their acceptance in domestic trade channels; (*c*) provide training for the development of skills necessary in expanding operations throughout Indonesia; (*d*) fostering improved culture techniques in existing inland ponds; (*e*) stimulating stocking of rice paddies for inland fish varieties; and, (*f*) assisting to halt production declines by preventing the silting of brackish water feeder canals.

It is planned to withdraw ICA assistance to this project by the end of 1961, by which time Indonesian personnel should be in a position to effectively carry on the activities of the project to its natural conclusion.

97-21-043—Mining operations

Total United States dollar contribution		$130, 826
Cooperating country contribution		52, 960
Country budget	$48, 760	
Counterpart funds	4, 200	
Total cost of project		183, 786
Percent of United States contribution to total cost		71. 18

This project is relatively new, having gotten under way late in fiscal year 1955 and being still in the preliminary stages. The moving factor behind this project is the fact that Indonesia is believed to have vast untapped mineral resources. In addition, the proved mineral resources are not being fully utilized due to lack of facilities, trained personnel and technical know-how. Thus, Indonesia is losing valuable foreign exchange because of inability to export these minerals and because she must import large quantities of these minerals which are indigenously available but unexploited. This project is designed initially to assist in determining the locality and quality of the various mineral resources and to assist in training personnel and developing locally adaptable modern techniques which will permit production to be increased to the point of supplying indigenous industries with sufficient quantities of the needed available indigenous raw material and the development of profitable export of those minerals present in Indonesia in exportable quantities.

Present operations consist of preliminary mineral surveys in selected areas and the training of Indonesian personnel in various aspects of basic mining operations. No terminal date has been or will be set for the project until such time as a determination has been made as to the overall minerals potential of Indonesia, the areas in which assistance is needed, and the areas and methods in which ICA assistance can best be utilized.

97-23-017—Consumer industry development techniques

Total United States dollar contribution		$1, 455, 508
Cooperating country contribution		1, 647, 800
Country budget	$1, 640, 800	
Counterpart funds	7, 000	
Total project cost		3, 103, 308
Percent of United States contribution to total cost		46. 90

Because of lack of industrial development Indonesia is forced to import large quantities of consumer goods, many of which are manufactured from raw materials which are indigenous to Indonesia and which, in many cases, were exported to other countries from Indonesia for processing. Recognizing that the standard of living cannot be adequately raised until Indonesia can provide more of her own consumer goods, the Indonesian Government has undertaken, through utilization of a series of industrial development institutes, to strengthen and upgrade certain of the consumer goods producing industries. These institutes have as their primary function the provision of the basic engineering facilities, services, and trained personnel for implementing the industrial-development program. They also provide analytical and testing services to the extracting industries and apply research developed in the West to suit local conditions and resources, and investigate uses of local raw materials, e. g. clays, glazes, sands for glass, limestone, fibers for textiles, etc. At present particular emphasis is being placed on providing these services for small- and medium-scale consumer-goods producers. ICA is assisting with these activities by providing American technicians to help plan expanded activities and to train Indonesian personnel to carry on the activities of the institutes and to move into the various consumer-goods industries which need expansion.

During the early stages of the project a small-industry loan program was operated wherein ICA provided foreign exchange for the purchase of certain types of industrial machinery not purchasable in rupiah. This machinery was then made available to owners of small business through an arrangement between the Department of Industry of the Ministry of Economic Affairs and the Bank Indonesia. The small businesses are loaned the necessary funds, by the Bank Indonesia, to purchase the equipment from the Department of Industry, which acted as administrator for the program. The loans were standard commercial low-interest loans, and permitted small business to make much-needed improvements, which improvements could not otherwise have been made. This phase of the program is no longer in operation. United States withdrawal for the entire project is tentatively scheduled for early 1958.

97-23-089—Cement plant training

Total United States dollar contribution		$153, 900
Cooperating country contribution		28, 600
Country budget	$28, 600	
Total cost of project		182, 500
Percent of United States contribution to total cost		84. 32

This project provides 22 training grants in cement plant management and operation for the technical and managerial staff of the Indonesian Government-owned Gresik cement plant. The training grants are designed to train Indonesian nationals to manage and operate the cement plant upon completion of its construction (now being executed by the Morrison-Knudson Co.). It is in the interest of the United States to insure that capable personnel can take over these functions, especially since the plant construction is being financed through a loan from the Export-Import Bank of Washington. The plant should be ready for operation in September 1957. The personnel being trained are now in the United States receiving on-the-job training at an American cement plant of similar size and complexity. They are expected to return in time to inaugurate the operation of the Gresik plant. They will be advised on management matters, during the first 2 years of operation, by an American management-consultant firm (as yet unselected). It is not expected that ICA assistance will continue past the termination of that contract, which is planned for late 1959.

97-25-031—General Engineering Advisory Services (J. G. White Engineering Corp. Contract)

Total United States dollar contribution		$3, 580, 000
Cooperating country contribution		305, 896
Country budget	$180, 000	
Counterpart funds	125, 896	
Total cost of project		3, 885, 896
Percent of United States contribution to total cost		92. 12

This project was inaugurated in early fiscal year 1951 and was completed at the end of fiscal year 1956. During this 5-year period the J. G. White Engineering Corp., an American consulting engineering firm, provided the Indonesian Government with trained engineering personnel for making investigations, studies, and recommendations essential to top-level planning and direction. These personnel provided continuous studies and recommendations in the fields of transportation, commerce, industry, and mining. White also provided services to the State Planning Bureau which services assisted the Bureau in ascertaining the basic needs and problems of the Indonesian economy and people, and the methods and procedures for making the most effective use of its human, physical, financial, and other resources in filling such needs and solving such problems, in the light of Indonesia's program of raising the national standard of living. White rendered these services with a view to assisting Indonesia in developing a sound, diversified, and balanced national economy, improving the productive apparatus of the country and the output thereof, and improving and developing the technical and managerial skills of the personnel involved.

97-31-080—Highway Technical Training
97-33-081—Railway Technical Training
97-34-082—Port and Harbor Technical Training
97-36-083—Maritime Shipping
97-37-078—Airport Technical Training
97-37-079—Training in Meteorology
97-37-033—Aircraft & Engine Mechanics Training

Total United States contribution		$274, 441
Cooperating country contribution		107, 600
Country budget	$107, 600	
Total cost of project		382, 041
Percent of United States contribution to total cost		71. 83

These projects are all closely related, in that they are aimed at relieving a very distressing domestic transportation situation within Indonesia. Domestic internal transportation is completely inadequate for Indonesia's present requirements, and will become even more inadequate if the increases in production being sought in other areas of the program and in Indonesian Government development activities are realized. Therefore, these projects were designed to provide training abroad for Indonesians vitally concerned with transport and transport activities. At present these projects consist solely of training activities to bring Indonesian thinking up to modern concepts and techniques of transportation. They are in the initial stages, having been started in fiscal year 1956. Expansion or termination of the activities will depend on recommendations and determination to be made by technicians who are expected to be brought to the field during fiscal year 1957 to survey and evaluate Indonesia's needs and potential in domestic transportation.

97-51-006—Malaria Control
97-51-085—Malaria Control—Special Commodity Fund

Total United States dollar contribution		$6, 214, 757
Cooperating country contribution		4, 742, 843
Country budget	$1, 355, 216	
Counterpart funds	3, 387, 627	
Total cost of project		10, 956, 600
Percent of United States contribution to total cost		56. 72

This project was initiated during fiscal year 1951 on an experimental and restricted basis. Preliminary investigations revealed that more than 37 percent (over 30 million) of the Indonesian populace lives in endemically malarious areas. During some part of any given year practically all of these people are temporarily disabled because of malaria. The net result of this condition is an overwhelming loss of man-days of labor and income, which has a very negative effect on both agricultural and industrial production. In early 1955 WHO held an Asian Malaria Conference at which it was recommended that any nation fighting malaria should use a maximum-impact, full-coverage, short-term approach to eradicate malaria. Small-scale operations could only result in temporary relief and in the mosquitoes developing resistance to the insecticides being used. Therefore, upon the recommendation of the Conference and at the request of the Indonesian Government, it was decided to institute a 5-year massive-attack program for complete eradication of malaria in Indonesia. This program will last until the end of 1959, by which time malaria should be completely under control and the Indonesian Government will be well able to handle any additional control measures that are deemed necessary.

This all-out 5-year eradication program entails approximately $8 million in ICA expenditures and 73 million rupiah ($6,500,000) in Indonesian Government expenditures. Upon completion of the program, malaria will be no more of a problem in Indonesia than it is in the United States today. The program will have certain other residual benefits such as eliminating many other insects which are bearers of disease.

97-54-029—Medical education

Total United States dollar contribution		$2, 145, 001
Cooperating country contribution		6, 764, 403
Country budget	$4, 785, 900	
Counterpart funds	1, 978, 503	
Total cost of project		8, 909, 404
Percent of United States contribution to total cost		24. 07

The present ratio of physicians in Indonesia is 1 for each 60,000 population as compared to 1 for each 800 in the United States. This lack of physicians aggravates and is deleterious to the overall health problem in Indonesia with resultant negative effects upon production and the general standard of living. The problem is worsened by the fact that the present number of physicians being graduated annually from Indonesian medical schools is less than the number of physicians who leave the profession by retirement or death. Thus, unless forthright measures are taken, the entire health structure of Indonesia might break down in the foreseeable future. Were this to happen, all development efforts elsewhere in the economy will have been of no avail.

This project proposes to assist the medical faculty of the University of Indonesia in strengthening its teaching faculty to the point where some 300 physicians (rather than the present 30) can be graduated annually. This goal can be reached by 1965. Under a contract, which began in July 1954, the University of California Medical School has established an affiliation with the medical faculty of the University of Indonesia and is providing 10 to 12 man-years of teaching services to the medical faculty annually. The University of California personnel are upgrading the various departments of the medical faculty and providing some training for Indonesian personnel who will become members of the Indonesian medical faculty. Simultaneously, graduates of the medical faculty are being sent to the United States for specialized training in the various branches of medicine. Upon their return they will become members of the teaching staff of the medical faculty. By the time contract activities are concluded (currently planned for 1960) sufficient new personnel will have been trained, not only to replace the contract personnel, but also to have expanded the teaching capacity of the medical faculty to provide 300 graduates per year by 1965, which, over an extended period of time, will bring Indonesia up to international standards as regards availability of physicians to the populace.

97-61-020—Vocational education teacher training

Total United States dollar contribution		$2, 585, 575
Cooperating country contribution		1, 590, 419
Country budget	$943, 000	
Counterpart funds	647, 419	
Total cost of project		4, 175, 994
Percent of United States contribution to total cost		61. 91

Indonesia suffers very greatly from a lack of skilled personnel trained in the technical trades at the intermediate level. It is from this group that the working force in industry and the vocational trades must come. In addition, the training facilities existing for these skills are insufficient and, in many cases, obsolete. This project was designed to meet this problem by helping to strengthen and modernize the schools in the vocational and technical education system in Indonesia by improving the teacher-training system and by providing advance training for the present teacher-trainers at the intermediate level. This is being accomplished through a contract with Tuskegee Institute, an American college, which has a field staff in Indonesia working in several teacher-training institutions, instructing present and future teachers in modern methods, techniques, and philosophies of vocational and technical education. In addition, Indonesian personnel have been sent to the United States for advanced training in several American institutions concerned with vocational and technical education, as well as to observe the application of modern techniques in American schools. Some demonstration and instructional equipment has also been provided for a selected number of schools.

This project was originally scheduled for completion in late 1957, but the Indonesian Government has requested that the Tuskegee contract be extended until the end of 1958. The request is now under consideration and it is believed advisable to grant the request.

97-61—052—Gadjah Mada University Contract

97-61-065—Development of the Technical and Science Faculties of the University of Indonesia at Bandung

Total United States dollar contribution	$886, 000
Cooperating country contribution (all country budget)	737, 000
Total cost of project	1, 623, 000
Percent of United States contribution to total cost	54. 59

Both of these projects are concerned with the strengthening of the college level instruction facilities in engineering and the natural and mathematical sciences. Both projects are in the initial stages of development and call for the development of affiliations with American universities, which universities will provide teaching staff personnel to the Indonesian institutions over a short period of time. These personnel will fill a gap which has been created by a loss of faculty (former Dutch

professors have left the schools and have not been replaced because no Indonesians were available to replace them), and will begin to train Indonesian personnel to take over the instructional responsibilities which the Americans will be exercising.

A contract for 3 years has just been signed with the University of Kentucky to provide the staff for the technical and science faculty of the University of Indonesia at Bandung. Part of the personnel have already arrived and the remainder of the staff is expected to arrive in early September. A contract is now being negotiated to provide similar type staff for the Gadjah Mada University technical faculty. When these activities have been completed, for the first time in the history of the Republic, Indonesia will be able to produce her own scientific and engineering graduates.

In addition to the contract activities, there will be limited specialized training abroad and the provision of limited demonstration and training equipment.

(Deleted.)

With the transfer of sovereignty, officials of the Indonesian Government at all levels were thrust into a complex administrative situation with which many of them were not professionally equipped to cope. These two companion projects were designed to help bring them abreast of the techniques and methods for the efficient and effective operation of governmental entitities at the central and provincial levels. Both projects provide for the training of key government officials in matters concerned with the nature of public administration coupled

with training in the application of some of the techniques of the administrative science. This training covers most of the branches of public administration with specialized training as needed in specific instances, such as budgeting, fiscal management, personnel administration, etc.

Within the next year it is planned that the Indonesian Government will establish an institute of public administration which will perform several of the functions of these projects. The final details have not yet been worked out, so that ICA's role, if any, has not yet been determined. However, the phasing out of these projects will most likely be determined by rapidity with which the institute becomes operable.

97-92-016—State Film Service (including Louis de Rochemont contract)

Total United States dollar contribution	$1, 502, 550
Cooperating country contribution, country budget	1, 870, 500
Total cost of project	3, 373, 050
Percent of United States contribution to total cost	44. 54

Motion pictures are the most effective medium by which the Indonesian Government can instruct and inform the country's scattered population, most of which is illiterate, of the many facts about which it should be informed. The Government must rely on films and other audio-visual media to accomplish much of its large task of instilling a spirit of national unity into its heterogeneous population, schooling the populace in the responsibilities incumbent upon citizens of an independent democratic state, and introducing to them simple technical knowledge which will increase their effectiveness as participants in national development.

The major objective of this project is to further the development of Indonesian facilities for producing educational and informational motion pictures which effectively support various national development programs. The importance and effectiveness of this approach has already been proved through films and filmstrips which have been prepared by the State Film Service for use in malaria control, vocational education, and agricultural training and education programs. The project is supporting a training and technical proficiency improvement program within the State Film Service (an arm of the Ministry of Information). This program is being carried out through a contract with the Louis de Rochemont Corp. (an American motion picture consulting firm) for mechanical and technical improvement, through the provision of a limited amount of modern equipment, and through training, in Indonesia and abroad, of film service personnel to bring them in touch with modern techniques of film production and demonstrate to them the value and importance of motion pictures as an educational and informational medium.

AUSTRALIA

Australia is a thriving, growing country, almost entirely free of Communist influence. Some of the labor unions are still infested with a few Communists, however. Its people appear to be pro-American to the bone, and the memory of the Australian-American alliance in their battle against the Japanese in World War II is still vivid in their minds. I visited two great mounments, one at Brisbane and the other at Canberra, erected by the Australian people honoring Americans for their valiant fight against the Japanese. Communist influence is almost nonexistent here.

Organized labor and the Labor Party still exert considerable influence in this country. Unions control at least 90 percent of the labor force and it is my impression that they are most independent and effective. As a matter of fact, productivity per laborer in Australia is almost entirely controlled by union leadership. There has been some improvement in this situation recently, for a worker is today allowed a little more leeway in increasing his individual productivity in many trades than was the case during my visit in 1953. At that time, union members who exceeded a daily work average were punished.

I was told that no one ever works here more than 40 hours per week except in cases of extreme emergency. In addition, because of union influence in the Australian Parliament, immigration policies have been tailored so as to keep the labor force free from foreign influx. The immigration laws are flexible and the number of immigrants per year may be raised or lowered, depending on the labor supply situation. Unions have much influence in the determination of the number of immigrants to be permitted each year.

While Australia is growing, growing much as the American frontier grew in the earlier part of this century, it is in need of capital for investment. It has borrowed quite a sum of money from the World Bank and some effort is being made to borrow more to improve rail transportation. The primary roadblock in the way of this objective is that each Australian state has its own rail system; each state frequently has a different gage, with the result that goods must be transferred from one train to another at the state border. It is the desire of business leaders to rebuild and reorganize the railway system. Because of long distances with sparsely inhabited country, the cost will be high and in many cases, uneconomical.

My first stop was at Perth, where I was met by Stephen Winship, our consul here. He said there are 700 Americans residing in the state of Western Australia, and the chief export is wool, with wheat a close second. He is the only American officer here and is assisted by three Australian girls. The office takes in $5,000 per year, principally from visas.

My next stop in Australia was Sydney, where I conferred with the executive officer, Mr. Orray Taft, in the absence of Mr. Donald D. Kennedy, consul general, and the head of the Information Service, Mr. Robert J. Boylan, who came in from Canberra to meet me.

The total cost of maintaining our State Department missions here alone aggregated $469,562 in 1953, the time of my last visit to Australia, compared with $489,389, which is the estimated expenditure for fiscal year 1957. It should be noted that although the total cost of operating the State Department missions here has increased during the current period, there has been a substantial reduction in the amount of money required to pay United States employees. This was accomplished despite the fact that wages for American employees have increased considerably since 1953. It appears that my recommendations, submitted at the termination of my 1953 inspection, to the effect that more local employees could be hired at a smaller cost to our Government, thus reducing the number of American employees, has been followed, and followed profitably.

With respect to the other operating costs of our State Department missions here, they appear to be normal, except that much savings could be affected if certain consolidations which I shall propose subsequently are carried out. Exhibit A attached hereto indicates the various purposes for which the total $489,389, fiscal year 1957 budget, will be used.

As the committee will recall, during my last visit to Australia, I commented on the contract which our State Department had entered into for the construction of an office building in Sydney. Under this contract, the building was constructed and the United States Government had obligated itself to pay a stipulated rent over a period of 10 years, some of which was paid in advance.

At this time, the objective was to move the consulate from the quarters it then occupied to the new building. I discovered upon my arrival in Australia that such did not occur. Instead, the Information Service has occupied the entire space contracted for our consulate, and is paying rent. As I visited the USIS offices here I discovered that many alterations were necessary in order to accommodate the structure to Information Service use. The Information Service paid for all alterations. USIS occupies the second and third floors, while the owner of the structure, the Hartford Insurance Company of America, occupies the first floor.

USIS is obligated to pay $9,200 per year rental for its space. The second floor, containing a library and film section, is most spacious. The third floor is occupied by offices and the press service.

Following my visit to Sydney, I inspected our activities in Melbourne. The staff here consists of 4 Foreign Service officers and 1 clerk, all Americans, and 12 locals.

In addition to the consulate, we also have here the beginning of a new branch of the Information Service, which is presently staffed by 1 officer and 1 local clerk. Rental is $720 a year for office space for these 2 persons. I was informed that it was an absolute necessity that an office for the Information Service be established here in order to properly cover the Olympic games, which are scheduled for late 1956. I frankly saw no necessity for moving in a new staff in order to cover the Olympic games, when personnel assigned to either Sydney or Canberra could be temporarily assigned to Melbourne for that purpose. Further, I feel sure that an effort will to made to continue the office in Melbourne even after the Olympic games have ended. I most emphatically recommend that any such request be denied.

From Melbourne I proceeded to Canberra, where I was met by the United States chargé d'affairs, Avery F. Peterson. The operation at Canberra seems to be progressing very well, in spite of the death of former Ambassador Moffat. I have no specific recommendations to make in regard to our operations there, except in respect to a consolidation of facilities which I will discuss later in this report.

After inspecting the State Department program in Canberra, I proceeded to Brisbane, where the high point of my visit was a conference with the lord mayor of that city, and the Governor of Queensland, Sir John Laverick.

I believe that Brisbane deserves and needs some form of consular service. I recommend that personnel now stationed at Canberra, Sydney, or Melbourne be assigned to this area; if that should not prove feasible, I would recommend that some American citizen presently residing in Brisbane be permitted to perform consular duties on an as-needed basis, with remuneration based on actual working time.

It is apparent that there is considerable duplication of effort involved in our State Department activities in Australia. Although Canberra is the capital, we maintain a full-fledged staff in Sydney, that handles practically all the business of the Embassy. By all means, the Department of State should consolidate and concentrate its activities in Canberra, where we have built a fine home for the Ambassador, a spacious chancery, and where the Australian seat of government is located. There is no reason nor a good excuse for having all the administrative work for the Embassy performed in Sydney. It

89056—57——7

should be transferred to Canberra. The same goes for all political and economic reporting. Consulates only should be maintained at Melbourne and Sydney, and a consular office in Brisbane. At the time of my visit it was my understanding that it is proposed to raise Melbourne to the status of a consulate general, so as to place it on a par with Sydney. These two cities vie with each other to the point where we must treat them similarly in all respects, no matter the cost. Whereas this increasing status will require no additional appropriation, my recommendation would be quite the converse—that both Melbourne and Sydney be reduced to consular posts, and the administrative, political, and economic staffs be assigned to our Embassy at Canberra. A considerable reduction of the force should be possible by the consolidation. We are spending entirely too much money in Australia when we consider its population (Since drafting this report, I have been notified that the administrative functions previously performed in Sydney were transferred to Canberra in January 1957.)

As to the Information Service, the entire program in Australia should be dispensed with.

Exhibit B attached hereto indicates the scope of the information program in Australia; a total of $137,900 in tax funds is required for its maintenance. The justification urged by our representatives for maintaining such a large operation here is an almost stereotyped one, similar to the justification which one would hear in Vietnam or Korea. I emphasize once again that Australia is pro-American to the bone, and our Information Service should be withdrawn from this area at once. The books presently in the USIS libraries should be turned over to local Australian libraries, on condition perhaps that they be placed together in an American section.

An example of some of the unneccessary expenditures which are presently taking place under the information effort in Australia is the exchange program. In Australia we have a fund of some $5 million which is used to finance exchanges on a revolving basis. Persons selected to travel to the United States are selected ty a local board. At the time of my visit, our planners urged that this program be accelerated rather than reduced.

In addition to this exchange program, we are also spending a considerable amount of money on the Smith-Mundt exchange program. Exhibit C attached hereto indicates that 113 persons are scheduled to be exchanged under Public Law 534, with an additional 29 persons receiving dollar grants on a joint basis, and 5 additional persons receiving full dollar grants. These exchanges, including journalists, lawyers, recreation experts, labor experts, and so forth, will require the expenditure of $51,465 during fiscal year 1957 in addition to exchanges financed out of the revolving fund referred to previously.

It is obvious with respect to Australia that our so-called information experts are determined to maintain a staff in each and every country where the American flag flies, whether it is needed or not. It is true that the sum involved here is comparatively small, but when measured against the need, which is practically nonexistent, it is obvious that information expenditures can and should be reduced considerably, and even eliminated entirely as I have recommended.

During my conversation with Gen. Sir Dallas Brooks, the Governor of the State of Victoria, he remarked that the United States has spent

considerable amounts of money all over the world, and that many of these expenditures were made possible by our own advisers. He commented that many of our representatives at home and abroad have the attitude that the United States financial resources are inexhaustible, and that our eager-beaver emissaries do their utmost to convey this same impression to foreign officials and to the foreign man in the street. He noted that except for American encouragement—that is, encouragement and help from Americans on the scene—many countries would not have received as much financial assistance as they actually obtained. He agreed with me that the destiny of the free world depends upon the United States remaining financially strong, and that should America fall economically, the light of freedom will soon be extinguished throughout the world.

I repeat, we should do away with our Information Service here and consolidate all of our activities at Canberra, with the exception of maintaining consulates at Sydney, Melbourne, Perth, and Brisbane. Much business is handled at Perth, one of the large cities of this country, and yet the business there is handled by 1 American officer and 3 locals. It is my sincere belief that expenditures could be cut here by one-third and still a good job could be done.

PHILIPPINES

This new nation, which received its independence from the United States on July 4, 1946, has shown a continued development since my first visit there 10 years ago.

After the Japanese occupation, it was quite a task to repair the tremendous damage necessarily sustained in the allied effort to liberate this archipelago.

Most of our aid in the last few years has been designed to support President Magsaysay's economic development program. The Philippine Government has budgeted $79.5 million for the 1956 fiscal year for this program, which is designed to improve Government services, expand transportation and communications, and, first and foremost, to improve the living conditions and earning capacity of the rural population, who make up 70 percent of the Philippines total population of 22 million.

Our aid program began here on an organized basis in July of 1950. Through fiscal year 1956, a total of $137.1 million has been obligated or programed. In addition, the Philippine contribution, expressed in dollar equivalent, has aggregated $217.5 million.

During fiscal 1957, a budget request of ——— was submitted by the local mission. This amount compared with $19.7 million actually spent during fiscal 1956.

At the time of my visit, no firm allocation for the 1957 fiscal year had yet been made, although almost 3 months in the 1957 fiscal year had passed. Should the entire ——— requested by the mission be allocated, there would be available for expenditure in fiscal 1957 a total of some ———. This total is composed of the ——— requested by the mission for fiscal 1957 and $30.9 million in unexpended funds from appropriations allocated during prior fiscal years. Incidentally, this latter figure ($30.9 million) includes $19.2 million of unobligated funds, an amount approximately equal to the amount of money spent by the United States during fiscal 1956, exclusive of dollars which generated no counterpart funds.

Reference to the documents which I have attached to this report, and in particular to exhibit A of the booklet entitled "The ICA Program in the Philippines," will show that during fiscal 1956 from 2 to 5 million dollars have been requested for a regional training program plus 20 to 30 million dollars for Asian nuclear training. These amounts are to be funded from the President's Asian economic development fund. In this connection, I note that the 2 to 5 million dollars proposed for regional training under the requested withdrawals from the Asian economic development fund will be converted to pesos through the import and sale of United States agricultural commodities. Although I was not able to delve into this proposal in great detail, I would recommend that instead of utilizing appropriated dollars for subsequent conversion to local currencies, consideration be given to using local currency funds which have accrued to the credit of our Government. These funds might be drawn from Public Law 480 proceeds, or from the reserved counterpart amounts generated under assistance programs here or in other areas.

There is indicated in section 1 of the attached exhibit A the types of programs we are operating in the Philippine Islands. For the most part, these programs consist of technical assistance, and are worthwhile. However, I wish to call to the attention of the committee the fact that a number of these programs have completion dated ranging from 1957 to 1960, and into the indefinite future. I fear that unless we make it clear to the Government of the Philippines that our mutual security program is not a long-range effort, we may find ourselves placed in the position of being compelled to maintain the program in order to fulfill at least moral commitments made by our officials in the field.

Also, I wish to warn the committee that it is my judgment that present negotiations concerning title to United States military installations in the Philippines may lead to our exchanging a promise of expanded assistance to the local government in exchange for the relinquishment of certain claims by the Government of the Philippines. (I have been informed subsequent to this writing that all claim by the United States to title to United States military bases here was relinquished by the United States on December 6, 1956.) Detailed information as to this controversy is, by its very nature, confidential, and I suggest that all possible ramifications be developed in connection with the committee's hearings on the 1958 mutual security appropriations bill, and also, before the committee on foreign relations in connection with authorizing legislation. I was very much disappointed at the attitude of the press, generally, about the United States. They are advocating Philippine criminal jurisdiction over all bases with our putting up all funds necessary to erect all installations and the maintenance by us of all facilities at our expense. When I suggested that these bases were for our mutual protection and that those who advocated such jurisdiction should also be willing for the local government to share in construction and maintenance costs; I was castigated, called ignorant and brash. I was accorded most unfavorable publicity, to say the least, when I gave my views.

With reference to our effort to increase agricultural production and the status of small land owners in the Philippines, I visited a number of the projects where grass roots technical assistance is being extended. Again this year, I was impressed by the willingness of the local popu-

lation to help themselves. In one village I inspected, I saw residents building roads while the United States was supplying the technicians and a truck. I saw poultry and swine projects where farmers were learning by seeing and doing, under the direction of their own people, who had been trained by our technicians under prior year efforts.

It is heartwarming to see men and women of this generation striving to better themselves by producing better livestock, using local products so as to provide a balanced diet for their families, and learning rudimentary techniques in food preservation.

Villages were kept clean. The inhabitants worked together and seemed proud of their accomplishments. Demonstrations in how to dig new wells and how to eliminate pollution were being extended. Projects showing how better homes could be built from local materials appeared worthwhile. Quoting from my "on the scene notes" which were jotted down during my visit to one of these villages:

> Fences and hedges surrounded the homes and there seemed to be an air of joy and contentment. It was very impressive and I hope that interest and progress can be maintained. Actually, very little money is being spent by us on such programs. We start them, create interest, and the rest of the program is carried on by the people through mutual help. All join hands in improving streets, building better homes, increasing their food supply, and generally raising their living standards.

These programs of self-help will certainly pay dividends—this will occur because we are attempting to assist the people of this generation. Certainly, programs of this nature are to be preferred to the outright grant aid, which if given lavishly, will result in the loss of self respect by the donees. Another thing, these programs are simple, in fact, rudimentary and are in keeping with the mental ability of the local people to absorb and they are also carried on within the financial capability of the local people.

While in the Philippines, I had breakfast with President Magsaysay and some of the members of the Senate of the Philippines. The conversation with them was most interesting. I was impressed by the sincerity and good intentions of these officials. I also conferred with Maj. Gen. Joseph Harper, who is in charge of our military assistance mission here. He said that exclusive of the military hardware left here in World War II, goods valued at (deleted) million had been provided to the Philippine defense forces since 1950. He was unable to estimate what the future might bring, since developments will depend on the willingness of the Government of the Philippines to pay its fair share of its defense burden. As I understand the situation, the local government reduced its appropriations for defense, considerably, actually to a point where it could not meet its obligations. As a result, we have held back delivery of further military hardware, although certain essential items are still being delivered. It is my understanding that this policy will be continued until the local government meets its fair share of the cost. A similar attitude should be taken by our representatives in many other areas.

The information program here is a sizable operation. Posts are maintained at Manila, Cebu, Davao, and Iloilo. I shall refer subsequently to this last post.

We also maintain information centers including libraries at Manila, Cebu, Davao, and Iloilo.

As of July 1, 1956, a total of 15 American positions were authorized for the Information Service here, with a total of 109 local employees authorized as well.

Total costs approximate $721,300 per year, including $352,000 in funds allotted to the country, $124,500 in American salaries including the differential, and $244,800 for reimbursement to the State Department for shared administrativec costs. At first blush it would seem to me that the reimbursement to the State Department is rather large, over one-third of the whole spent here by USIS.

In Manila, our Government also maintains a press production center. Costs approximate $2,586,600, including $1,519,900 in purchases consummated in the United States, $144,000 in American salaries, $162,200 for reimbursement to the State Department for shared administrative costs and $760,500 in local program expenses. In this connection, the local program expenses in connection with the production center would bear examination in order to ascertain if they should not more properly be charged against the country budget of the Information Service.

Also maintained here are three radiobroadcasting services. The Philippines relay base, located 155 miles north of Manila, consists of a receiving station with general offices located at Baguio and transmitter station and offices at San Fernando. The transmitter plant consists of one 1,000 kilowatt medium wave transmitter, two 35-kilowatt shortwave transmitters and several low-power shortwave transmitters. Primary target of this relay base is South China, Southeast Asia and Indonesia, with broadcasts transmitted in Amoi, Burmese, Cantonese, English, Indonesian, Mandarin, Thai, Vietnamese, and Cambodian. Total costs for this facility aggregate approximately $325,000, including $185,000 in funds allotted to the base, $77,900 in salaries, $28,300 in purchases in the United States, and $33,100 for reimbursement to the State Department for shared administrative costs.

The facility at Baguio required the expenditure of approximately $694,500 during fiscal year 56 which amount includes $382,000 allotted to the base, $137,700 in American salaries, $135,700 for purchases in the United States and $39,100 for reimbursement to the State Department for shared administrative costs.

Under the jurisdiction of this general area is the relay base for Voice of America broadcasts located on Okinawa. This establishment consists of a transmitting plant with a 1,000 kilowatt medium wave transmitter and two 35 kilowatt short wave transmitters plus a receiving station. The station is on the air 12 hours per day, with broadcasts directed principally at Northeast Asia in Mandarin, Korean, Cantonese, Amoi, English, and Russian. Total costs for this facility during fiscal 1956 were approximately $668,200, including $358,700 funds allotted to the base, $160,200 for American salaries, $130,700 for purchases in the United States, and $18,600 for reimbursement to the State Department for shared administrative expenses.

Previously in this report, I referred to the USIA facilities at Iloilo. Before leaving Washington, I was requested by the information agency to look into the situation at Iloilo. At that time, it was proposed to close the facility entirely as of September 30 of this year. This proposal met a great deal of local opposition by the people residing in the immediate area, who desired the information center to remain open. As a matter of fact, the local residents formed a committee to study the proposed closing and after completing this study, recommended that the United States retain the facility. They promised to bear the cost of the space, together with the cost of utilities and janitorial services.

I recommend that this proposal be accepted. Certainly, the institution of a truly cooperative information center—based on cost of sharing between local citizens and the United States—would establish a precedent which could well be followed in other areas of the world. At the time of my visit, it was my impression that by accepting the local offer, we would be able to reduce our fiscal 1957 expenditures here by some $11,000 to $12,000. However, I am in receipt of a letter from Mr. George M. Hellyer, Assistant Director (Far East) for the United States Information Agency wherein he states in part:

> Unfortunately there appears to be a misunderstanding as to the effect of the decision to eliminate the branch public affairs officer position. The savings thus realized cannot be returned to the treasury as you suggest for the following reasons:
>
> The decision to operate the Iloilo center without direct American supervision was made last year as indicated in Mr. Streibert's testimony before the House Subcommittee on Appropriations on February 22. When allocations were made to the overseas post in the following July, reduced costs of operations at Iloilo had already been taken into consideration. Thus, the allocation to the Philippines was determined on the basis that American salaries and other costs at Iloilo would be approximately $11,000 to $12,000 less than they would have been if the branch post had been funded for the fiscal year. Hence, in arriving at the allocation of $354,000 (including $5,000 for local motion picture production) for fiscal year 1957 for the Philippine program, we were aware of the availability of this saving and anticipated its use in the post's other activities

I attach to this report a record of correspondence between Mr. William W. Copeland, Chief Public Affairs Officer, USIS/Manila, and the Information Agency's Washington office concerning the Iloilo matter.

I would suggest, as I have before that steps be taken now to close many of these facilities unless the local people carry a part of the load. There is no longer any reason why we should bear the whole load. The people are beginning to reap benefits from our library centers and they should be willing to contribute to their maintenance.

I respectfully refer to my report of last year where I discussed the cooperative movement here in the purchase and sale of agricultural commodities. Much progress is still being made and the rates of interest charged to farmer borrowers are still being reduced.

EXHIBIT A

SCHEDULE A.—*Program summary*

[In millions]

Cumulative activity through fiscal year 1956:		
Dollar funds obligated or programed		$137.1
Philippine contribution		[1] 217.5
Activity fiscal year 1957:		
Program requested by Philippines		32.3
United States contribution:		
Government project program	$13.7	
Military construction	[2] 8.6	
Machinery imports for private industry (loan)	[2] 10.0	
Philippine contribution		[1] 81.8
Government support	71.8	
Private industrial financing	10.0	
Other: Asian economic development fund (requested in fiscal year 1956):		
Regional training program		[2] 2–5
Asian nuclear training		20–30

[1] Dollar equivalents.

[2] Pesos are needed for these programs. ICA dollars will be used to generate pesos through the import and sale of United States agricultural commodities, with concomitant use of Central Bank reserves for procurement of industrial machinery in an amount equivalent to the value of United States agricultural commodity imports and in addition to normal exchange allocations for machinery imports.

SCHEDULE B.—*Major program elements*

TECHNICAL COOPERATION PROGRAMS

Planned to—

Assist in the development of a broad base of technically qualified Filipinos capable of making significant contributions to Philippine self-improvement.

Improve government services to the people.

Assist agricultural and industrial development to meet the increasing needs of an expanding population.

Improve depressive health conditions.

Generally assist in the long-term development of improved living conditions

DEFENSE SUPPORT PROGRAMS

Planned to—

Improve internal Philippine budgetary conditions through assistance to projects contributing to long-term economic development.

Obtain effective impact on immediate economic and political problems through greatly expanded programs in rural community development ($4.5 million in fiscal year 1956 plus indirect project aid);

And essential industrial development, principally of a type utilizing local resources. (In excess of $60.0 million has been provided directly or indirectly for machinery imports from fiscal year 1951 to fiscal year 1957, $45.0 million since fiscal year 1955 for this purpose.)

OTHER

Assistance is being provided the Philippines in construction of military training and other defense facilities.

Requests have been submitted by the Philippine Government for assistance from the President's Fund for Asian Economic Development to assist in the promotion of regional training. This is still under review by the United States.

In addition, the Asian Nuclear Training Center, to be financed from AED funds, will serve to benefit the Philippines in many direct and indirect ways.

SCHEDULE C.—*Summary of Operations*

	FY 1954	FY 1955	FY 1956	FY 1957	Total
(a) Total expenditures (paid shipments):				(Estimated)	
United States funds (counterpart funds generated)	$18,019,000	$13,312,000	[1]$19,669,000	(2)	(2)
United States funds (no counterpart funds generated)	1,748,000	2,336,000	2,813,000	(2)	(2)
Counterpart funds (in equivalent United States dollars) approved for withdrawal	31,690,000	13,585,000	6,197,000	(2)	(2)
Local government contributions (in equivalent United States dollars)	19,791,000	43,750,000	51,133,000	(2)	(2)
(b) Balances as of June 30, 1956:				*Unobligated*	*Unexpended*
United States funds				$1192,000,000	$30,900,000
Counterpart funds (in equivalent United States dollars)				0	[3] 16,000,000
(c) New allocations (tentative) from fiscal year 1957 (foreign aid appropriation)					
United States funds				(2)	(2)
Counterpart funds (in equivalent United States dollars)				(2)	(2)
(d) Total amounts available for obligation and expenditure in fiscal year 1957:					
United States funds				(2)	(2)
Counterpart funds (in equivalent United States dollars)				(2)	(2)

[1] Includes $8,895,000 of Public Law 402 funds.
[2] Not available.
[3] Includes $2,400,000 advance to JUSMAG.

SCHEDULE D.—*Description of projects*

Current projects:
- Agriculture and natural resources.
- Industry and mining.
- Transportation.
- Labor.
- Health and sanitation.
- Education.
- Public administration.
- Community development, social welfare and housing.
- Miscellaneous.

Terminated projects:
- Agriculture and natural resources.
- Industry and mining.
- Transportation.
- Labor.
- Health and sanitation.
- Education.
- Public administration.
- Community development, social welfare and housing.

SECTION 1

Current projects

AGRICULTURE AND NATURAL RESOURCES

Project title	Fiscal year begun	Estimated completion of United States aid (fiscal year)
Agricultural extension. Assists in organizing, equipping, and training personnel in the Bureau of Agricultural Extension for improving practices in farming, homemaking, and rural youth work. Serves to improve Government services in rural areas, increasing and diversifying agricultural production and improving the life of the farmer. Is one of the basic projects in the expanded rural development program emphasizing village and individual farm improvement through a nationwide self-help program.	1951-52	Indefinite.
College of agriculture. Provides contract technical assistance to the College of Agriculture of the University of the Philippines, to improve the quality of instruction in the agricultural sciences, improve agricultural research, assist in establishment of the central experiment station, and develop trained agricultural leaders, scientists, teachers, and farmers.	1951-52	1960.
Agricultural information. Organized the Office of Agricultural Information to centralize information services for the bureaus of the Department of Agriculture and Natural Resources and other Government agricultural agencies. Prepares and disseminates agricultural information needed by farmers to develop better farm and home management methods and to implement expanded rural development programs.	1951-52	1958.
Pump irrigation. A self-help program that allows interested small landowners to form associations with legal identity through which they can develop their own pump irrigation systems and pay for them over a 10-year period. The nonavailability of reasonable long-term credit facilities to the small landowner had prevented such development in the past. Commodities for fiscal year 1957 include approximately 75 pumps to irrigate approximately 10,000 hectares, benefiting about 2,000 families.	1951-52	1959.
Gravity irrigation. Provides essential supplemental water for agricultural production by constructing river diversion dams and distribution facilities to assure a high yield 1st crop; encourages 2d crop production, crop diversification, and improved agricultural practices; and demonstrates modern methods of irrigation development, construction, systems operation, and agricultural practices in various regions of the country. Serves to better the operation and maintenance of irrigation systems, improve engineering and managerial skills of the various Government agencies involved in this program, assists in the development of Philippine capabilities for long-range water resources planning, and encourages the collection of irrigation revenues. Particular emphasis is being placed on improved water utilization and conservation to allow for a wider and more rapid diversion of farm crops, particularly as a 2d and 3d crop.	1951-52	1960.
Soil conservation. Assists in improving the proper utilization of soil, water, and land resources.	1951-52	1959.

Current projects—Continued

AGRICULTURE AND NATURAL RESOURCES—Continued

Project title	Fiscal year begun	Estimated completion of United States aid (fiscal year)
Land development. Assists the National Resettlement and Rehabilitation Administration (NRRA) to relocate farm families from high-tenancy rural areas to newly developed, unoccupied areas of public lands. Funds will be used to procure hand tools, sawmills, stump pullers, winches, trucks, power units, etc., for use in building settlers' houses, constructing community buildings, and cultivating farm and home lots in about 6 resettlement areas.	1951-52	Indefinite.
Livestock improvement. Aids in improving the quality and productivity of native livestock and poultry through upgrading; rehabilitates and improves Government stock farms and breeding stations; improves pasture utilization; and fosters educational programs on livestock and poultry production in cooperation with the Bureau of Agricultural Extension and other agencies.	1951-52	Do.
Coffee and cacao development. Aids in expanding and improving the production of coffee and cacao through an accelerated extension and nursery production program, and by intensification of research in developing improved varieties and better cultural and pest control methods.	1955	Do.
Crop development and diversification. Aids in the development and distribution of improved crop seeds and promotion of crop diversification. Commodities for this high priority project will be used primarily in the demonstration of crop diversification and the development of nursery stocks and seed supplies.	1951-52	Do.
Fiber development. Aids in the development and improvement of methods and equipment for the production and extraction of long vegetable fibers, including improvement in disease control measures.	1952-52	1957.
Land tenure. Attempts to correct basic weaknesses in conditions governing the occupancy and control of agricultural lands. Provides technical support to the agricultural tenancy program and assists in general tenancy matters.	1951-52	Indefinite
Agricultural economics. Strengthens the Division of Agricultural Economics to collect current statistics on crops and livestock production and conduct research in economic and social aspects of agriculture.	1953	Do.
Cooperatives (credit and marketing). Promotes the orderly development of the Agricultural Credit and Cooperative Financing Administration (ACCFA) and encourages the establishment of independent producer-controller cooperatives.	1953	Do.
Rural credit. Assists in the development of rural credit facilities, furnishing minimum equipment of a technical nature to selected rural banks to demonstrate improved efficiency. Selected rural bankers will be sent to the United States to observe rural bank activities and will later conduct training seminars in the Philippines.	1951-52	1957.
Cooperative storage and processing. Aids farmers' cooperative organizations in acquiring and operating warehousing, storage, and processing facilities.	1953	Indefinite.
Forest management and forest products laboratory. Strengthens the work of the Bureau of Forestry, particularly in sustained yield management, forest protection, forest inventory, research, reforestation, and forestry technical education. Is a joint U. N.-United States undertaking with ICA providing the services of a United States technician and training grants. In addition, is intended to meet the needs of the Philippine lumber industry for adequate research in forest products.	1951-52	1960.
Overall technical assistance to agriculture. Provides overall technical assistance to the operations of the agriculture program of the mission and includes a division chief, deputy, secretary, equipment maintenance adviser, and agricultural information adviser (fiscal year 1957).	1953	Indefinite.

INDUSTRY AND MINING

Mineral resource surveys and technical assistance to the Bureau of Mines. Consolidates projects designed to increase mineral production as a source of foreign exchange and raw materials for industry, placing emphasis on the development of Philippine mineral resources, with the added purpose of supporting the establishment of new and expanded mineral industries. Includes a strategic minerals resources survey, a nonmetallic minerals resources survey, and will complete a coal resources survey project in fiscal year 1957. National mineral production has increased 106 percent since inception of these surveys, and prospects are excellent that substantial additional increases may be expected.	1951-52	Indefinite.

Current projects—Continued

INDUSTRY AND MINING—Continued

Project title	Fiscal year begun	Estimated completion of United States aid (fiscal year)
Communications survey	1956	1957.
Provides contractual services for a survey of the telecommunications systems by experts who will make recommendations that will provide the basis for legislative and administrative action for the establishment of a national communications system.		
Power demand development	1956	1960.
Expedites the development of power markets in municipalities and villages along proposed routes of high tension distribution lines planned in the development of the power grid system. Independent local power companies install their own secondary distribution systems as part of their capital investment. Initial power will be supplied from leased portable diesel generators supplied under this project to allow for development of initial power market. As soon as high tension lines can pick up the load of these local companies portable generators will be made available to other newly formed companies.		
Overall technical assistant to industry and mining	1953	Indefinite.
This project provided for 2 technicians to give special assistance in industry and mining.		
Water resources planning and development	1955	Indefinite.
Assists in the organization of an integrated program for the collection and development of basic water resources data essential to sound planning, designing, and construction work for its utilization. Major emphasis is directed toward the training of Philippine technicians in theory, techniques, and field procedures necessary in conducting integrated water resources investigations by conducting actual demonstrations in limited areas currently critical from a water resources standpoint. The technicians so trained will provide the nucleus for expansion of water resources survey work of the Philippine Government to whatever level funds will permit in the future. Particular care will be taken in the development of the organization of the Philippine Government for their work, as well as the establishment of control legislation to insure proper water resources development.		
Industrial development	1955	Do.
Aids the Philippines achieve a higher level of industrial production and employment by increasing the productivity of existing plants and by stimulating investment in productive new enterprises, particularly small and medium-sized ventures. This project, in support of both productivity and new investment activities, provides training texts and aids, some demonstration exhibits, films and supplies, laboratory books and equipment, technical assistance, and United States contractual services to entrepreneurs seeking to increase productivity.		
Industrial research	1956	1957.
Provides for an industrial research study in fiscal year 1956 to determine the needs of the Philippines for industrial research facilities and recommend ways and means of developing Philippine industrial research facilities to meet industrial development needs. In fiscal year 1957 will furnish commodities and technicians under contracts which are expected to develop from the study now being made.		
TRANSPORTATION		
Highway improvement	1951-52	1958.
Consolidates all highway and highway bridge projects in the program, and provides training necessary to construct roads for economic development and to meet military needs. Commodities in fiscal year 1957 will consist of additional bridge materials and specialized equipment and dump trucks to be used primarily in support of the rural development program.		
Port facilities improvement	1956	1958.
Assists in the basic improvement of the 15 most important harbors in the Philippines by providing advice and training personnel. Equipment will required in fiscal year 1957 to help improve transportation facilities in the Philippines and implement the recommendations of the transportation survey project undertaken by Stanford Research Institute in fiscal year 1956. Commodities will consist of steel piles, warehouses, and some cargo equipment. This project gives direct support to the harbor improvement program under which a harbor dredge and miscellaneous equipment have been supplied for physical improvement of the harbors themselves.		
Flood control	1951-52	Indefinite.
Through the construction of control structures, dikes, floodways, etc., provides protection to agricultural lands, irrigation systems, and municipalities against devastation from annual floods resulting in loss of vital agricultural production and property. Commodity assistance is now confined to the supplying of sheet steel piling, floodgates, and small dredges.		
Navigational aids improvement (Air)	1956	1957.
Assists in providing minimum adequate facilities for military and commercial air navigation; includes technical assistance to train Filipinos in the proper operation and maintenance of these facilities.		
Overall technical assistance to public works	1951-52	Indefinite.
Provides overall support to the public works division in the mission and to the Department of Public Works of the Philippine Government.		

Current projects—Continued

LABOR

Project title	Fiscal year begun	Estimated completion of United States aid (fiscal year)
Labor activities. Provides for technical assistance and participants to (*a*) assist in the establishment of a permanent labor education center in the University of the Philippines, (*b*) enhance the capacity for responsible leadership within free trade unions, (*c*) work with the Department of Labor to develop an effective program for raising productivity levels in industry, (*d*) assist Philippine Government agencies concerned in the improvement of labor-management relations in industry, (*e*) improve labor law administration through reorganization of Government services and strengthened administration of laws and regulations relating to labor standards, employment of women and children, and operation of an effective employment service, and (*f*) assist in improvement of statistical services.	1951-52	Indefinite.

HEALTH AND SANITATION

Malaria control. Aims at eradicating malaria from the Philippines through the application of insecticidal sprays and provides advanced training in specialized techniques of antimalarial activities. Commodity requirements (for DDT) will be considerably reduced in fiscal year 1958, the final year of dollar assistance, in accordance with a scheduled reduction in this program as it begins to accomplish its planned objectives.	1951-52	1958.
Water supply (wells and springs). Serves to supply potable water in rural areas by the construction and improvement of wells and springs. Commodity assistance is carefully geared to the ability of the Philippine Government to finance well-drilling operations and to provide the trained personnel to locate sites, plan operations, and drill wells. This project is one of the most important in support of rural community development.	1951-52	1958.
Rural health units. Assists in the expansion and development of rural health services. This project, conceived and developed by the Philippines and financed locally by Philippine appropriations, is aimed directly in support of the President's rural community development program.	1951-52	1959.
Health training. Provides training for sanitary inspectors, midwives, public health nurses, physicians, and laboratory technicians. Has assisted in establishing 5 regional training centers and laboratories. In fiscal year 1956 provides equipment to rehabilitate and enlarge the Institute of Hygiene. In fiscal year 1957 proposes to provide minimum equipment to enable the North General Hospital to serve as a teaching center as a means to further an effective medical education program in the Philippines.	1951-52	1958.
Overall technical assistance to Department of Health. Provides across-the-board technical assistance in the field of health.	1951-52	Indefinite.

EDUCATION

Vocational industrial and agricultural training. Has provided 34 vocational industrial schools and 40 agricultural schools with technical assistance, equipment, and buildings to house the equipment. A few more such schools may be rehabilitated, but the physical facilities part of the program is phasing out. Current emphasis is on inservice teacher training through a series of institutes or workshops. Upgrading the preservice education of vocational schoolteachers will be the objective of a recently signed contract to provide technical assistance to 5 vocational schools over the next 3 or 4 years.	1951-52	Indefinite.
Home economics training, elementary and secondary curriculum development. Has aided 9 normal schools and 11 curriculum development centers through technical assistance, training grants, and limited equipment for the improvement of teaching in the public schools. Similar assistance in the field of home economics and girls trades has been limited to the vocational schools. These projects are now phasing out and may be followed by a few pilot projects in general secondary education for the purpose of demonstrating the function of general high schools in the community development program.	1953	1958.
University of the Philippines. Has provided equipment for 5 engineering laboratories, a business administration library and an audiovisual center in the college of education. Technical assistance is being provided in these 3 areas by the UP-Stanford contract group, primarily in the selection of books, equipment, and supplies, in the organization of the curriculum, and in teaching procedures. A new contract with RCA will provide practical instruction and equipment for applied electronics.	1951-52	Indefinite.
Overall technical assistance to education. Provides technical assistance in support of education activities not appropriately assigned to any particular project.	1953	Do.

Current projects—Continued

PUBLIC ADMINISTRATION

Project title	Fiscal year begun	Estimated completion of United States aid (fiscal year)
Government management and procedure improvement. Aids in the survey of and equipping of selected agencies to enable the Budget Commission to assume responsibility for supervising and participating in the improvement of management practices throughout the Government. The development of administrative manuals, and improvement of policy communications is to be emphasized through technical assistance and inservice participant training.	1953	Indefinite.
Civil service improvement. Assists the Bureau of Civil Service improve the quality of recruitment for the public service and improve discipline and other related aspects of progressive personnel management by providing United States advisers and training Philippine officials in the United States.	1954	Do.
Modernization of budgeting and accounting. Assists, primarily under a contract with a United States management consulting firm, to develop and install a performance budgeting system for the Philippine Government, together with associated adaptation and modernization of Government-wide accounting, auditing, and funds handling methods. Performance budget estimates for 12 agencies were accepted in 1955 by the Philippine Congress. In fiscal year 1957 technical assistance and commodities will be provided to additional agencies, including the General Auditing Office.	1951–52 (54)	1958.
Revenue administration. Finances participant training and the services of experts in the levying and collection of Government revenues and in the administration and control of governmental financial operations.	1951–52	Indefinite.
National media production center. Aids in the establishment and operation of a national agency to service the public information and education needs of the Philippine Government and its various departments, to produce such informational and educational materials in all media, and to train Governmental personnel for work in these fields.	1951–52	Do.
Statistical survey. Assists the Philippine Government in the production of statistics, necessary for the formulation of sound projects for industrial and agricultural development, and in operations designed to improve and coordinate the Government's statistical facilities so as to put statistical collection and analysis on a continuing basis.	1956	June 1957.
Over-all technical assistance to public administration. Covers participants in general fields of public administration which are not related to a specific public administration project.	1951–52	Indefinite.

COMMUNITY DEVELOPMENT, SOCIAL WELFARE AND HOUSING

Community development. Includes technical assistance, commodities, and budgetary assistance to the Philippine Government in the organization and coordination of operations by Government agencies participating in an expanded rural development program.	1956	1961.

MISCELLANEOUS

Training in atomic-energy fields. Finances participants for training in the peaceful uses of atomic energy.	1956	1956
Technical support. Provides technical support for the mission in the conduct of its program, broadly applicable to all projects and not properly charged to any one. Costs prior to fiscal year 1955 were included with overall mission technical assistance costs.	1951	Indefinite.
Economic policy development. Assists the National Economic Council in the development of a long-range economic country program through technical assistance in the form of American advisers and training of NEC personnel. Assistance is directed to the formulation of a comprehensive, long-range, economic development plan, an undertaking of major political as well as economic significance, and to the rendering of advice on current economic policy matters.	1956	Do.

SECTION 2

Terminated projects

AGRICULTURE AND NATURAL RESOURCES

College of Veterinary Medicine

Under this project, the rehabilitation of the College of Veterinary Medicine at the University of the Philippines was accomplished. From postwar quonset huts which had been the only housing for classes, the college has moved to a modern building on the university campus at Diliman. Enrollment has expanded, and training has been upgraded. Project is being continued by the Philippine Government with its own funds.

Public land classification

This project, undertaken with the Bureau of Forestry, determined areas of public domain suitable for agricultural development which were not needed for retention as permanent forest areas. Those areas were delineated on the ground, surveyed, and mapped by the Bureau of Forestry and released to the Bureau of Lands for subdivision and disposition to homesteaders. Land classification teams were equipped with field instruments, drafting equipment and related supplies. Type B technical assistance was provided to advise the Bureau of Forestry regarding availability and use of modern equipment, as well as modern techniques and processes. Advice was also given in the area of land classification policy and operational organization to insure that the criteria used in land classification conformed to the objective of optimum long-run land use and that equipment and personnel were well used. Project is being continued by the Philippine Government with its own funds.

Public land subdivision

This project supported the work of the Bureau of Lands in surveying and subdividing public lands to provide homesteads for settlers thus relieving in part population pressure in developed areas, and to increase agricultural production to meet expanding consumption requirements. The Bureau of Lands was given modern equipment and technical assistance was given to engineering crews engaged in land subdivision work, and in training personnel to use new equipment and techniques. Technical assistance was also given on a land settlement program, including developing plans to transfer farm people from crowded to underdeveloped areas, and coordinating land subdivision and settlement with other programs so that settlers would be provided with highways, schools, agricultural credit facilities, etc. Project is being continued by the Philippine Government with its own funds.

Livestock disease control

The improvement of animal disease control activities and expansion of Government facilities for the manufacture of animal biologics were the principal objectives of this project. Project is being continued by the Philippine Government with its own funds.

Fertilizer distribution

This project was undertaken to increase the yield of food and export crops on small farms of the Philippines, to demonstrate the value of different kinds and amounts of fertilizer in increasing crop yields, and to accustom farmers to the proper use of fertilizer for various crops and soils. Project is being continued by the Philippine Government with its own funds.

Coconut development

Assisted in the development and intensification of research and experimentation in coconut disease control, insect control, methods of cultivation, and other factors affecting coconut development. An experiment station was established, field tests were carried out, and surveys to determine the extent of "kadang-kadang" damage to coconut plantations made. Project is being continued by the Philippine Government with its own funds.

Abaca disease control

Primary objective of this project was to save the country's abaca industry from mosaic disease through the use of field demonstrations, education of planters, prevention of spread of the disease, and research to develop resistant varieties and improved methods of control. Project is being continued by the Philippine Government with its own funds.

Fisheries development

A long-range objective of this project is to make the Philippines self-sufficient in fish within 10 years. The project was undertaken primarily to demonstrate and stimulate fish production, especially farm fishponds, through the establishment of three demonstration fish nurseries, one pilot fish farm, and the rehabilitation of the Institute of Fisheries Technology. Project is being continued by the Philippine Government with its own funds.

INDUSTRY AND MINING

Delineation of existing Philippine ores

This project consisted of conducting an aero-magnetic survey over large areas of the Philippines to assist in identifying and locating magnetic iron ore deposits. Followup ground surveys were conducted, and as a result of the project many new commercial deposits were discovered, bidders were attracted and the country's potential production greatly increased.

Improvement of analytical and testing services of the Bureau of Mines

A project to complete the laboratory and field facilities of the Philippine Bureau of Mines. The mineral dressing laboratory building was completed, and laboratory and field equipment procured.

Multiple-purpose development project

A project to demonstrate the economic and social benefits of simultaneously developing power, irrigation, flood control, and water supply potentials of key river valleys. United States aid was limited to technical assistance services.

Electric power survey

This project had reference to a power and pyrite resources survey which was deemed necessary to the granting of an export priority rating for United States-manufactured electric power equipment for the Maria Cristina hydroelectric plant. Dollar aid was limited to expenses for a technical assistant to conduct a survey of Philippine pyrites resources, results of which were the basis for priority ratings granted by the United States National Production Administration to Westinghouse for the manufacture of equipment for the Maria Cristina project.

Handicraft development

This project was directed toward the modernization of traditional home and small industries which engage a labor force of some 300,000 persons in the rural areas during farm off-seasons. Modernization was sought through the introduction of improved tools, new methods of processing raw materials, redesigning of products for greater marketability, and promotion of markets and marketing facilities—objectives carried out as an expansion of the regular trading function of the Philippine Government's Price Stabilization Corporation (PRISCO). The expanded functions consisted of research, demonstration, and training. Principal method of modernization: contact between local artisans and trained technicians brought about in two ways, (*a*) by sending technical teams to the rural areas, and (*b*) by bringing pensionado-trainees to the central research and training unit in Manila. Project is being continued by the Philippine Government with its own funds.

River dredging

An integral part of levee-channeling-river training systems (river control work undertaken in a separate project) consists of high capacity diversion channels and floodways located in the lower reaches of larger river systems. The country's one prewar dredge assigned to river control work was destroyed during the war. This project procured a 16-inch pipeline suction dredge and associated equipment to replace it. Six priority dredging projects representing 15 years of work for the 16 inch suction dredge were programed. The useful life of the dredge is considered as 50 years. Project is being continued by the Philippine Government with its own funds.

Industrial surveys and consultations

Through this project a survey of 10 local industries was conducted. The industries were: canning, leather tanning, textiles and fibers, paper, coal and other fuels, clay products, iron and steel, chemicals, glass, and rubber. The survey was undertaken to obtain a clear-cut view of existing conditions through the compilation of pertinent data, personal interviews, and inspection of resources and facilities. The findings, conclusions, and recommendations were made public to stimulate positive action toward the development of the said industries.

TRANSPORTATION

Railway survey

This project provided for a survey of economic and management aspects of the Manila Railroad Company as a basis for a program of rehabilitation. A survey team from the United States established economic justification for rehabilitation and ultimate expansion of the system, and recommended methods and procedures for refinancing, reorganizing, reconstructing and reequipping the railroad.

Harbor improvement

This project was undertaken to assist in the basic improvement of the 15 most important harbors in the Philippines. Project is being continued by the Philippine Government with its own funds.

Lighthouse rehabilitation

The Philippine Archipelago of over 7,000 islands had 255 lighthouses in operation prior to the war and was known to seamen as one of the best lighted areas in the Pacific. All of these lighthouses were severely damaged during the war. Many were put back into operation with substandard lights of a temporary nature. This project effected the rehabilitation of 47 top priority lights, thus permitting nighttime navigation of ships in major shipping lanes, and eliminating costly night standoffs, layovers, and other delays. One benefit was to lower marine insurance and freight rates in all interisland shipments. Project is being continued by the Philippine Government with its own funds.

Navigational aids (ship operations)

Under this project, the advanced training of two officers of the Philippine Bureau of Coast and Geodetic Survey was undertaken. Special fields covered were photogrammetry and geodesy and geophysics. The trainees studied under supervision of the United States Coast and Geodetic Survey,

Transportation survey

In order to formulate measures to increase the contribution of domestic transportation to the economic development of the Philippines, a survey of local domestic transportation, both passenger and freight, was undertaken through this project. The report is under completion.

LABOR

Workers' housing

This project was comprised of one participant, the Chairman and General Manager of the Philippine Home Financing Commission, who was sent abroad to specialize in mortgage insurance activities, the promotion and operation of savings and loan associations, and in the technique of promoting and operating a housing program by the aided self-help method.

HEALTH AND SANITATION

Water supply systems

Main objective of this project was to supply as many people as possible in rural areas with water that is potable and free from contamination. This was accomplished by the drilling and installation of artesian wells and the improvement and construction of spring casements and shallow dug wells, in those areas where the greatest health benefit would result and where the greatest potential existed as a result of economic development. Piped water supply systems were rehabilitated where needed, and where ability to improve and maintain systems with local funds was shown. Project is being continued by the Philippine Government with its own funds.

School health

This project consisted of developing within the school health program of the Philippine Department of Health curative and preventive health services to more than 4 million schoolchildren in 26,000 barrio schools. Participation consisted of providing drugs to combat intestinal parasitism and malnutrition, and simple items of equipment for school clinics. Project is being continued by the Philippine Government with its own funds.

Health education

This project was undertaken to provide supplies and equipment for a new Division of Health, Education, and Information to (1) produce educational materials such as leaflets, posters, films, etc., (2) supply district and city health

offices with movie and film strip projectors, (3) provide four regional training centers with one mobile unit each, and (4) establish a film-loan service for all public health projects. United States technicians under this project assisted in the development of a dynamic program of public-health education, in training programs by serving as consultants and resource persons for the Institute of Hygiene, the Rural Health Demonstration and Training Center, and the Manila Health Department, as well as for other agencies engaged in allied work. Project is being continued by the Philippine Government with its own funds.

Serum and vaccine production

This project undertook the rehabilitation of the Alabang Laboratory, thereby making possible increased production of serums and vaccines for Government health activities. The project provided a powerplant, adequate water supply, laboratory equipment, and modern production equipment. Limited technical assistance was given principally in the selection of equipment and development of proper specifications for the procurement of equipment. One trainee was sent to the United States for study in research and production of antibiotics. Project is being continued by the Philippine Government with its own funds.

Hospital rehabilitation

This project provided replacement and new equipment for the provincial hospitals of the Philippines, all of which virtually lost all their equipment during the war. Partial replacement in the form of used United States military equipment had been already undertaken, but even these needed replacement as they were either worn out or obsolete. Project is being continued by the Philippine Government with its own funds.

Chest clinics

This project, undertaken in conjunction with other control measures of the Philippine Department of Health, supplied equipment for TB control such as combined chest and pneumothorax clinics, mobile X-ray services, and TB wards or pavilions at provincial hospitals. Project is being continued by the Philippine Government with its own funds.

EDUCATION

Handicraft teacher training

Through this project a craftsman section in the vocational education division of the Bureau of Public Schools was established to train handicraft teachers from the public elementary and high schools. Equipment and technical assistance was provided. Primary function of the craftsman section is to handle an in-service training program to upgrade handicraft teachers from 22,000 public schools. These teachers then serve as community leaders in stimulating handicraft production throughout the Philippines. Project is being continued by the Philippine Government with its own funds.

Teacher college rehabilitation

This project undertook the rehabilitation of the Philippine Normal College and eight provincial normal schools. It also aided in upgrading educational standards and facilitated the change from 2-year to 3- or 4-year training. Project is being continued by the Philippine Government with its own funds.

Philippine Military Academy

Under this project, supplemental equipment for nine engineering laboratories of the Philippine Military Academy was procured. A new laboratory building was constructed to accommodate the new equipment for thermodynamics, electrical engineering, electronics, physics, chemistry, materials testing, surveying, ordnance (machine shop), and fluid mechanics (hydraulics). Project is being continued by the Philippine Government with its own funds.

Electronics training

This project financed a contract between the University of the Philippines and a United States organization to provide competent instructors and instructional equipment and materials for electronics training courses in the country. Project is being continued by the Philippine Government with its own funds.

89056—57——8

PUBLIC ADMINISTRATION

Modernization of Bureau of Lands

This project covered assistance in the modernization of the organization and procedures of the Bureau of Lands to issue land patents and to reconstruct and maintain land records. Calculating machines, multilith machines, a microfilm unit, dry-mounting press, automatic dryer, pantographs, document copiers, varitypers, photomechanical printers, jeeps and typewriters are some of the machines which have been installed in the Bureau of Lands and which has been responsible for the clearing of a considerable backlog in land applications, reconstruction computation, processing, etc. Project is being continued by the Philippine Government with its own funds.

Government survey and reorganization commission

This project financed a contract providing technical staff assistance to the joint executive-legislative Government reorganization commission in the preparation of reports and plans and in the implementation of approved plans for Government reorganization. The contract is still in process.

Overall TA—Governmentwide organization and management

This project sent the executive secretary of the President of the Philippines to the United States for several weeks of observation of high level staff work in the White House and in the offices of Cabinet Secretaries, as well as in offices of State Governors. Purpose was to enable the participant to better organize and supervise the staff of the Office of the President and such other organizations as the Cabinet and other agencies functioning under his personal direction.

Governmentwide organization and management

Under this project, a group of key persons in the city government (Manila) took up advanced studies in specialized areas of administration such as budget control and administration, records development and administration, personnel administration, municipal finance administration, tax administration, assessment and collection, police planning and administration, accounting and control, municipal planning, municipal health administration, and garbage collection and disposal.

Wage and position classification

Technical assistance and the services of a United States management consultant firm were provided to assist the Philippine Government in conducting a wage and position classification survey to effect an improved program of salary and wage administration for national government employees. The contract is still in process. Included in project activities were the training of a Filipino staff to assist in conducting the survey; announcing the project to agencies of the national government; making of desk audits; the preparation of job standards, class specifications, and position allocation lists covering about 45,000 jobs in the national government.

Credit and financing

Under this project participants were sent to the United States for advanced training in banking administration, particularly in the field of industrial financing, industrial management, investment, credit, and banking. Extensive training with private banks in the United States afforded the participants opportunity to study further evaluation of industrial loans and the supervision of the use of such loans.

Rehabilitation of the bureau of printing

A subproject of the government management and procedures improvement project, this was designed to enable the bureau of printing to supply improved and more expeditious printing services to the Philippine Government at less expense. One United States consultant assisted in surveying the layout, training, and equipment needs of the bureau, while another served as technical advisor on production control. Project is being continued by the Philippine Government with its own funds.

Government procurement

A project which provided two technicians to assist PHILCUSA (now NEC) in matters pertaining to the procurement of equipment and commodities under the NEC-ICA program.

U. P. Institute of Public Administration

This project saw the establishment of an Institute of Public Administration in the University of the Philippines through a university-to-university contract with the University of Michigan. Appropriate technical assistance by means of the contract was responsible for an Institute of Public Administration which, today, conducts an inservice training program throughout the Philippine Government, provides a 4-year academic program leading to a degree in public administration, and a 2-year course leading to the degree of MPA. It also conducts a program of research on problems of government, owns an extensive public administration library, and is recognized as a regional training center for southeast Asia. Project is being continued by the Philippine Government with its own funds.

COMMUNITY DEVELOPMENT, SOCIAL WELFARE, AND HOUSING

Rural community survey

Through this project, a survey of Philippine barrios (villages) was made to fill an urgent need for vital information on such matters as land tenure, farm credit, rice warehousing, cooperatives, unemployment among the rural population, and other social and economic problems of small communities. Thirteen villages were covered. Specific lines of action for the implementation of self-development programs for rural communities accompanied the finished report. Project is being continued by the Philippine Government with its own funds.

Urban low-cost housing

This project was undertaken to boost Philippine Government efforts to provide decent low-cost housing for middle and low income groups. Assistance was given to the People's Homesite and Housing Corporation, the President's Slum Clearance Committee, and the Cooperative's Administration Office of the Department of Commerce and Industry. Suburban and urban housing projects, land and utility and self-help projects, were undertaken. Project is being continued by the Philippine Government with its own funds.

SECTION 3 (COST OF PROJECTS)

Project Assistance

[In thousands of United States dollars or dollar equivalent]

Project	United States aid	Local currency counterpart [1]	Other local local currency
Agriculture and natural resources:			
Agricultural extension	2,268	208	5,852
College of Agriculture	1,602	1,393	3,222
Agricultural information	209	101	597
College of Veterinary Medicine	97	88	173
Pump irrigation	1,562	3,424	1,351
Gravity irrigation	6,780	10,213	8,481
Soil conservation	300	282	1,729
Land development	860	567	1,729
Public land classification	69	798	2,196
Public land subdivision	197	2,586	12,078
Livestock disease control	393	188	1,764
Livestock improvement	1,011	606	1,967
Coffee and cacao development	80	----------	82
Crop development and diversification	707	512	2,456
Fiber development	86	49	978
Fertilizer distribution	12,570	1,585	785
Coconut development	82	218	745
Abaca disease control	155	481	----------
Land tenure	247	----------	470
Agricultural economics	94	55	379
Cooperatives (credit and marketing)	797	245	16,844
Rural credit	145	3,000	----------
Cooperative storage and processing	1,472	1,750	2,915
Forest management and forest products laboratory	794	648	3,207
Fisheries development	84	----------	258
Overall technical assistance to agriculture	158	----------	36
Industry and mining:			
Mineral resource surveys and technical assistant to the Bureau of Mines	1,155	207	1,313
Delineation of existing Philippine ores	126	29	----------
Improvement of analytical and testing services of the Bureau of Mines	82	----------	----------
Multiple-purpose development	11	28	----------
Electric power survey	7	----------	----------
Communications survey	50	----------	----------
Power demand development	409	----------	605

See footnote at end of table.

Project Assistance—Continued

[In thousands of United States dollars or dollar equivalent]

Project	United States aid	Local currency counterpart [1]	Other local local currency
Industry and mining—Continued			
Handicraft development	292	213	811
Flood control	1,705	2,309	3,963
River dredging	1,189		(2)
Water resources planning and development	384		512
Industrial development	747	5,398	
Industrial surveys and consultations	70	33	49
Industrial research	20	5	
Overall technical assistance to industry and mining	18		
Transportation:			
Highway improvement	22,813	16,904	9,850
Railway surveys	36		
Harbor improvement	1,479		449
Port facilities improvement	1,429		(3)
Lighthouse rehabilitation	217		151
Navigational aids (ship operations)	9		
Navigational aids improvement (air)	220		[4] 42
Transportation survey	108	44	
Overall technical assistance to public works	119		
Labor:			
Labor activities	751	174	138
Workers' housing	1		
Health:			
Malaria eradication	2,499	1,214	4,657
Water supply (wells and springs)	4,323	725	3,812
Water supply (systems)	701	114	2,543
Rural health units	1,567	10	7,731
School health	588		
Health training	1,000	1	699
Health education	224	56	446
Serum and vaccine production	201	45	1,188
Hospital rehabilitation	2,020	630	6,471
Chest clinics	253	1	815
Overall technical assistance to department of health	140		
Education:			
Vocational industrial and agricultural training	5,023	3,908	11,143
Handicraft teacher training	35	89	227
Home economics training, elementary and secondary curriculum development.	774	155	356
Teacher College rehabilitation	414	458	1,628
University of the Philippines	2,439	775	814
Philippine Military Academy	200		[5] 55
Electronics training	125	50	
Overall technical assistance to education	95		
Public administration:			
Modernization of bureau of lands	715	239	1,167
Government management and procedure improvement	116	25	26
Government survey and reorganization commission	334	291	50
Overall technical assistance, governmentwide operation and maintenance.	153		
Wage and position classification*	445	667	381
Civil service improvement	50		
Modernization of budgeting and accounting	1,819	234	512
Revenue administration	342		
Credit and financing	7		
Rehabilitation of the bureau of printing	200		154
National media production center	369	313	390
Government procurement	104	2,485	2,796
University of the Philippines institute of public administration	593	711	229
Statistical survey	51	17	195
Overall technical assistance to public administration	778		
Community development, social welfare and housing:			
Rural community survey	13	40	17
Community development	337	36	2,754
Urban low-cost housing	638	1,659	
Miscellaneous:			
Training in atomic energy fields	34		
Technical support	157		
Economic policy development	211	50	359
Total	[6] 95,723	[7] 69.3	139,795

[1] Counterpart in the US-Philippine program is derived approximately 25 percent from sales proceeds of United States commodities and 75 percent from deposits made from direct Philippine Government appropriations.

[2] Bureau of public works appropriation includes amount sufficient to cover cost of operation, maintenance, repair, and depreciation of the dredge, estimated at P568,328 per year.

[3] Equivalent of $2,775,000 authorized in fiscal year 1956 Public Works Act for use in fiscal year 1957. Additional $1.0 million requested in fiscal year 1957 Public Works Act.

[4] Philippine CAA to bear building and installation costs of P79,300 plus annual operation and maintenance expense of P133,640. Initial costs covered by RA 1411 and 1200.

[5] From AFP, Corps of Engineers funds.

[6] Does not include "Maintenance of essential supply", "Military construction", and other nonproject expenditures. [7] Excludes projects involving pesos only.

JAPAN

The program in Japan is primarily technical assistance. However, our efforts will bear close attention. Although the funds appropriated directly for assistance to Japan are comparatively small, the increases which have taken place from fiscal year 1956 through fiscal year 1957 are large. For 6 months in 1955, when the program started, $450,000 were made available. For fiscal 1956 the annual total was $948,000 and at the time of my visit it was expected that fiscal 1957 would be increased to $3 million. It will be recalled that I objected to this program when I visited Japan in 1955. I contended then and I repeat now, that the program was started against the advice of our Ambassador. It was upon the insistence of Harold Stassen that this program was ever started here.

Basically the American effort is to increase productivity. We are attempting to spur the efficient production of goods and commodities in industry, in agriculture, and in labor. In addition the United States is attempting to bring Japan's transportation system, principally by air, up to date.

It should be noted that the United States technical assistance program in Japan is geared to operate in conjunction with our assistance program under Public Law 480, sales of surplus agricultural commodities. To date two sales have been consummated, both under title 1 of Public Law 480; the first took place on May 31, 1955, and involved the sale of $85 million of surplus commodities to Japan. About 30 percent of the total or $25½ million, accrued to the credit of the United States and was used by the United States for Armed Forces dependent housing, and the purchase of goods and services in Japan for other friendly countries; also sales promotion and market research, to defray the expenses related to the international exchange activities between the United States and Japan, and to finance USIA activities in Japan. The remainder (70 percent of the total proceeds or $59½ million) was loaned to the Japanese Government. This amount is to be repaid by Japan over a 40 year period with a 3 year moratorium on interest and principal at the outset. Payment may be made in either dollars or in Japanese currency. If the payment should be in Japanese currency the interest rates rise from 3 to 4 percent.

The second Public Law 480 agreement consummated on February 15, 1956, is very similar to the first although smaller in amount. Under it, $65.8 million of surplus commodities were financed with the United States retaining 25 percent or $16.4 million, and the Government of Japan being loaned 75 percent or $49.4 million over a 40 year period with repayment rates similar to those outlined under the first program. Of the United States share of this sale, $8 million will be used to procure military equipment, materials, facilities, and services for the common defense. Under this heading the great bulk of the amount will be used for dependent housing. Five and a half million dollars will be used to finance the purchase of goods or services for other countries, $1.3 million to help develop new markets for United States agricultural commodities, $1.3 million to finance international educational exchange activities, and $300,000 to pay United States obligations in Japan.

The total sum loaned to Japan, amounting to $108.9 million, will be spent for the following purposes:

	Millions of dollars
Electric power development projects	$50.7
Land reclamation and irrigation	8.4
Increase of productivity of Japan	.4
Aichi Irrigation Public Corp	11.7
Agricultural Land Development Machinery Corp	4.6
Mechanical land reclamation	.5
Development of forestry, livestock products, port and storage facilities, fertilizer for domestic use and the domestic sugar beet industry	11.5
Japan productivity center	2.8
Electric Power Development Company	21.9
Total	108.9

NOTE.—Figure may not add to exact total due to rounding.

A third surplus commodity arrangement has been entered into between the United States and Japan on a 4 year basis. It involves the United States providing a *declining* amount of foodstuffs for use in the Japanese school lunch program. During the first year the United States has agreed to furnish 100,000 tons of wheat and 7.5 million tons of dried milk. The total value of both is $15 million. At the same time, the Japanese Government will furnish 85,000 tons of wheat and 12,000 tons of dried milk. The United States and Japanese contributions combined are expected to permit the extension of a school lunch program to nearly 7.5 million children or about 80 percent more than were receiving the benefit of this program prior to this new arrangement. Through the 4 year period, the United States contribution will decline and the Japanese contribution will rise so that a constant level will be maintained. By the fifth year of the program it is expected that the United States contribution will be entirely discontinued. At the time of my visit to Japan shipments under this program were expected to begin very soon.

It is the position of our mission here that the Government of Japan needs advice and counsel as to how to spend the $108.9 million heretofore mentioned. It is my view that the Japanese are well able to spend these borrowed funds without help from us, except that it might be advisable to have some one here to see to it that the money is spent for the purposes indicated. After all, that is the procedure followed by the World Bank and the Export-Import Bank.

According to our experts here, the primary difficulty with the Japanese economy is its low productivity. They feel that if industrial, agricultural, and labor productivity could be increased, the Japanese competitive situation with respect to world trade would be strengthened.

To achieve this end our Government has formulated, in cooperation with the Japanese Government, a productivity program which went into effect in April of 1955. It is allegedly supported by the Japanese Government and Japanese industry. These two segments of the Japanese economy have joined with the United States in establishing a Japan productivity center which is more or less a private agency through which all technical assistance to the Japanese economy is channeled.

This effort relies very heavily on exchange of persons. The fiscal 1957 program will expand this exchange, and will endeavor to place more emphasis upon the program hitting the grassroots of Japanese

industry. It is my understanding that prior year programs, that is those conducted during the last half of 1955 and fiscal 1956, were directed primarily at big industries in Japan, and were based more or less on the "trickle down" theory. The net result was, in view of this activity, a tremendous barrage of criticism, particularly from Japanese small business (which received no benefit under prior year programs) and Japanese labor, which regarded the American effort as a means of increasing the power of big Japanese business, and strangling Japanese labor.

Thus the net result of the pre-1957 fiscal year programs was to develop among the great masses of Japanese people what amounts to an increasing distrust of the United States and its motives.

Recognizing this situation our planners in the current fiscal year have placed particular emphasis on extending the benefits of higher productivity to Japanese small business and labor groups. My impression of the situation was, especially with respect to labor, that the United States is doing its utmost to convince Japanese organized labor that our technical assistance and productivity programs are in their best interest. However, it was not my impression that this effort is making any great headway. In the data which I am attaching to this country report the committee will note a number of project proposals and approval forms. These forms provide a good indication of some of the specific productivity efforts now underway in Japan.

It is with great reluctance that I have reached the conclusion that the United States assistance effort in Japan seems to be predicated on the notion that we must maintain a staff of advisors and technicians in that country in order to save the Japanese from themselves. That is to say, after American planners have noted what they consider to be ways and means of bettering the Japanese economy, they feel duty bound to force these views upon the Government of Japan whether that Government desires them or not.

I was particularly impressed by what seems to be a prevailing attitude among our aid planners there that even though the Japanese Legislature, for example, may not desire such programs as these planners have recommended, it is the duty of our Government to undertake them at all costs. A striking example of this is found in the field of agriculture, where due to American efforts, the Japanese are being "exposed" to a great land reclamation and land-use program. For many years, the Japanese have concentrated their agriculture on the production of rice. However, American planners take the view that the Japanese diet is insufficient under present conditions in that the intake of protein is too low. Therefore, they have undertaken a program to not only expend the area of arable Japanese land, but to take some of this land out of rice production and place it in the production of cattle, poultry, etc. In particular, efforts have been concentrated on the uplands of Japan, areas which presently produce rice on a marginal basis but which American planners feel could be used to great advantage to produce protein foods. During the 1957 fiscal year, I was told, $1 million will be spent to set up some 8,000 demonstration grass land projects. This in itself would perhaps be salutary; however, it should be noted that according to information given me in Japan, this proposal was first submitted to the Japanese Diet and was promptly turned down. Thereafter, the unit which corresponds to our Departmentof Agriculture in Japan approached our

planners asking if the United States would undertake the demonstration. Needless to say, we complied, all at our expense.

It may be true that agricultural efficiency would be promoted by devoting these areas to the production of protein foods instead of rice; however, the fact is that the Japanese Parliament has on several occasions turned down such proposals. Since the Japanese themselves refuse to undertake the projects, it would appear to me to be an infringement by the United States upon Japanese sovereignty for us to now come in and undertake the project for them. It is evidently the view of the Japanese Diet that domestic Japanese agricultural policy would be best served by the continuation of the existing agricultural setup with its accompanying emphasis upon the production of rice. Until the Japanese themselves change this attitude, I am forced to conclude that it ill behooves the United States Government to step in and undertake to change it for them, no matter how misguided we may believe them to be.

I am also concerned about our present efforts in industry and labor to make the Japanese economy over into a mirror of our own. It is no doubt true that Japanese productivity both in factories and per laborer is considerably below ours. However, the Japanese themselves are technically advanced people. They are well able to undertake the modernization of their industrial and labor techniques on their own without an overly generous United States having to step in and do that for them. It should be noted and it was my distinct impression during my visit in Japan that the United States is committed, at least morally, to a 5-year program designed to raise the productivity of the Japanese economy. In other words, should the Congress decide tomorrow to eliminate the technical assistance program, we would place our Government in the position of having to breach what the Japanese seem to regard as a moral obligation for the United States to continue its assistance to the Japanese through 1960 or 1961.

I discovered much the same situation with respect to Japanese agriculture. As I mentioned earlier, the United States has undertaken ambitious reclamation schemes in Japan, projects designed to increase the area of arable land available to Japan and place it under cultivation. The objective of this, of course, is to make Japan more self-sufficient in foodstuffs.

The Japanese themselves have known for many years that they must increase their domestic agricultural production if they are to survive as a nation. At least one reclamation project was begun sometime ago, and was proceeding satisfactorily although perhaps slowly until Uncle Sam came in. Now there are two such programs in effect on Hokkaido Island alone. The gist of the logic which our planners say necessitates our assistance is that (*a*) Japan needs more food production; (*b*) they need that food production immediately; (*c*) If the Japanese undertake the job themselves it may take them 10 or 15 years; (*d*) but if the United States pours technical aid and money by way of Public Law 480 sales into the Japanese effort, the objective can be reached in a much shorter time.

This may no doubt be true if it were predicated upon a sound basis; however, what it ignores is that the Public Law 480 program may not be in existence for a sufficient length of time to permit the expenditure by Japan of the huge amounts which our planners propose. If Public

Law 480 should cease to exist, and the necessary funds required for these projects were not forthcoming from that source, the United States would be at least morally bound to come in and supply the deficit.

I quote now from my field notes which I jotted down after visiting one of the reclamation schemes on Hokkaido Island:

> This project as well as others is being helped by us by way of Public Law 480 funds, derived from the purchase by Japan of agricultural commodities from the United States and then the lending back of the end proceeds for the development of the Japanese economy. After flying over the two pilot projects on Hokkaido Island we landed for an inspection of the works in progress. One of these is located in the Kosen Plains. The Government of Japan uses the money or at least part of it which we loaned to the Government to help build a home and equip a farm for a family. The settling family obtains about 50 acres which costs the Government about $8,500 when equipped. In return the settler agrees to pay for his farm on the installment plan with the Government actually realizing about $4,000 and absorbing the rest. The land I saw appears to be very fertile. The project I visited will, it is hoped, take care of 450 families. There were 58 on the land at the time of my visit; the others were to come in gradually. It is the objective to have all the land occupied at the end of 5 years.
>
> My impression is that our presence here is more or less useless. To begin with the Japanese are competent people. They are able to hire experts to help them, without our assistance. Certainly the Japanese have competent scientists and competent technicians. But perhaps the greatest danger in this entire effort is the fact that should the Public Law 480 program end, Japan would find itself without sufficient funds to complete the work which it has undertaken.

One of our agricultural experts in Japan accompanied us on the visit I referred to in my notes. He was amazed at the progress made. He admitted he had not been here in 18 months, which goes to show that the Japanese can do the job themselves.

Earlier in this section of my report I referred to the Japan Productivity Center. This center, which at least in theory is supported by Japanese private industry and Japanese Government contributions, is designed to act as a clearinghouse for American technical assistance to Japanese industry. However, I was informed that it was difficult to obtain sufficient contributions from the Japanese Government to support the size center which our planners deem advisable. Therefore, in order to close the gap the United States has stepped in and is contributing Japanese local currency to do so. It is evidently hoped that once the Japanese legislature has become educated to the necessity for this project, it will become more liberal. This may or may not be true; however, even if the Japanese legislature should become more amenable to the program, I can well understand its attitude that instead of increasing contributions the reply could be: "Well, the United States has done it so far, why not let them continue."

In this connection I urge special attention to the data which I attach to this report. It outlines our program here and its background in detail, and I believe amply demonstrates that we are attempting to undertake a program with respect to the Japanese economy which the Japanese themselves are well able to handle on their own, without continued, long-term, large-scale American aid. Of course, should the Japanese do this work alone, it is the view of our planners that they might not do it in the same manner and to the same degree which these planners presently deem desirable. This means in effect that the United States is pushing the Japanese in order to force them to achieve certain goals which we may believe to be desirable but which the Japanese themselves may not be convinced are desirable at all.

I particularly urge the committee to carefully examine the United States technical assistance program in transportation, under which we are extending technical assistance to Japanese airlines, in order to "Americanize" this air carrier. In addition, we are undertaking to supervise the construction of United States-type commercial airfields in Japan. As a matter of fact, despite the fact that only 2 of the 11 commercial airlines which presently use Japanese facilities are American, we are at the helm, showing the way, and—incidentally—picking up the tab.

As to the necessity for any technical assistance program whatsoever in Japan I reiterate my comment of last year that this effort was forced upon the Japanese Government by our planners in Washington. It was not endorsed by our Ambassador to Japan contrary to the impression given the committee last year. As a matter of fact, I discussed with Ambassador Allison the Department of State's position that I was incorrect in my comment of last year that he had opposed the extension of a technical assistance program to Japan. I quote now from my verbatim notes, which I wrote immediately after my conversation with the Ambassador:

> I reminded him of his statement to me last year and his subsequent denial of having said in effect that I had misunderstood him and in fact misquoted him when I said he opposed the creation of a technical-aid program here. He insisted that he is and always has been opposed to a technical-aid program. He reiterated to me that the program was started without his approval and over his objection. He said that he favored a program of assistance through the sale of Public Law 480 surpluses. That, I have no objection to, but we agreed that there was no need for 26 Americans to administer such a program. He agreed with me that 1 or 2 persons connected with the Embassy could check on the end use of the borrowed funds. I expressed the hope that the Federal aid program offices would be closed out as of June 30, 1956, and he agreed that they should.

I therefore recommend to the committee that no further funds be appropriated for technical assistance to Japan, that if the Japanese Government or the Japanese people desire to improve their industry, their agriculture, their transportation, and their labor, that they do so with their own funds. In the meantime, the present USOM Japan should be closed out. As it now stands, the aid program here is a self-perpetuating, empire-building scheme. Our planners advise the Japanese on what surplus commodities they need. Our planners assist the Japanese to arrange for the purchase of these commodities. Once the purchase is consummated, our planners assist the Japanese in allocating the loan proceeds among Japanese economic areas. This is not the way any program of aid should work.

Instead of waiting for the Japanese themselves, to see if they need a program, we attempt to go in and convince them that a program is necessary. In order to convince them, we institute a program and then have to spend vast additional sums to educate the people that our motives are not ulterior. Much expense, much possible loss of face, much waste could be eliminated if only we waited for local people themselves to realize their needs instead of insisting that the need is there and volunteering to satisfy it.

As to our information program in Japan, we have been forced to undertake a huge program here in order to counteract some of the bad impressions created by our eagerness to make the Japanese economy over into a picture of our own. At the time of my visit, an estimated budget of $1,794,700 was in prospect for the fiscal year 1957, compared with $1,074,429 for fiscal year 1956, an increase of $720,271. Of this

increased amount, $65,668 will be used to defray the cost of clerk hire and other administrative expenses. As a matter of fact, during 1957 fiscal year, our Government will pay out roughly $270,600 in rent and administrative expenses alone for the information program in Japan. Incidently, it is interesting to note that the Japanese USIA budget for the 1957 fiscal year is precisely what the local people requested of Washington. Data is attached which demonstrates the use to which these funds are to be put, including a new radio-TV program series entitled "Science for Peace and Peoples Capitalism." In particular, I call the committee's attention to the fact that during the 1957 fiscal year the United States plans to spend $22,000 to establish ———, $10,000 to establish a ———, and $58,000 for ———. Needless to say much of this expense is unnecessary. I recommend therefore that the entire USIA budget in Japan be re-evaluated and reduced. I think we could safely do so if only our ambitious planners did not try to cram programs down the throats of the Japanese Government and the Japanese people, thus generating distrust and, in many cases, outright hatred of the United States.

EXHIBIT C

SUMMARY REPORT OF PROGRAM PROGRESS FOR FISCAL YEARS 1955 AND 1956
(AS OF JUNE 30, 1956)

1. Initial program activities

On April 7, 1955, an exchange of notes was signed by the United States and Japanese Governments to serve as the official basis for the productivity program in Japan. The notes provided for the furnishing of funds by ICA (then FOA) to meet the dollar costs of the productivity program and the furnishing of yen financing by Japan to cover local costs and international travel.

Under the April 7 notes the United States Operations Mission to Japan commenced its activities with an initial program of sending productivity study teams to the United States, and the bringing of technical consultants to Japan. The program was developed and carried out in cooperation with the Japan Productivity Center (JPC) established March 1, 1955.

2. Sending of teams to the United States

During the period under review, April 7, 1955, to June 30, 1956, the program emphasized the sending of 12-man study teams to the United States. Many of the teams sent were "productivity teams" composed of persons drawn from management, labor, and the technical staff of a given industry. Other groups sent were composed entirely of participants from labor or agricultural organizations. The principal objective of the team visits was to acquaint the participants with modern American experience in industry, labor, agriculture, and education. While visiting the United States, the teams were usually accompanied throughout their itinerary by two interpreters drawn from the specially organized JPC interpreter pool based in Washington, D. C. During their stay, the teams are typically given an opportunity to visit plants, laboratories, universities, and to consult with American experts. Thirty-three teams, composed of 305 participants were sent as indicated below:

Field of activity	Fiscal year 1955		Fiscal year 1956		Total	
	Number of teams	Number of participants	Number of teams	Number of participants	Number of teams	Number of participants
Industry	8	84	14	162	22	246
Agriculture	3	13	5	28	8	41
Labor			1	11	1	11
Peaceful uses of atomic energy			2	7	2	7
Total	11	97	22	208	33	305

3. Bringing United States experts to Japan

Pursuant to arrangements made by June 30, 1956, 13 American experts (including business executives, consultants, and technicians) were brought to Japan to conduct seminars with Japanese business leaders regarding industrial management, cost control, human relations in industry, marketing techniques, and industrial engineering. By the end of the first quarter of the fiscal year 1957, 13 more American experts (including technicians, specialists, and consultants for specific industries) will have been brought to Japan for short-term assignments to consult with the Japanese regarding industrial engineering and related fields.

In addition, arrangements were completed by June 30 for inviting an airway operations specialist to Japan to examine civil-aviation problems, and experts from the University of Michigan were scheduled to visit Japan and consult with Waseda University regarding research in productivity.

4. Developing closer ties with American universities

Funds were obligated to support an affiliation between the University of Michigan, at Ann Arobr, and Waseda University, in Tokyo, for the purpose of developing a research program to improve industrial productivity. The affiliation is being carried out pursuant to an agreement concluded on April 5, 1956, between the two universities. Under the affiliation, Waseda faculty members will study modern practices in industrial fields in the United States. At the same time United States experts will visit Waseda.

5. Content of the program

The ICA-financed program as of June 30, 1956, is tabulated as follows:

Activity	Fiscal year 1955	Fiscal year 1956
Industry:		
Total	$240,100	$611,200
(1) Participants (teams to United States)	84,000	288,350
(2) Contract services (technicians, consultants, and specialists)	80,000	116,400
(3) Technical aids, exhibits, etc	42,100	29,450
(4) Waseda University contract	34,000	148,000
(5) Reserve for contract services		29,000
Agriculture (participants), total	24,914	86,100
Labor (participants), total		53,700
Peaceful uses of atomic energy, total		37,000
Civil aviation survey, total		4,000
Technical support, total	197,873	158,000
Total	462,887	950,000

Local currency contribution by Japan to the above projects aggregated the yen equivalent of $621,370. (Details are shown in appendices A and B.)

6. Followup action

Starting in August 1955, when the first productivity team, the steel industry team, returned from the United States, a series of evaluation meetings and roundtable discussions have been held with members of returning teams. These meetings, usually sponsored by the Japan Productivity Center in cooperation with the USOM, have been held in the major industrial centers of Japan, Tokyo, Osaka, Nagoya, Fukuoka, Takamatsu, Sendai, and Sapporo.

As of June 30, 1956, the members of 10 teams had participated in such discussions. In addition, a roundtable discussion, with the team leaders who had returned from the United States, was held in February 1956 under the auspices of the Japan Productivity Center. This was followed by 2 separate roundtable discussions in Tokyo and Fukuoka—1 for the labor members of productivity teams and the other for the participants of an agricultural team, the pasture land improvement study team. Their report and conclusions are now being publicized in Japanese language publications.

The Japan Productivity Center is also publishing the official reports of returning teams. The first such report was that of the top management team entitled "Prosperity Economics and Management."

Through these followup activities of the Japan Productivity Center, the business community as well as the general public are being given an opportunity to acquaint themselves with the experience and knowledge obtained by the team members.

A number of new developments have taken place in Japan which can be attributed directly or indirectly to the team visits. Some of these developments are listed below:

In management

(1) Company reorganization to allow a higher degree of participation by the technical staff in management policy (steel industry).

(2) Consolidation of the comptroller system, introduction of tabulating machines, and the establishment of an incentive wage system (automotive industry).

(3) Planned improvements in the comptroller system (steel industry).

(4) An intensified study of human relations (electrical industry).

(5) Establishment of a preventive maintenance committee (steel industry).

(6) Introduction of a suggestion system (automotive industry).

In labor-management relations

(1) Efforts to stabilize labor-management relations. An agreement, "periodical pay increase agreement," was concluded in May 1956 between the trade union and management of the Nissan Automobile Manufacturing Co. The primary objective of the agreement is to stabilize labor-management relations by eliminating recurrent work stoppages which have typically occurred twice a year since the war.

(2) Adoption of an incentive wage system (automotive industry).

(3) Improvement of grievance procedures (automotive industry).

In industrial techniques

(1) Intensified training-within-industry (shoe manufacturing industry).

(2) Intensified study of industrial engineering and standardized costing (steel industry).

(3) Planned adoption of a conveyor system in all production processes (automotive industry).

(4) Planned introduction of office machines (automotive industry).

(5) Introduction of teletype communications between company branches (steel industry).

In marketing

(1) Intensified market research to expand sales of motors and home applicances (electrical industry).

(2) Standardization of industrial motors (electrical industry).

(3) Planned improvement of sales organization and procedures (automotive industry).

(4) Improved exploitation of the used car market (automotive industry).

In workers' welfare

(1) Adoption of an 8-hour 3-shift system (steel industry).

(2) Planned establishment of a workers' cafeteria (automotive industry).

APPENDIX A.—*Funds provided by International Cooperation Administration in Washington for implementation of technical cooperation program (as of June 30, 1956)*

Activity	Number of participants	People technicians	Fiscal year 1955	Fiscal year 1956
1. Industry: Total			$240,100	$611,200
(a) Participants (teams to United States): Total	332		84,000	288,350
(1) Steel industry	11		12,000	
(2) Automotive industry	11		12,000	
(3) Management development and productivity (Nagoya)	11		11,000	
(4) Top management	14		12,000	4,750
(5) Cost-control study	10		12,000	
(6) Materials-handling study	12		12,000	
(7) Heavy electrical industry	12		13,000	
(8) Shoe manufacturers	11			11,300
(9) Automotive parts industry	12			12,300
(10) Industrial machinery manufacturers	12			12,300
(11) Electrical contractors	12			12,300
(12) Building construction techniques	13			13,300
(13) Marketing techniques study	13			16,300
(14) Life insurance business study	12			12,300
(15) Office management practices study	13			13,300
(16) Engineering practices study (tunnels and dams)	11			13,500
(17) Heavy chemical industry	12			12,300
(18) Human relations study	12			12,300
(19) Economic rehabilitation	10			16,000
(20) Industrial design study	13			13,300
(21) Lumber industry	12			13,700
(22) Tourism	6			9,300
(23) S-S-S study	13			13,300
(24) Powerplants operations	13			17,300
(25) Vegetable oil industry	13			16,300
(26) Second top management	13			13,300
(27) Foundry industry	12			16,300
(28) Distribution techniques study	13			13,300
(b) Contract services: Total		26	80,000	145,400
(1) Management seminar		5	25,000	
(2) TWI Institute		3	40,000	
(3) Marketing seminar		5	15,000	10,000
(4) Industrial engineer—Iron and steel		1		12,600
(5) Industrial engineer—Assembly and work factor		1		15,000
(6) Corporation controller specialist		1		12,600
(7) Foundry specialist		1		12,600
(8) Marketing specialist		1		15,000
(9) Product design specialist		1		15,000
(10) Handcraft design consultant		1		11,000
(11) Materials handling technician		1		12,600
(12) Reserve for technicians				4,000
(13) Reserve for industrial engineering seminar		5		25,000
(c) Waseda University contract: Total	18	7	34,000	148,000
(1) Waseda survey (I)	2		8,000	
(2) Waseda survey (II)	4		16,000	
(3) Michigan survey (I)		2	10,000	
(4) Michigan survey (II) and Waseda survey (III)	12	5		148,000
(d) Technical aids			42,100	29,450
2. Agriculture: Total	81		24,914	86,100
(1) Manila agricultural extension workshop	5		2,414	
(2) Pasture land improvement study	4		9,300	1,000
(3) Agricultural administration and research	4		13,200	
(4) Agricultural policy study	8			9,500
(5) Home economics research and extension	8			17,800
(6) Milk processing and distribution	12			18,000
(7) Plant protection system study	3			5,400
(8) Mechanization in forestry	4			6,000
(9) Far East extension directors	2			3,000
(10) Soil and water conservation	2			3,600

APPENDIX A.—*Funds provided by International Booperation Administration in Wasnington for implementation of technical cooperation program (as of June 30, 1956)*—Continued

Activity	Number of participants	People technicians	Fiscal year 1955	Fiscal year 1956
2. Agriculture—Continued				
(11) Taipei Agricultural Workshop	5			$1,810
(12) Manila Workshop—Farm credit	5			2,550
(13) Agricultural credit and corporation	7			10,500
(14) Far East Asia Rural Youth Workshop (Bangkok)	12			6,940
3. Labor:				
Total	24			53,700
(1) Labor organizations productivity (I)	11			26,400
(2) Labor organizations productivity (II)	13			27,300
4. Peaceful uses of atomic energy:				
Total	12			37,000
(1) Course II, Argonne	4			8,000
(2) Course III, Argonne	3			11,600
(3) Radioisotopes study	1			5,800
(4) Course IV, Argonne	4			11,600
5. Civil aviation survey:				
Total		2		4,000
(1) Airway operation specialist (I)		1		2,530
(2) Airway operation specialist (II)		1		1,470
6. Technical support			$197,873	158,000
Total			462,887	950,000

APPENDIX B.—*Contribution by Japan to technical cooperation program, fiscal years 1955 and 1956*

[Figures denote yen equivalent]

Activity	Fiscal year 1955	Fiscal year 1956
1. Industry: Total	$123,267	$407,986
(a) Participants, teams to United States: Total	85,900	337,310
(1) Steel industry	10,600	
(2) Automotive industry	11,500	
(3) Management development (Nagoya)	10,600	
(4) Top management	18,700	2,780
(5) Cost control study	11,500	
(6) Materials handling study	11,500	
(7) Heavy chemical industry	11,500	
(8) Shoe manufacturers		15,500
(9) Automotive parts industry		16,903
(10) Industrial machinery manufacturers		16,903
(11) Electrical contractors		16,903
(12) Building construction techniques		18,038
(13) Marketing techniques study		18,308
(14) Life insurance business study		18,936
(15) Office management practices study		20,192
(16) Engineering practices—tunnels and dams		15,492
(17) Heavy chemical industry		18,936
(18) Human relations study		16,903
(19) Economic rehabilitation study		11,370
(20) Industrial design study		20,192
(21) Lumber industry		14,000
(22) Tourism		9,988
(23) S-S-S study		20,192
(24) Powerplant operation, etc		11,654
(25) Vegetable oil industry		12,530
(26) Second top management		15,166
(27) Foundry industry		10,488
(28) Distribution techniques study		15,166
(b) Waseda University contract: Total	10,350	19,700
(1) Reconnaisance survey (PIO/T 88-50017)	350	
(2) Waseda survey (I) (PIO/P 88-50025)	2,000	
(3) Waseda survey (II) (PIO/T 88-50026)	8,000	
(c) Contract services: Total	27,017	50,976
(1) Management seminar	6,000	
(2) TWI Institute	12,000	
(3) Marketing seminar	9,017	
(4) Industrial engineer (iron and steel)		6,372
(5) Industrial engineer (assembly and work factor)		6,372
(6) Corporation controller specialist		6,372
(7) Foundry specialist		6,372
(8) Marketing specialist		6,372
(9) Product design consultant		6,372
(10) Handcraft design consultant		6,372
(11) Materials handling technician		6,372
2. Agriculture participants, teams to United States: Total		52,717
(1) Agricultural policy study		9,360
(2) Home economics research and extension		9,333
(3) Milk processing and distribution system		14,000
(4) Plant protection system study		3,500
(5) Mechanization in forestry		4,666
(6) Far East extension directors		2,334
(7) Soil and water conservation study		2,334
(8) Agricultural credit and cooperatives		7,190
3. Peaceful uses of atomic energy: Total		37,400
(1) Course II, Argonne		12,000
(2) Course III, Argonne		8,800
(3) Radioisotopes study		1,000
(4) Course IV, Argonne		15,600
Total	123,267	498,103

APPENDIX C.—*Teams sent to the United States and to Asian workshops as of June 30, 1956*

Project No.	Number of people	Team title	Departure date
1. Industry:			
(1) 88-50003	11	Steel industry	[1] May 30, 1955
(2) 88-50006	11	Automotive industry	[1] July 14, 1955
(3) 88-50018	11	Management development and productivity.	[1] Aug. 16, 1955
(4) 88-50019 and 88-60004	14	Top management	[1] Sept. 6, 1955
(5) 88-50022	10	Cost control study	[1] Oct. 1, 1955
(6) 88-50023	12	Materials handling	[1] Jan. 17, 1956
(7) 88-50024	13	Heavy electrical industry	[1] Oct. 15, 1955
(8) 88-50025	2	Waseda University contract	Apr. 27, 1956
(9) 88-60003	11	Shoe manufacturers	[1] Nov. 12, 1955
(10) 88-60009	12	Automotive parts industry	[1] Jan. 28, 1956
(11) 88-60011	12	Industrial machinery manufacturers	[1] Feb. 7, 1956
(12) 88-60012	12	Electrical contractors	[1] Mar. 1, 1956
(13) 88-60015	13	Building construction	[1] Mar. 22, 1956
(14) 88-60016	13	Marketing techniques	[1] Mar. 8, 1956
(15) 88-60017	12	Life insurance business	[1] Mar. 6, 1956
(16) 88-60019	13	Office management practices	[1] Apr. 24, 1956
(17) 88-60020	11	Engineering practices (tunnels and dams)	[1] Apr. 19, 1956
(18) 88-60021	12	Heavy chemical industry	May 8, 1956
(19) 88-60025	12	Human relations	May 10, 1956
(20) 88-60027	10	Economic rehabilitation	June 21, 1956
(21) 88-60033	13	Industrial design study	June 26, 1956
(22) 88-60038	6	Tourism	June 7, 1956
2. Agriculture:			
(1) 88-50001	5	Manila Agricultural Extension Workshop	[1] Feb. 22, 1955
(2) 88-50004 and 88-60005	4	Pasture land improvement	[1] Sept. 3, 1955
(3) 88-50005	4	Agriculutral administration and research	[1] Aug. 23, 1955
(4) 88-60007	8	Agricultural policy	[1] Oct. 21, 1955
(5) 88-60028	8	Home economics research and extension	June 26, 1956
(6) 88-60042	2	Far East extension directors	June 9, 1956
(7) 88-60047	5	Taipei Agricultural Workshop	June 24, 1956
(8) 88-60048	5	Manila Agricultural Workshop—farm credit.	[1] May 30, 1956
3. Labor: (1) 88-60022	11	Labor organizations productivity	June 7, 1956
4. Peaceful uses of atomic energy:			
(1) 88-60008	4	Course II, Argonne	Oct. 27, 1955
(2) 88-60013	3	Course III, Argonne	Apr. 3, 1956

[1] Returned as of June 30, 1956. 88-500—teams are in fiscal year 1955 program. 88-600—teams are in fiscal year 1956 program.

EXHIBIT D

USIS Japan—FY 1957 Budget Compared with FY 1956 Budget

	Fiscal year 1956, actual	Fiscal year 1957, estimated	Increase (+) or decrease (−)
Salaries of local personnel	$377,081	$441,000	+$63,919
Allowances for American personnel	45,554	45,600	+46
Representation	3,205	2,700	−505
Radio and television program	99,557	196,600	+97,043
Press and publications program	97,101	203,800	+106,699
Motion picture program	106,354	212,000	+105,646
Books and exhibits program	61,531	279,400	+217,869
Operation of cultural centers	54,453	104,400	+49,947
Support for exchange of persons program	21,079	17,000	−4,079
Program direction	2,944	3,600	+656
Research and evaluation	638	18,000	+17,362
Lease of space and other administrative expenses	204,932	270,600	+65,668
Total	1,074,429	1,794,700	720,271

EXPLANATION OF FISCAL YEAR 1957 BUDGET INCREASES

Salaries of local personnel, +$63,919

Provides for—

(1) Continuation on a full-year basis of 378 positions from Fiscal Year 1956.

(2) Conversion of 28 positions from contractual status to regular employee status

(3) Net increase of six positions over Fiscal Year 1956.

Radio-TV program, +$97,043

(1) Six new weekly radio programs, 15 or 30 minutes each, including Science for Peace and People's Capitalism themes, and to continue certain Fiscal Year 1956 programs on a full-year basis in Fiscal Year 1957 (about $62,043).

(2) To inaugurate 5 weekly television programs, 26 to 39 weeks each (about $35,000).

Press and publications, +$106,699

(1) $12,000 to continue Amerikana on a full-year basis in Fiscal Year 1957.

(2) $22,000 to establish (deleted)

(3) $10,000 to establish (deleted)

(4) $4,699 for the press packet.

(5) $58,000 for labor pamphlets.

Motion-picture program, +$105,646

(1) Provides for release of 56 films during Fiscal Year 1957, totaling 167 program reels, with 142 release prints each subject, compared with 36 films in Fiscal Year 1956, totaling 86 program reels, 74 release prints each subject.

(2) Provides for production of 2 major films and 22 reels of documentary in Fiscal Year 1957, compared with 1 major film and 19 reels of documentary in Fiscal Year 1956.

Books and exhibits programs, +$217,869

(1) Translation of 129 titles in Fiscal Year 1957 compared with 94 titles in Fiscal Year 1956, with greatly increased emphasis in low-priced, large-edition translations.

(2) Continuation of atoms-for-peace exhibit, operation of open-skies exhibit, United States Science for Peace or People's Capitalism exhibit, cultural exhibits, and increased support for cultural center exhibits programs.

Operation of cultural centers, +$49,947

To strengthen the cultural center programs, primarily by increased emphasis on speakers, cultural programs and seminars.

Research and evaluation, +$17,362

To continue the research program in Fiscal Year 1957 at the same level as Fiscal Year 1956. In Fiscal Year 1956 these costs were charged to an agency allotment.

Lease of space and other administrative expenses, +$65,668

(1) About $50,000 for cultural center space, primarily to reestablish the center at Niigata.

(2) Remainder (about $15,000) for office furniture, equipment, and supplies, communication costs, and other general administration expenses.

EXHIBIT E

SCHEDULE 2.—*United States Operations Mission in Japan—Senator Ellender's questionnaire—Summary of International Cooperation Administration Operations*

[Questionnaire filled in Sept. 7, 1956]

A. TOTAL EXPENDITURES

[Thousands of dollars]

			Fiscal year 1954	Fiscal year 1955	Fiscal year 1956	Fiscal year 1957 estimated	Total
1. United States funds (counterpart funds generated)							
2. Dollar expenditures for which equivalent amounts of yen sales proceeds generated:							
(a) Sec. 550, Public Law 665, agreement of Mar. 28, 1954, $50,000			22,247	24,841		2,912	50,000
(b) Public Law 480 agreement under title I of May 31, 1955, $85,000					82,553	2,447	85,000
(c) Public Law 480 agreement under title I of Feb. 10, 1956, $65,800 (see schedule)						60,000	60,000
3. United States funds (no counterpart generated, e. g., amount of obligations):							
(a) Administrative expenses (United States Operations Mission in Japan established December 1954)				231	203	[1] 54	488
(b) Technical cooperation, project assistance, regular program				477	950	[1] 127	1,554
(c) Technical cooperation, project assistance, regional training center (RTC)				28	51	[1] 17	96
(d) Public Law 480, agreement under title II for school-lunch program						15,000	15,000
4. Counterpart funds							
5. Sales proceeds—amounts approved for withdrawal from sums reported generated above:							
(a) Sec. 550, Public Law 665, agreement (see schedule attached):							
(i) United States Operations Mission in Japan—20 percent for assistance to Japanese industry and other purposes				2,527	6,890	323	[2] 9,740
				(9,417)			
(ii) U. S. Department of Defense—80 percent for procurement of goods and services in Japan in support of military-assistance programs (see schedule attached)				29,844	7,826	1,290	[2] 38,960
				(37,770)			
(b) Public Law 480, agreement of May 31, 1955, title I (see schedule attached):	*Millions of yen*	*Thousands of dollars*					
Total of yen sales proceeds deposited to June 30, 1956	29,719	82,553					
Distributed by agreement to—							
(i) 5 United States Government agencies 30 percent	8,916	24,766			[3] 830	24,670	25,500
(ii) Government of Japan (GOJ) 70 percent	20,803	57,787			57,686	1,814	59,500
6. Local Government contributions, e. g., contributions of the Japanese Productivity Center (JPC) reflected on PPA's for fiscal years shown (see recapitulation for copies of PPA's attached)				158	629		

[1] Represents 2 months fiscal year 1957 activity e. g., July, August, 1956.
[2] After taking into account $1,300,000 ocean freight differential not generating sales proceeds.
[3] U. S. Department of Agriculture for sales promotion, market research United States agricultural products.

B. BALANCES AS OF JUNE 30, 1956

[In thousands of dollars]

		Unobligated	Unexpended
1. United States funds:			
(a) Administrative expenses:			
Unobligated fiscal year 1955, $5; fiscal year 1956, $1 total of		6	
Unexpended fiscal year 1955, 0; fiscal year 1956, $202.6 less $171.7 or $30.9 rounded to			31
(b) Technical cooperation, project assistance regular program:			
Unobligated fiscal year 1955, 0; fiscal year 1956, $0.5 rounded to		1	
Unexpended fiscal year 1955, $463 less $357 or $106; fiscal year 1956, $950 less $250 or $700 together totals			806
(c) Technical cooperation, RTC:			
Unobligated fiscal year 1955 [4]; fiscal year 1956, $2		2	
Unexpended fiscal year 1955 [4]; fiscal year 1956, $51 less $38.5 or			13
2. Counterpart funds			
3. Sales proceeds (amounts entered as: "unobligated" equal equivalent of sales proceeds deposited at June 30, 1956 not approved for withdrawal; "unexpended" equal equivalent of funds on deposit June 30, 1956:			
(a) Sec. 550, Public Law 665, agreement (related to United States Operations Mission in Japan, 20 percent)			29
(b) Public Law 480 agreement of May 31, 1955, title I:			
(i) Five United States agencies:			
—30 percent of total deposits to the U. S. Treasury account equivalent to	24,766		
Less cumulative total of allotments to June 30, 1956: USDA (¥290,718,080)	830		
		23,936	
30 percent of total deposits to U. S. Treasury account shown above less net liquidations to June 30, 1956 for USDA (¥91,358,993) or	253.8		
			24,512
(ii) Government of Japan:			
70 percent of total deposits to the U. S. Treasury account equivalent to	57,787		
Less cumulative total of International Cooperation Administration with allotments to United States Operations Mission in Japan (¥20,766,802,359) or	57,686		
		101	
70 percent of total deposits to U. S. Treasury account shown above less expenditures (¥20,714,400,000) charged against allotment obligated or	57,540		
			247
(c) Public Law 480 agreement of February 10, 1956, title I			

C. NEW ALLOCATIONS TENTATIVE FISCAL YEAR 1957

1. Fiscal year 1957 operational program not approved as at date questionnaire prepared:			
(a) Administrative expenses (fiscal year 1957 allotment $210 less July, August transactions)		156	171
(b) Technical cooperation, project assistance, regular program, fiscal year 1957 program not approved			
(c) Technical cooperation project assistance, RTC program, fiscal year 1957 program not approved			
2. Counterpart funds			
3. Sales proceeds:			
(a) Sec. 550, Public Law 665, agreement, cash balance on hand Aug. 31, 1956, unchanged from item B 3 (a) above			29
(b) Public Law, agreement of May 31, 1955, title I:			
(i) Five United States agencies (as in item B 3 (b) (i) above up dated to Aug. 31, 1956:			
—$23,936 less additional allotments to USDA since June 31, 1956, of (¥393,847,000) or $1,094 thousand		22,842	
—$24,512 less additional liquidations of (¥36,579,666) or $102 for USDA since June 30, 1956			24,410
(ii) Government of Japan dollar equivalent of deposits to Aug. 31, 1956, or $57,789 less equivalent of allotments or $57,686 equals		103	
—deposits to Aug. 31, 1956 or $57,789 less equivalent of expenditures or $57,540 or			249
(c) Public Law 480, agreement of Feb. 10, 1956			

[4] RTC funding for fiscal year 1955 carried out by American Embassy, Tokyo, no specific allotment for RTC, merged in Embassy general program allotments and Washington Regional Bureau administrative allotment for fiscal year 1955. United States Operations Mission in Japan has no records for these amounts.

D. TOTAL AMOUNTS AVAILABLE FOR OBLIGATION AND EXPENDITURE IN FISCAL YEAR 1957

	Unobligated	Unexpended
1. United States funds available for obligation fiscal year 1957:		
(a) Administrative expenses (fiscal year 1957 administrative allotment of $210 less July, only August obligations of $54)	156	----------
(Fiscal year 1957 administrative allotment of $210 less July, August expenditures of $39 plus unexpended from prior years of $31, item B. 1 (a) above	----------	202
(c) Technical cooperation, project assistance, regular program, fiscal year 1957 operational program not approved, total amount of which $2,850 less July, August obligations of $127	2,723	----------
Value of unapproved operational program above or $2,850 less July, August expenditures of $37 plus unexpended from prior years of $806, item B. 1 (b) above	----------	3,619
(d) Technical cooperation, project assistance RTC, fiscal year 1957 technical support PPA not submitted, estimate $75 for fiscal year 1957 less July, August transactions for obligations of $17	58	----------
Amount of estimated fiscal year 1957 PPA of $75 above less July, August expenditures $12 plus unexpended from prior years, item B. 1 (c) above of $13	----------	76
2. Counterpart funds	----------	----------
3. Sales proceeds:		
(a) Sec. 550, Public Law 665, agreement:		
Amount unobligated at June 30, 1956 or 0, item B. 3 (a) above plus estimated amount to be generated fiscal year 1957 of $2,912, item A. 2 (a) above	2,912	----------
Amount unexpended at June 30, 1956 or $29, item B. 3 (a) above plus estimated amount to be generated, obligated and expended in fiscal year 1957 of $2,912 above	----------	2,941
(b) Public Law 480, agreement of May 31, 1955, title I:		
(i) 5 U. S. Government agencies:		
Unobligated balance at June 30, 1956, of $23,936 item B. 3 (b) (i) above plus estimated amount to be generated and obligated in fiscal year 1957 or $734 (30 percent of $2,447 item A. 2 (b) above)	24,670	----------
Unexpended balance at June 30, 1956, of $24,512 item B. 3 (b) (i) above plus $734 calculated as shown above	----------	25,246
(ii) Government of Japan:		
Unobligated balance at June 30, 1956, of $101 item B. 3 (b) (ii) above plus estimated amount to be generated and obligated in fiscal year 1957 or $1,713 (70 percent of $2,447 item A. 2 (b) above)	1,814	----------
Unexpended balance at June 30, 1956, of $247, item B. 3 (b) (ii) above plus $1,713 calculated as shown above	----------	1,960
(c) Public Law 480, agreement of Feb. 10, 1956, title I, estimate	60,000	60,000

E. ITEMIZED LIST OF NON-MILITARY FOREIGN AID PROJECTS

(See copies of approved PPA, fiscal year 1955 and fiscal year 1956.)

F. COPY OF FISCAL YEAR 1957 PROPOSED COUNTRY PROGRAM

(United States Operations Mission in Japan, fiscal year 1957 program submitted as a classified document.)

G. LIST OF PROJECTS PROPOSED FOR FISCAL YEAR 1957

(Fiscal year 1957 operational program not approved as of date questionnaire filled in.)

H. NUMBER OF ICA EMPLOYEES AT AUG. 31, 1956

	Locals	United States	Total
Technicians:			
(a) United States employed	27	25	50
(b) Contract employees	----------	----------	----------
Others (for details and comparison with fiscal year 1955 see supplemental personnel schedule attached)	----------	----------	----------

I. FOREIGN MILITARY AID PROGRAM

(Supplied by MAAG/J see classified section of report.)

EXHIBIT E

SCHEDULE 3

SCHEDULE OF ADDITIONAL INFORMATION REGARDING LOCAL CURRENCY PROCEEDS UNDER AGRICULTURAL SALES PROGRAM AGREEMENTS WITH GOVERNMENT OF JAPAN

I. DISTRIBUTION OF YEN SALES PROCEEDS UNDER THE SECTION 550 AGREEMENT OF MARCH 28, 1954

(a) 20 percent or $10 million of sales proceeds:—refer to paragraph (1), article I of agreement.

(1) "The Government of the United States of America will make grants of yen from this account to the Government of Japan subject to such terms as may be mutually agreed upon for assistance to Japanese industry and for other purposes serving to promote Japan's economic capabilities. Such grants shall aggregate 20 percent of the total deposits in the account resulting from transactions entered into under the aforesaid agreement, but not to exceed the yen equivalent of $10,000,000."

Detail of payments made to the Ministry of Finance, Government of Japan, by the USOM for projects relating to items indicated through June 30, 1956

	Yen	Dollar equivalent of payments to Government of Japan
Jan. 28, 1955:		
Loading, assembly and packing of shell	34,700,000	
Fuse project	100,000,000	
Rifle cartridges	70,000,000	
Do	230,000,000	
Jet engine overhaul	200,000,000	$1,958,000
Ferrite and carbonyl iron	40,040,000	
Ferrite	30,000,000	
Total	704,740,000	
Apr. 4, 1955:		
Electric instruments	70,000,000	
Do	35,000,000	
Flourine resin process	100,000,000	569,000
Total	205,000,000	
Sept. 19, 1955:		
F-86 airframe manufacture	1,500,000,000	
T-33 airframe manufacture	800,000,000	
Howitzer manufacture	170,000,000	6,861,000
Total	2,470,000,000	
Total	3,379,740,000	9,388,000

Submitted below are two tables indicating the status of loans made by the Japan Development Bank from resources made available through the foregoing payments. Table 1 is a summary table, showing the amount transferred to the Government of Japan for each of 13 approved projects, the amount of Japan Development Bank contracts, and the amount of repayments. Table 2 contains substantially the same information, on a monthly basis.

Total transfers to the Government of Japan have amounted to ¥3,379,700,000 and Japan Development Bank contracts with individual buyers amount to ¥2,284,700,000; the difference, as will be noted in table 1, is in the program for F-86 aircraft assembly by the Mitsubishi Heavy Industry Co.

TABLE 1.—*Status of sec. 550 transfers, contracts and repayments as of June 30, 1956*

[In thousands of yen]

Name of company and project	Amount[1] of transfer	Amount Japan Development Bank contracts			Repayments
		Total	Advanced	To be advanced	
Kawasaki Aircraft, jet engine overhaul	200,000	200,000	200,000		15,000
Asahi Okuma arms, 30-caliber cartridge	230,000	230,000	230,000		50,000
Tokyo Precision Instrument, 30-caliber cartridge	70,000	70,000	70,000		10,000
Takano Precision Instrument, fuse MTSQ-M-500-1	100,000	100,000	100,000		25,000
Toyo Chemical Industry, loading, assembling, and packing of shells	34,700	34,700	34,700		3,000
Tohokua Metal, ferrite and carbonyl iron	40,000	40,000	40,000		
Tokyo Electric Chemical, ferrite	30,000	30,000	30,000		1,250
Japan Steel Works, Ltd., howitzer	170,000	170,000	150,000	20,000	
Kawasaki Aircraft, T-33 airframe products	800,900	800,000	540,000	260,000	
Mitsubishi Heavy Industry, F-86 airframe assembly	1,500,000	425,000	425,000		
Osaka Metal Industries Co., fluorine resin process	100,000	80,000	25,000	55,000	
Shimada Physical & Chemical Industrial Co., microwave testing and measuring equipment	35,000	35,000	28,000	7,000	1,300
Fuji Communications Apparatus Manufacturing Co., condensers and carbon resistors	70,000	70,000	70,000		1,500
Total	3,379,700	2,284,700	1,942,700	342,000	107,050

[1] As approved by the United States. (See despatch No. 282, enclosure 6.) Note "amount of transfer" to Tohoku Metal Co., as approved by United States, was ¥40,040,000. Japan Development Bank has rounded this amount to ¥40,000,000.

TABLE 2.—*Status of sec. 550 loans*

[In thousands of yen]

Name of company and project	April–August 1955			September 1955		
	Amount of contract	Amount advanced	Amount received	Amount of contract	Amount advanced	Amount repaid
Kawasaki Aircraft, jet engine overhaul	200,000	200,000				
Asahi Okuma Arms, .30 caliber cartridge	230,000	230,000				
Toyo Precision Instrument, .30 caliber cartridge	70,000	70,000				
Takano Precision Instrument, fuse, NTSQ-M-500-1	100,000	100,000				
Toyo Chemical Industry, loading, assembling and packing of shells	34,700	34,700				
Tohoku Metal ferrite and carbonyl iron	40,000	40,000				
Tokyo Electric Chemical, ferrite	30,000	30,000				
Japan Steel Works, Ltd., howitzer						
Kawasaki Aircraft, T-33 airframe production						
Mitsubishi Heavy Industry, F-86 airframe assembly						
Osaka Metal Industries Co., fluorine resin process						
Shimada Physical & Chemical Industrial Co., microwave testing and measuring equipment						
Fuji Communications Apparatus Manufacturing Co., condensers and carbon resistors				70,000		
Total	704,700	704,700		70,000		

TABLE 2.—*Status of sec. 550 loans*—Continued

[In thousands of yen]

Name of company and project	October 1955			November 1955		
	Amount of contract	Amount advanced	Amount repaid	Amount of contract	Amount advanced	Amount repaid
Kawasaki Aircraft, jet engine overhaul						
Asahi Okuma Arms, .30 caliber cartridge						5,000
Toyo Precision Instrument, .30 caliber cartridge						2,000
Takano Precision Instrument, fuse, MTSQ-M-500-1						
Toyo Chemical Industry loading, assembling and packaging of shells			1,000			
Tohoku Metal, ferrite and carbonyl iron						
Tokyo Electric Chemical, ferrite						
Japan Steel Works, Ltd., howitzer						
Kawasaki aircraft T-33 airframe production						
Mitsubishi Heavy Industry, F-86 airframe assembly						
Osaka Metal Industries Co., fluorine resin process						
Shimada Physical & Chemical Industrial Co., microwave testing and measuring equipment						
Fuji Communications Apparatus Manufacturing Co., condensers and carbon resistors		15,000			10,000	
Total		15,000	1,000		10,000	7,000

Name of company and project	December 1955			January 1956		
	Amount of contract	Amount advanced	Amount repaid	Amount of contract	Amount advanced	Amount repaid
Kawasaki Aircraft, jet engine overhaul			5,000			
Asaki Okama Arms, .30 caliber cartridge						10,000
Toyo Precision Instrument, .30 caliber cartridge						
Takano Precision Instrument, fuse, MTSQ-M-500-1						
Toyo Chemical Industry, loading, assembling and packaging of shells						1,000
Tohoku Metal, ferrite and carbonyl iron						
Tokyo Electric Chemical, ferrite						
Japan Steel Works, Ltd., howitzer						
Kawasaki Aircraft, T-33 airframe production				800,000		
Mitsubishi Heavy Industry, F-86 airframe assembly						
Osaka Metal Industries Co., fluorine resin process	80,000					
Shimada Physical & Chemical Industrial Co., microwave testing and measuring equipment	35,000	12,600				
Fuji Communications Apparatus Manufacturing Co., condensers and carbon resistors		15,000				
Total	115,000	27,600	5,000	800,000		11,000

TABLE 2.—*Status of sec. 550 loans*—Continued

[In thousands of yen]

Name of company and project	February 1956			March 1956		
	Amount of contract	Amount advanced	Amount repaid	Amount of contract	Amount advanced	Amount repaid
Kawasaki Aircraft, jet engine overhaul						5,000
Asahi Okuma Arms, .30 caliber cartridge						15,000
Toyo Precision Instrument, .30 caliber cartridge			4,000			
Takano Precision Instrument, fuse, MTSQ-M-500-1						6,000
Toyo Chemical Industry, loading, assembling and packaging of shells						
Tohoku Metal, ferrite and carbonyl iron						
Tokyo Electric Chemical, ferrite						
Japan Steel Works, Ltd., howitzer	170,000				50,000	
Kawasaki Aircraft, T-33 airframe production		160,000			230,000	
Mitsubishi Heavy Industry, F-86 airframe assembly				250,000	250,000	
Osaka Metal Industries Co., fluorin resin process		25,000				
Shimada Physical & Chemical Industrial Co., microwave testing and measuring equipment		10,300				
Fuji Communications Apparatus Manufacturing Co., condensers and carbon resistors		10,000				
Total	170,000	205,300	4,000	250,000	530,000	26,000

Name of company and project	April 1956			May 1956		
	Amount of contract	Amount advanced	Amount repaid	Amount of contract	Amount advanced	Amount repaid
Kawasaki Aircraft, jet engine overhaul						
Asahi Okuma Arms, .30 caliber cartridge						20,000
Toyo Precision Instrument, .30 caliber cartridge						4,000
Takano Precision Instrument, fuse MTSQ-M-500-1			6,000			6,000
Toyo Chemical Industry, loading, assembling and packaging of shells			1,000			
Tohoku Metal, ferrite and carbonyl iron						
Tokyo Electric Chemical, ferrite						1,250
Japan Steel Works, Ltd., howitzer		100,000				
Kawasaki Aircraft, T-33 airframe production					40,000	
Mitsubichi Heavy Industry, F-86 airframe assembly	130,000	105,000				
Osaka Metal Industries Co., flourine resin process						
Shinada Physical & Chemical Industrial Co., microwave testing and measuring equipment		5,100				650
Fuji Communications Apparatus Manufacturing Co., condensors and carbon resistors		10,000				
Total	130,000	220,100	7,000		40,000	31,900

TABLE 2.—*Status of sec 550 loans*—Continued

[In thousands of yen]

Name of company and project	June 1956			Total through June 1956		
	Amount of contract	Amount advanced	Amount repaid	Amount of contract	Amount advanced	Amount repaid
Kawasaki Aircraft, jet engine overhaul			5,000	200,000	200,000	15,000
Asahi Okuma Arms, .30 caliber cartridge				230,000	230,000	50,000
Toyo Precision Instrument, .30 caliber cartridge				70,000	70,000	10,000
Takano Precision Instrument, fuse, MTSQ-M-500-1			7,000	100,000	100,000	25,000
Toyo Chemical Industry, loading, assembling and packaging of shells				34,700	34,700	3,000
Tohoku Metal, ferrite and carbonyl iron				40,000	40,000	
Tokyo Electric Chemical, ferrite				30,000	30,000	1,250
Japan Steel Works, Ltd., howitzer				170,000	150,000	
Kawasaki Aircraft, T-33 airframe production		110,000		800,000	540,000	
Mitsubishi Heavy Industry, F-86 airframe assembly	45,000	70,000		425,000	425,000	
Osaka Metal Industries Co., fluorine resin process				80,000	25,000	
Shimada Physical & Chemical Industrial Co., microwave testing and measuring equipment			650	35,000	28,000	1,300
Fuji Communications Apparatus Manufacturing Co., condensers and carbon resistors		10,000	1,500	70,000	70,000	1,500
Total	45,000	190,000	14,150	2,284,700	1,942,700	107,050

b. 80 percent or $40 million of sales proceeds (reference par. (2), art. I of agreement):

(2) "The Government of the United States of America may use the remainder of such yen funds without restrictions for the procurement of goods and services in Japan in support of military assistance programs of the United States of America."

The following data relating to the above utilization has been supplied by the Office of Comptroller, Headquarters Far East Command, APO 500:

Amounts obligated against section 550, MSA, $40 million fund:

a. DA has allocated to AFFE/8A to date $37,669,971 in section 550 Surplus Agricultural Commodities yen. This yen is being used for MDAP offshore procurement, in accordance with the agreement with Japan and DA directive.

Obligations are as follows:

Category commodity	Cumulative obligations June 30, 1956	Cumulative obligations Aug. 31, 1956
Ammunition	$17,383,073	$17,382,995
Electronics	295,789	295,789
Artillery	96,590	96,590
Training aids	0	1,403
Total	17,775,452	17,776,777

b. The balance of the allocation ($19,893,194) is programed for an on-call indefinite quantity type contract (accomplished August 10, 1956) for rebuild of vehicles and major assembly. Obligation is to be incurred at the time orders are placed against the contract.

II. DISTRIBUTION OF YEN SALES PROCEEDS UNDER PUBLIC LAW 480, AGREEMENT OF MAY 31, 1955

a. Five United States Government agencies (reference art. V, par. 1 of the agreement):

"The Government of the United States of America will use 30 percent of the yen deposited in the United States account for the following purposes and in the indicated ratios, except as otherwise agreed, of the total deposits:"

[In thousands of dollars]

Purpose	Equivalent of yen proceeds	
	Per agreement	Generated to June 30, 1956
1. Defense: To procure military equipment, facilities and services for other countries	$17,000	$16,511
2. ICA: To finance the purchase of goods or services for other countries	5,500	[1] 5,342
3. USDA: To help develop new markets for United States agricultural commodities on a mutually benefiting basis	2,000	1,942
4. State: To finance international educational exchange activities	750	728
5. USIS: To pay United States obligations in Japan	250	243
Total	25,500	24,786

[1] On Aug. 22, 1956, approximately $1,814,000 of this has been allocated to the U. S. Treasury Department by BOB for sale for dollars to ICA to be used for grants to the Government of Vietnam.

b. Government of Japan (reference art. VI of the agreement):

1. "Seventy percent of the deposits referred to in article II, paragraph 1, is convertible into United States dollars through the Bank of Japan and will be so converted by the said bank which will credit these dollars to the Government of Japan as disbursements under a loan to be made by the Government of the United States of America through the Export-Import Bank of Washington to the Government of Japan. The Government of Japan agrees to accept this loan which will be made under the following conditions:

"(1) Period: 40 years, starting from June 30, 1955.

"(2) Payment dates: Payments in semiannual installments, first payment of interest to be made on December 31, 1958, and first payment of principal to be made on June 30, 1959.

"(3) Payment of principal and interest: To be made in United States dollars.

"(4) Interest: (i) Rate: 3 percent per annum;
(ii) no interest shall accrue for the first 3 years.

"(5) Notwithstanding the provisions of subparagraphs (3) and (4) above, the payments of principal and interest may be effected in yen on any payment date at the sole option of the Government of Japan; the interest rate for such payments will be 4 percent per annum. The Government of the United States of America agrees to take into consideration the economic position of Japan in connection with any contemplated use of the yen paid to the Government of the United States of America hereunder.

"(6) Other details and procedures of the loan, and/or modifications thereof, shall be mutually agreed upon between the Government of the United States of America or the Export-Import Bank of Washington, an agency thereof and the Government of Japan."

2. "The loan referred to in paragraph 1 above will be used at the discretion of the Government of Japan, within the agreed categories, for economic development purposes consistent with section 104, subparagraph (g), of the Agricultural Trade Development and Assistance Act of 1954."

[In thousands of dollars]

Purpose	Equivalent of yen proceeds	
	Per agreement	Generated to June 30, 1956
1. Development of electric power resources: Electric Power Development Co.	$50,700	$49,230
2. Irrigation, drainage, reclamation, and incidental works: Aichi Irrigation Public Corp., $4,800,000; Agricultural Land Development Machinery Corp., $3,600,000	8,400	8,157
3. Promotion of productivity: Japanese Economy Japan Productivity Center	400	400
Total	59,500	57,787

III. DISTRIBUTION OF YEN SALES PROCEEDS UNDER THE PUBLIC LAW 480 AGREEMENT OF FEBRUARY 10, 1956

a. Five United States Government agencies (refer to art. IV, par. 1 of the agreement): "The Government of the United States of America will use 25 percent of the yen deposited in the United States account for the following purposes and in the indicated percentages, except as otherwise agreed."

[In thousands of dollars]

Purpose	*Per agreement*
1. Defense. To procure military equipment, material facilities and services for the common defense (49 percent)	$8,060.5
2. ICA. To finance the purchase of goods or services for other countries (33 percent)	5,428.5
3. USDA. To help develop new markets for United States agricultural commodities on a mutually benefiting basis (8 percent)	1,316
4. State. To finance international educational exchange activities (8 percent)	1,316
5. USIS. To pay United States obligations in Japan (2 percent)	329
Total	16,350

b. Government of Japan—$59,350,000 (reference art. V of the agreement):

1. "Seventy-five percent of the deposits referred to in article II, paragraph 1, is convertible into United States dollars through the Bank of Japan and will be so converted by the said bank which will credit these dollars to the Government of Japan as disbursements under a loan to be made by the Government of the United States of America through the Export-Import Bank of Washington to the Government of Japan. The Government of Japan agrees to accept this loan which will be made under the following conditions:

"(1) Period: 40 years, starting from April 1, 1956.

"(2) Payment dates: Payment in semiannual installments, first payment of interest to be made on October 1, 1959, and first payment of principal to be made on April 1, 1960.

"(3) Payments of principal and interest: To be made in United States dollars.

"(4) Interest: (i) 3 percent per annum; (ii) no interest shall accrue for the first 3 years.

"(5) Notwithstanding the provisions of subparagraphs (3) and (4) above, the payments of principal and interest may be effected in yen on any payment date at the sole option of the Government of Japan; the interest rate for such payments will be 4 percent per annum. The Government of the United States of America agrees to take into consideration the economic position of Japan in connection with any contemplated use of yen paid to the Government of the United States of America hereunder.

"(6) Other details and procedures of the loan, and/or modifications thereof, shall be mutually agreed upon between the Government of the United States of America or the Export-Import Bank of Washington, an agency thereof, and the Government of Japan."

2. "The loan referred to in paragraph 1 above will be used at the discretion of the Government of Japan, within the agreed categories, for economic development purposes consistent with section 104, subparagraph (g), of the Agricultural Trade Development and Assistance Act of 1954, as amended."

[In thousands of dollars]

Purpose	*Tentative*
1. Irrigation, drainage, reclamation and their incidental works	$13,161
2. Development of forestry, livestock and livestock products, port and storage facilities, fertilizer for domestic use, and the domestic sugar beet industry	11,514
3. Development of electric power resources	21,897
4. Promotion of productivity of the Japanese economy	2,778
5. Other economic development projects under categories to be mutually agreed	0
Total	49,350

Summary of ICA Technical Cooperation Program in Japan

I. ORIGIN OF THE PROGRAM

Lacking inherent strength, Japan's economy has nevertheless steadily improved since the end of World War II. Much of the improvement is attributable to the stimulus of United States expenditures during and since the Korean war and more recently to the extraordinary volume of world trade. From the economic standpoint these circumstances have been fortunate for Japan. They are, however, unpredictable as to extent and duration. Stripped of these uncertain benefits, Japan's economy continues to rest on a highly precarious footing.

About 80 percent of all essential food and raw materials must be imported. Given an inevitable future rise in domestic consumption, the volume of imports must increase. Hence greater exports are needed to assure an adequate volume of imports in future years. *Exports are handicapped, however, by the low productivity of Japan's industry,* estimated at barely 20 percent of levels prevailing in the United States. A lack of modernization in management, marketing, distribution, and labor practices is deterring the expansion of exports and depressing per capita income to about 15 percent of the United States level. In the long run higher exports, based on competitive pricing and quality standards, are needed to assure a viable economy.

While Japan's export trade is currently expanding, it is precariously based on the seller's market currently prevailing in world trade. Given a 10 percent decline in general world trade, Japan would face serious difficulties. Its industrial plant, obsolete by western standards, can compete only by a continuing depression of its per capita income.

Another significant factor is the gradual decline of foreign exchange receipts derived from the spending of United States and United Nation forces in Japan. These receipts, termed "special dollar earnings," constituted 25 percent of Japan's foreign exchange income in 1954 and 22 percent in 1955, but are expected to decline further.

In the face of this situation the *United States deemed it prudent in July of 1954 to establish a small USOM in Japan* in order to bolster the economy in such a manner that it might better survive a crisis. Two major lines of activity were chosen for adoption.

1. Technical cooperation to be offered Japan in the manifold branches of productivity.
2. Yen proceeds of sale of agricultural surpluses to be loaned to Japan at low interest rate on a long-term basis with a view to accelerating the development of major economic enterprises.

II. THE PRODUCTIVITY PROGRAM

The productivity program was formally initiated April 7, 1955, with an exchange of notes between Ambassador Allison and Foreign Minister Shigemitsu. The program is carried out by the USOM, representing ICA, in cooperation with the Japan Productivity Center, a private agency supported by Japanese industry and the Japanese Government.

Under the program, Japanese nationals are invited to visit the United States, with a few persons invited to participate in seminars and conferences in Asian countries and a very limited number of participants scheduled for special study in Europe (i. e., tourism). The fiscal year 1955 program provided for the sending of 101 persons while the fiscal year 1956 program has provided for 361 persons. These participants are organized into teams for the purpose of studying the latest American experience in such fields as management, marketing, construction, insurance, lumbering, materials handling, milk processing, plant pathology, 4-H Club extension work, etc. A special group of interpreters is on duty in the United States at all times to meet the incoming teams and to accompany them throughout their itinerary.

The productivity program is also encouraging closer relationships between American and Japanese universities. Thus far, one affiliation has been developed, involving the University of Michigan and Waseda University. Under this affiliation, arrangements have been made for 18 of the younger professors at Waseda to study and observe American practices in industrial management, marketing, engineering, etc. A second affiliation, involving Hokkaido University and the University of Massachusetts, is currently under consideration and it is expected that the President of the University of Massachusetts will visit Hokkaido this fall to initiate activities under an affiliation.

With ICA assistance, Japanese manufacturing association and management groups are inviting American experts to Japan to conduct seminars and to offer advice for short-term periods on specialized aspects of Japanese industrial development.

The productivity program in the current fiscal year, fiscal year 1957, is placing particular emphasis on extending the benefits of higher productivity to Japan's small business and labor groups. One outstanding achievement in this field has been a growing awareness of the Japanese labor movement of the value of long-term labor-management contracts. This awareness, derived in part from first-hand observation of American practices, is helping to correct the characteristic Japanese custom of having a wage and bonus struggle at least twice yearly.

III. CIVIL AVIATION PROGRAM

Owing to the fact that Japan's civil aviation is increasing, both on domestic and international routes, standards for safe navigation, pilot certification, and maintenance are beginning to pose a serious problem. Owing to the reliance, since 1945, by the Japanese on United States Air Force facilities and personnel, there is a shortage of skills in many aspects of civil aviation. To correct this deficiency, a program is now under way for the sending of Japanese technicians and administrators to study in the United States in cooperation with the CAA. A further objective of this program is to bring Japan's civil aviation into the United States "common system" and thereby help to render more uniform world standards of aviation safety.

IV. THIRD COUNTRY TRAINING PROGRAM

The USOM operates the ICA regional center for the purpose of coordinating the training in Japan of persons coming from other countries in free Asia. This Center was begun in fiscal 1954, before the establishment of USOM in Japan, and third-country training in Japan under its supervision has steadily increased and is proving a valuable supplement to training in the United States.

The program of bringing participants to Japan has the following objectives:

(1) Providing selected training opportunities for persons from free Asian countries in Japan where traditions, material standards, and techniques can be readily adapted to the countries from which the participants come.

(2) Strengthening the economic and cultural ties between Japan and other free nations in Asia, many of which still harbor World War II animosities against Japan.

The number of participants handled by the ICA regional center is as follows:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Participants	17	150	144
Man-months of training	60	371	447

Training opportunities in Japan were offered in such activities as the following: crop development, forest conservation, irrigation, farmers organization, fisheries, glassware manufacturing, flax and ramie processing, utilization of pyrite cincer, bicycle manufacture, handicraft industry, operation of Japanese railway equipment, public health nursing, vocational agricultural education.

Participants sent to Japan are selected under the sponsorship of the USOM's in the country of origin.

FLTurner:wch

(Revised: Sept. 10, 1956.)

AGRICULTURAL COMMODITY PROGRAMS

The United States Operations Mission to Japan, representing the ICA, is responsible for the planning, implementation, disbursing, reporting, and negotiating of certain phases of three programs involving the sale of durplus agricultural commodities to Japan, under the provisions of Public Law 480 of the 83d Congress.

First Public Law 480 Agreement—May 31, 1955

Following the enactment of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480, 83d Cong.), an agreement was concluded on May 31, 1955, with Japan under which the United States agreed to finance commodities valued at $85 million for export to Japan. These commodities are wheat, cotton, barley, rice, tobacco.

The yen proceeds from the sale in Japan of the surplus commodities are divided into two components. The first component, amounting to 30 percent (i. e. $25.5 million), is owned by the United States and may be used by the United States for (a) dependent housing for military forces, (b) the exchange of persons, (c) promotion of agricultural commodity markets, (d) USIS, (e) procurement in Japan for ICA programs outside of Japan. The second component, composed of 70 percent of the total proceeds (i. e., $59.5 million), is borrowed by the Japanese Government and is to be used for power development, agricultural improvement projects, and the improvement of productivity in Japan.

The terms of the agreement provide that Japan is to repay the 70 percent portion (i. e., $59.5 million) over a 40-year amortization schedule, with a 3-year moratorium on interest and principal at the outset. The repayments may be made either in dollars or in yen at the option of the Japanese Government. If repayment is in dollars, the interest rate is to be 3 percent; if repayment is in yen, the rate will increase to 4 percent. The content of the program is summarized below: (figures denote the United States dollar equivalent of yen expressed in millions).

United States requirements (financed with United States-owned yen)

[*Expressed in millions of United States dollars*]

Object	*Amoun*
United States Armed Forces dependent housing	17. 0
Purchase of goods and services in Japan for other friendly countries	5. 5
Sales promotion and market research concerning United States agricultural products	2. 0
Defrayal of expenses related to the international educational exchange activities between the United States and Japan	. 750
Finance USIS activities in Japan	. 250
Total	25. 5

Japanese requirements (financed with yen borrowed by Japan)

[In millions of dollars]

Object	*Amount*
Electric power development projects	50. 7
Land reclamation and irrigation	8. 4
Increase of productivity in Japan	. 4
Total	59. 5

Second Public Law 480 agreement—February 10, 1956

The second Public Law 480 agreement is similar in content to the first. The second agreement provides for the shipment of wheat, barley, corn, and other feed grain, cotton, tobacco (plus ocean transportation) valued at $65.8 million.

The yen proceeds derived from the sale of the above commodities are divided into two components, the first amounting to 25 percent ($16.4 million yen equivalent) which is allocated for United States Government agency use in Japan. The second, consisting of 75 percent of the total ($49.4 million yen equivalent), is loaned to the Japanese Government and is to be repaid in accordance with a 40-year amortization schedule. As in the case of the first agreement, a 3-year moratorium on interest and principal is provided. Repayments may be made at the option of the Japanese Government in either dollars or yen. If repayment is in dollars, the interest rate is 3 percent and if repayment is in yen, the rate will increase to 4 percent.

The loan program of the Japanese Government for the second Public Law 480 agreement and uses of the United States-owned yen are summarized in the following table:

United States requirements (financed with United States-owned yen expressed in United States dollars millions)

Object	Amount
1. To procure military equipment, material, facilities and services for the common defense (reserved for dependent housing)	8.0
2. To finance the purchase of goods or services for other countries	5.5
3. To help develop new markets for United States agricultural commodities on a mutually benefiting basis	1.3
4. To finance international educational exchange activities	1.3
5. To pay United States obligations in Japan	.3
Total	16.4

Japanese requirements (financed with yen borrowed by Japan)

[Expressed in millions of United States dollars]

Object	Amount
Aichi Irrigation Public Corp	$11.7
Agricultural Land Development Machinery Corp	4.6
Mechanical land reclamation	0.5
Development of forestry, livestock products, port and storage facilities, fertilizer for domestic use, and domestic beet-sugar industry	11.5
Japan Productivity Center	2.8
Electric Power Development Co	21.9
Total	49.4

School-lunch program, February 15, 1956

The school-lunch program is expected to continue for a 4-year period. During the first year, the United States has agreed to furnish 100,000 tons of wheat and 7,500,000 tons of dried milk, valued at a total of $15 million. At the same time the Japanese Government has agreed to furnish 85,000 tons of wheat and 12,000 tons of dried milk. The combined United States and Japanese contributions will permit the extension of a school-lunch program to 7,453,000 children, or approximately 80 percent more than were being covered prior to the present agreement.

It is understood that over the 4-year program, the United States contribution will decline and that the Japanese contribution will rise so that a constant level will be maintained and so that by the fifth year of the program the United States contribution will be discontinued entirely.

Shipments under the agreement are expected to begin in the fall of 1956 against transfer authorizations already issued by the International Cooperation Administration.

Future Public Law 480 programs

The United States and Japanese Governments are currently considering the possibility of a third loan agreement under the provisions of Public Law 480.

USOM:FLT:wch

(Revised; September 10, 1956)

KOREA

The magnitude of the United States assistance effort, both past and present, in this tiny land must be seen by one in order to properly evaluate it. South Korea, which is about the size of the State of Minnesota, suffered heavy damages at the hands of Red invaders during the period of the Korean war. The American people have paid dearly in their efforts to drive off the invaders and in reconstructing and rehabilitating the economy of the country. Yet I doubt that the economy of South Korea has ever been in a more healthy state than at present.

During the fiscal years 1954, 1955, and 1956, a total of $780.3 million in United States dollar assistance was actually spent here. During this same period, this aid generated a total of $144.5 million in counterpart funds, which funds were spent during the same period.

As of June 30, 1956, unobligated balances in the Korean accounts totaled $697,000 plus over $86 million in counterpart funds. Un-

expended balance as of June 30, 1956, in dollars was $344,229,000 with a total of an additional $86 million in counterpart equivalent.

Allocations from the fiscal year 1957 Mutual Security appropriation aggregate ——— which amount will generate an exact equivalent in local currency funds.

In other words, during fiscal 1957, there will be available for expenditure in this tiny land a total of ——— in dollars alone. At the time of my visit, our planners propose to spend ——— during fiscal 1957. If this program is actually implemented as proposed, the end of the 1957 fiscal year will find an unexpended balance of ——— on hand in Korea.

Assuming that the full ——— proposed to be spent is actually spent during fiscal year 1957, United States direct dollar assistance to the Republic of Korea from the beginning of fiscal year 1954 through fiscal year 1957 will have aggregated something over a ———. In addition to this amount in dollars, counterpart funds generated and spent will aggregate ——— in dollar equivalent.

At the time of my visit, a host of technicians were employed in this country. It might be truthfully said that between the United States civilian employees and our troops, the countryside was alive with Americans. ICA employees in Korea totaled 988 technicians plus 1,944 contract employees, a total of nearly 3,000 civilian employees. Of this number, 399 are Americans, the remaining 2,533 are locals.

Reference to the attached exhibits will demonstrate that the United States has a hand in and is deeply involved financially in all of the Korean economy. I would not hesitate to say that ——— except that while our country continues to "pick up the tab," it is my considered judgment that the Government of the Republic of Korea has frequently shown an extremely uncooperative attitude toward our efforts to be of help. I shall refer to this specifically later in this report.

I desire to particularly direct the attention of the committee to the documents entitled "ICA/FOA Capital Investment Programs" in Korea, fiscal year 1954, fiscal year 1955, fiscal year 1956, which I have attached.

Reference to this exhibit demonstrates that since 1954, our country has actually spent a grand total of $214,554,690 in dollar expenditures plus $152,889,632 in counterpart equivalent on a variety of capital-improvement programs in this country. Compared with this amount, the Government of Korea has spent only $84,620,826 for the same purposes.

With reference to grand totals, it will be seen that our total contributions in the various fields of endeavor embraced within the report referred to have totaled (including counterpart funds):

Transportation	$96,174,000 or 92.5 percent of the total
Communications	$22,999,530 or 97.5 percent of the total
Public works	$50,439,095 or 86.8 percent of the total
Power development	$55,041,749 or 97.5 percent of the total
Agriculture	$38,181,250 or 56.2 percent of the total
Public health	$4,491,000 or 100 percent of the total
Public safety	$1,355,000 or 100 percent of the total
Social affairs	$4,488,000 or 36.9 percent of the total
Manufacturing and processing	$63,353,900 or 94.4 percent of the total
Mining	$1,150,000 or 100 percent of the total
Fisheries	$1,200,000 or 85 percent of the total
Education	$8,580,798 or 97.2 percent of the total

Under these various headings, our planners have undertaken programs involving every conceivable project, the following are illustrative:

TRANSPORTATION

One million, two hundred thousand dollars to partially restore 4 engine houses and 2 back shops of the Korean National Railroad; $190,000 to restore 26 war-damaged locomotive watering installations along the Korean National Railroad; roughly $100,000 for engine replacement and restoration; $549,632 to construct a prestressed concrete plant in order to permit the Korean National Railroad to manufacture concrete railway ties; $210,000 to improve the streetcar systems in Seoul and Pusan; $18 million to construct a railway to link the largest coal-mining area in Korea with the central system of the Korean National Railroad; $1 million to rebuild railroad warehouse buildings; $1.4 million to procure coal, tar, pitch, and so forth, to provide a basic material for the Korean National Railroad to manufacture coal briquettes for use in their locomotives; $2.4 million to purchase used passenger coaches; $3.7 million to repair 554 steam locomotives and 8,908 pieces of rolling stock; $1.9 million to purchase 9 to 12 new passenger coaches; $11.4 million to purchase 825 boxcars, 565 gondolas, and 50 coal-hopper cars; $389,000 to purchase creosote to treat cross ties; $4 million to finish the railroad line from the coalfield referred to earlier; $2.3 million to rebuild the Han River bridge; $410,000 to purchase 15 used steam locomotives; $1.7 million to purchase cargo-handling equipment; $8.6 million to purchase 8 cargo vessels in order to replace "uneconomical" units of the Korean maritime fleet; $235,000 to modernize a shipyard near Inchon; another $364,000 to modernize another shipyard near Pango-jin, T'chang; $2.3 million to procure 42 prefabricated steel warehouses to be erected in 9 Korean ports; $1.6 million to repair and modernize marine navigational aids along the coast of Korea; $20.7 million to rehabilitate 52 Korean ports; $1.3 million to purchase 89 streetcars and to rehabilitate 56 others; $7.3 million to provide machine tools and other equipment for the expansion of the Pusan Iron Works, and $7.3 million to procure fishing vessels.

Further details concerning projects will not be enumerated here; however, they may be obtained from the attached data.

COMMUNICATIONS

In this area, we have underway, among other things, programs involving $780,000 to purchase telephone poles; $4.7 million to rehabilitate and expand telephone facilities in Seoul; $4 million to rehabilitate a telephone cable plant in Seoul; $1.2 million to rehabilitate the national police communication system; and, among other things, replacement of the telephone central office in Masan, rehabilitation of the manual switchboard at Taejon, and the rehabilitation of the Korean Ministry of Communications school for training communications technicians and specialists.

Also proposed and underway are projects to rehabilitate and restore the domestic radio telegram system within Korea, to rehabilitate major telephone toll centers; to reactivate six coastal radio stations for the marine radio service; to connect vital industrial cities and ports to the coal centers referred to earlier; to rehabilitate various secondary

toll centers now that the major telephone central offices have been rehabilitated and connected; and to create a weather, press broadcast, and monitoring network in Seoul in order to "reestablish radio facilities for dissemination of weather and press information and for monitoring Korean radio stations which are controlled and regulated by the Ministry of Communications."

PUBLIC WORKS

In this area we have undertaken to reconstruct and rehabilitate city water plants throughout Korea (estimated total cost something over $16 million); pave streets and highways throughout major cities and Provinces; rehabilitate drainage structures throughout 32 major cities in Korea; rehabilitate and reconstruct highway bridges throughout the country; rebuild the Korean National Prison; reconstruct the Government buildings of the Republic of Korea in Seoul to provide more space for offices, industrial exhibits, the national police, library, post offices, and telephone central facilities (total cost $1.1 million with United States contributing 100 percent); construct a maintenance and repair shop in order to properly maintain and repair some $2.5 million worth of heavy equipment and vehicles which will be utilized in the reconstruction of roads and bridges throughout South Korea (needless to say we also provided the heavy equipment and vehicles); rehabilitation of Korean city and Provincial buildings in order to provide offices for city and Provincial officials (total cost $750,500 with Korea contributing $150,000 in labor); rehabilitated a number of thermal and electrical power stations and transmitters including $4.5 million to rehabilitate the overall electrical power-transmission system in Korea, $2.1 million to rehabilitate 2 thermal powerplant substations; $3.1 million for rehabilitation of the Chongpoing Dam; and a complete reconstruction and new construction of numerous thermal power, transmission, and similar facilities in Korea at a total cost of $34.9 million, with the United States contributions averaging out something over 90 percent.

One of the facilities which we undertook to rehabilitate was the Hwachon Dam, at a total cost of something over $83 million. This represented approximately 97 percent of the total construction cost. I visited this facility, and the engineer in charge (an employee of an American contracting firm) indicated that he felt sure that the project could be self-liquidating if only adequate charges for the use of electricity were levied by the Government. However, since the Korean National Assembly has reserved to itself all ratemaking functions, the entire rate structure has become involved in local politics. The net effect is that instead of levying adequate charges—charges which would permit the amortization of the cost of these facilities over a reasonable period of time—the Government of Korea continues to look to the United States for continued economic support. As a matter of fact, at the time of my visit, it appeared that the Government of Korean was attempting to shift the blame for delay to our shoulders, since they are claiming that our armed services—which are stationed here in order to protect the Republic of Korea from another attack from the north—were not paying their electric bills on time. In other words, although we have for all practical purposes built for the Government of Korea its entire electrical generating and transmission system, the Government is now raising as a barrier to adequate rate charges,

the fact that the United States has not paid for consumption of electricity by its military forces. It is my considered judgment that this situation will never be completely rectified unless our officials in Korea make it known to the local government that unless and until they decide to charge adequate rates for the power, we shall refuse to provide one thin dime further in assistance. The same should be true as to transportation, which we subsidized to the tune of $27,210,000 during the last fiscal year.

The attached exhibits will demonstrate that in the fields of power development and transmission, the United States has borne and continues to bear not only the burden of extending technical assistance to the Government of Korea but also constructing, maintaining, and training technicians for the operation of these facilities.

AGRICULTURE

In this area, we have built farm soil testing service stations, complete agricultural research facilities, dams and levees in order to protect rice paddies and villages; irrigation systems in order to increase the Korean production of rice; veterinary and livestock facilities throughout the country; 70 seed-fumigation plants; approximately 900 rural warehouses in order to store farm produce and equipment; and have undertaken a complete forestry development program including reforestation, forest erosion control work, stream improvement work, forest protection and forest management in designated forest areas in all Provinces of Korea. This last project alone has cost something over $9 million.

PUBLIC HEALTH

In this area, we have constructed wells and sanitary facilities in all Provinces and in Seoul; we have rebuilt and remodeled hospital facilities throughout Korea; in doing this, while the costs are small, it should be noted that we have contributed 100 percent of the total of hospital rehabilitation and construction and 100 percent of the total of constructing wells and sanitary facilities.

SOCIAL AFFAIRS

We have undertaken a $12 million resettlement project under which we propose to reestablish and resettle refugees and persons displaced as a result of war.

MANUFACTURING AND PROCESSING

I do not intend to outline in detail the scope of this program. The number and types of plants constructed and/or rehabilitated are outlined in the attached exhibits. Suffice it to say, that they include fertilizer plants, sulfuric acid and aluminium sulphate plants, rubber tire and tube plants, rubber reclamation plants, insecticide and pesticide plants, pharmaceutical plants, flour mills, starch plants, plastic plants (in order to produce toothbrushes, rice bowls, glasses, combs, etc.) aluminum sheeting plants, a paint plant, clothing factories, asbestos plants, a leather plant, a leather processing and shoe manufacturing plant, a book printing plant, a three-wheeled-truck plant, a glass container plant, a plant to manufacture the material

which provides hardness for rubber, a ball-bearing plant, silk textile plants, auto spare-parts plant, a marble plant, iron stone crushing plant, agar-agar plants, paper mills, small industrial processing plants, and others.

My report last year noted that the great majority of manufacturing enterprises constructed under our aid program were being operated by the Government of Korea. At that time, I commented that it was unfortunate that, while preaching democracy and free enterprise, we were, in fact, fostering socialism in Korea. I was particularly pleased to note that at the time of my visit in 1956, the vast majority of the manufacturing enterprises which formerly were Japanese property and which had been rehabilitated under the aid program had been turned over to private industry. In this connection, I expressed an interest in obtaining the terms under which these transfers took place. I have requested this information from both the International Cooperation Administration in Seoul and the General Accounting Office through its representatives in South Korea. As soon as it is made available, I shall file it with the committee.

During my stay in Korea, I visited the Hung Ah Tire Co., Ltd., in Pusan. This is a facility which was originally built by the Japanese but which was rehabilitated under the American aid program. The president of this firm indicated to me that his problem is to win customers. In addition, he fears that a shortage of operating funds and a lack of technical knowledge may hamper his success.

I also visited one of the chemical plants we constructed here and a number of port facilities. I noted that the port was crammed with goods obtained from the United States, and I was not able to find one item which originated in a foreign country other than a few purchased with American aid funds. Goods are flowing in to bolster the economy of Korea. It would appear, from the materials I saw on the docks, that our planners contemplate United States assistance for the Republic of Korea for many more years.

As I stated last year, our allies are helping very little in Korea. We have undertaken and are doing almost the whole job.

In addition, the United States is in complete supervisory control of the port facilities since there are no Koreans who are competent to operate it. True, we are in the process of training a host of local employees in order to fulfill these tasks, but the process is a long and tedious one.

I was particularly alarmed to note that while we are building a number of manufacturing facilities in the Republic of Korea, there is very little in the way of natural resources available to supply raw materials for these plants. For example, we are building flour mills in order to convince the people of Korea that bread is a suitable substitute for rice in their diet. It is hoped that by so doing, the consumption of rice in Korea can be reduced, thus making rice available for export. Ignoring the fact that Korea is thus being placed in the position to compete in Far Eastern markets which our own rice industry would desire to obtain, it must be realized that Korea produces no wheat. Thus, after constructing the flour mills we shall be obligated to either subsidize the importation of wheat into this country or give it to the Republic of Korea. Consequently, it will be necessary for our aid to continue ad infinitum.

The same is true with respect to cotton textiles, for we are rebuilding, in fact have built, a number of textile mills here without a thought

of the fact that no cotton is produced in Korea. Of course, it is the view of our officials that Korea will be able to purchase these basic raw materials under the Surplus Disposal Act (Public Law 480). This ignores the fact that there is no assurance that Public Law 480 will remain on the statute books for any definite period of time.

Many phases of our effort here boil down to placing the United States in a position where once the capital improvement program in Korea is completed, we will be compelled to provide enough raw materials in order to permit these facilities to operate. Since Japan is fast coming back into the manufacturing picture in the Far East, it is not farfetched to assume that the day will soon come when the United States may be obligated to not only provide raw materials in order to operate the plants which we have constructed, but to also provide markets for the goods which are made there.

In this connection, during my interview with President Rhee, I stressed to him the necessity for his Government to undertake a "buy at home program"—in other words, a program designed to convince the people of his country that the goods manufactured there are deserving of their patronage. I cited the tire plant as a case in point. Unless Koreans buy Korean made goods, many of the factories will have to close or else foreign markets will have to be tapped.

I also suggested to President Rhee that he intervene and undertake to have the legislature increase public utility rates (telephone, telegraph, electric, and transportation) in order to amortize the cost of and pay for operating investments which we have undertaken in this country. I said to him that public utilities involved one area where Korea could certainly afford to carry a bigger portion of the burden. His only answer was that the United States Army did not settle its bills promptly.

Since our military effort in Korea is of such tremendous magnitude, I was not able to delve deeply into its operation. However, it should be noted that we have constructed fine barracks for practically all armed services, both American and Korean, and these are more or less permanent facilities. I was not able to obtain an estimate of the cost but I feel sure that it was substantial. I was informed however that during the 1956 fiscal year, the Republic of Korea allocated 51 percent of its entire budget for support of its military forces. Of this amount however, roughly 25.6 percent consisted of counterpart funds generated under our aid program. For the last 6 months of 1956, 54 percent of the Korean budget was devoted to the military with some 22 percent of this amount consisting of counterpart funds generated under our aid program and the remainder from the Republic of Korea Treasury. This latter figure, compared with the prior one, offers some encouragement and I hope it continues. I have not attempted to show our expenditures in the military field before and after the armistice. I can assure the committee that the figures stagger the imagination!

The Information Service in Korea received $310,118 for fiscal year 1956. This amount was increased to $420,600 for 1957. (See attached exhibit.) This increase appears to be completely unwarranted, if, as our officials have maintained, the people of Korea are truly staunch and loyal allies. Certainly, if the Koreans are staunch and unwavering friends of the free world, it is inconsistent that there be

increased budgets for propaganda purposes. Therefore, I urge that the amount provided for fiscal year 1958 be considerably reduced.

Summary of operations of International Cooperation Administration (formerly Foreign Operations Administration)

[In thousands of dollars]

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956	Fiscal year 1957 (estimated)	Total
(*a*) Total expenditures:					
United States funds (counterpart funds generated) [1]	$182,465	$254,900	$342,903	(Deleted)	(Deleted)
United States funds (no counterpart funds generated) [2]					
Counterpart funds (in equivalent United States dollars)	9,254	45,931	89,244	(Deleted)	(Deleted)
Local government contributions (in equivalent United States dollars) [3]					
				Unobligated	Unexpended
(*b*) Balances as of June 30, 1956:					
United States funds [4]				$697	$344,229
Counterpart funds (in equivalent United States dollars)				[5] 86,016	86,016
(*c*) New allocations (tentative) from fiscal year 1957:					
Foreign aid appropriation:					
United States funds				(Deleted)	(Deleted)
Counterpart funds (in equivalent United States dollars)				(Deleted)	(Deleted)
(*d*) Total amounts available for obligation and expenditure in fiscal year 1957:					
United States funds				(Deleted)	(Deleted)
Counterpart funds (in equivalent United States dollars)				(Deleted)	(Deleted)

[1] These data are program figures which include deobligations in earlier years and reobligations in fiscal year 1956. Similar data on program, obligations, contracts, and arrivals are shown in a separate statement attached.
[2] All aid generates counterpart (Includes sec. 402, Public Law 480).
[3] Data not presently available, now being compiled.
[4] All years.
[5] Represents amounts billed from notification of paid shipments report.

4. Number of ICA employees.

	Locals	United States	Total
(a) Technicians:			
1. United States employed	795	193	988
2. Contract employees	1,738	206	1,944
(b) Others			
Total	2,533	399	2,932

FOREIGN MILITARY AID PROGRAM

(A) Furnish for each fiscal year, from the start of the program to and including fiscal year 1957, the following information:

(1) Amounts spent for hardware (including direct United States shipments and offshore procurement.)

(2) Amounts spent for direct forces support.

(3) Percent of host country's total budget used for military purposes.[1]

Arrangements have been made with Senator Ellender's office in Washington to supply information on military aid directly to that office by the Department of Defense.

The above data can be obtained from PROVMAAG.

See attached.

EXHIBIT B

OFFICE OF THE ECONOMIC COORDINATOR FOR KOREA

ICA/FOA CAPITAL INVESTMENT PROGRAMS IN KOREA—FISCAL YEAR 1954, FISCAL YEAR 1955, FISCAL YEAR 1956

(Including appropriated and counterpart funds)

Summary of fiscal year 1954, fiscal year 1955 and fiscal year 1956 FOA/ICA capita investment programs (involving appropriated (A) and counterpart (C) funds)

Activity	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956	Total United States	Total country
Transportation:					
(A)	$33,550,600	$14,587,300	$4,013,500	$52,151,400	
(C)	1,541,000	13,599,100	28,882,500	44,022,600	
Total	35,091,600	28,186,400	32,896,000	96,174,000	$17,701,100
Percent of total				92.5	7.5
Communications:					
(A)	$6,242,000	$5,875,000	$3,897,000	$16,014,000	
(C)		162,792	6,822,738	6,985,530	
Total	6,242,000	6,037,792	10,719,738	22,999,530	$622,300
Percent of total				97.5	2.5
Public Works:					
(A)	$8,425,600	$5,806,690	$1,986,000	$16,218,290	
(C)	13,818,700	15,876,505	4,525,600	34,220,805	
Total	22,244,300	21,683,195	6,511,600	50,439,095	$7,664,825
Percent of total				86.8	13.2
Power:					
(A)	$32,437,000	$7,273,000	$8,101,000	$47,811,000	
(C)	2,467,499	2,120,600	2,642,650	7,230,749	
Total	34,904,499	9,393,600	10,743,650	55,041,749	$1,364,851
Percent of total				97.5	2.5

[1] Indicate whether amount allocated for military purposes is for strictly military purposes, or include pensions, counterpart funds, etc. If latter, indicate approximate proportion.

Summary of fiscal year 1954, fiscal year 1955 and fiscal year 1956 FOA/ICA capital investment programs (involving appropriated (A) and counterpart (C) funds)—Continued

Activity	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956	Total United States	Total country
Agriculture:					
(A)	$1,000,000	$7,040,000	$6,000,000	$14,040,000	
(C)		17,574,000	26,567,250	44,141,250	
Total	1,000,000	24,614,000	32,567,250	58,181,250	$45,360,750
Percent of total				56.2	43.8
Public Health:					
(A)		$700,000	$1,500,000	$2,200,000	
(C)		700,000	1,591,000	2,291,000	
Total		1,400,000	3,091,000	4,491,000	
Percent of total				100	
Public Safety:					
(A)		$500,000	$500,000	$1,000,000	
(C)		200,000	155,000	355,000	
Total		700,000	655,000	1,355,000	
Percent of total				100	
Social affairs:					
(A)		$3,525,000	$500,000	$4,025,000	
(C)		423.000	40,000	463,000	
Total		3,948,000	540,000	4,488,000	$7,675,000
Percent of total				36.9	63.1
Manufacturing and processing:					
(A)	$23,890,000	$9,004,000	$22,000,000	$54,894,000	
(C)		413,900	8,046,000	8,459,900	
Total	23,890,000	9,417,900	30,046,000	63,353,900	$3,770,000
Percent of total				94.4	5.6
Mining:					
(A)			$1,050,000	$1,050,000	
(C)			100,000	100,000	
Total			1,150,000	1,150,000	
Percent of total				100	
Fisheries:					
(A)			$1,000,000	$1,000,000	
(C)			200,000	200,000	
Total			1,200,000	1,200,000	$212,000
Percent of total				85.0	15.0
Education:					
(A)		$551,000	$3,600,000	$4,151,000	
(C)			4,429,798	4,429,798	
Total		551,000	8,029,798	8,580,798	$250,000
Percent of total				97.2	2.8
Grand totals of all activity fields:					
(A)	$105,545,200	$54,861,990	$54,147,500	$214,554,690	
(C)	17,827,199	51,069,897	84,002,536	152,899,632	
(A+C)	123,372,399	105,931,887	138,150,036	367,454,322	$84,620,826
Total United States percent of total				81.3	
Total country percent of total					18.7

(A) Appropriated funds or acquisition cost.
(C) Counterpart cost in dollars.

Transportation Branch

1. Project title: Railroad backshops, building materials.
   Type: Transportation.
   Location: Seoul, Suwon, Iri, Chonju, Inch'on KNR stations.
2. Benefits: Provides for partial restoration of 4 engine houses and 2 backshops of KNR.

3. Estimated total cost: $1,260,410 (estimated).
4. United States contribution in percent: 99.5 percent:

	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Dollar		$139,860	$465,000	$120,000
(b) Counterpart			176,766	352,784

5. Local contribution in percent: 0.5 percent:

	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Supervisory engineering	$2,000		$1,000	$3,000

6. Engineer costs: $6,000 (included in local labor costs).
7. Status: Steel items on 54 program delayed by defaulted contracts. As of September 30 arrivals in Korea 54 percent complete, installation 6 percent complete on fiscal year 54 project. Total project all fiscal years: 13 percent arrivals, 1 percent installation.
8. Estimated completion date: June 30, 1957.

Transportation Branch

1. Project tile: Railway rehabilitation watering installations.
   Type: Transportation.
   Location: Various water installations along the KNR.
2. Benefits: Provides for the restoration of 26 war damaged locomotive watering installations along the KNR, essential to steam operations.
3. Estimated total cost: $190,490 (estimated).
4. United States contribution in percent: 98.4 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$64,437	$50,000	
(b) Counterpart		56,853	$16,200

5. Local contribution in percent: 1.6 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Supervisory engineering	$1,200	$1,300	$500

6. Engineering costs: $3,000 (included in local labor costs).
7. Status: All materials arrived and installed on fiscal year project completed July 1955.
8. Estimated completion date: December 31, 1956.

Transportation Branch

1. Project title: Rehabilitation of rail cars.
   Type: Transportation.
   Location: KNR shop.
2. Benefits: Provides for engine replacement and restoration to service of 6 self-propelled rail cars needed in both branch and main-line passenger service. Each rail car mentioned will be assigned to service in such a way that 1½ locomotives and 1 passenger car will be released to other service.
3. Estimated total cost: $99,744 (estimated).

4. United States contribution in percent: 98.1 percent:

	Fiscal year 1956
(a) Dollar	$90,000
(b) Counterpart	7,844

5. Local contribution in percent: 1.9 percent:

	Fiscal year 1956
(a) Labor	$1,400
(b) Supervisory engineering	500

6. Engineering costs: $10,500 (included in local labor costs) ($10,000 United States, $500 local).
7. Status: PPA submitted ICA/W.
8. Estimated completion date: September 30, 1956.

TRANSPORTATION BRANCH

1. Project title: Prestressed concrete plant.
   Type: Transportation (small enterprises).
   Location: Taejon.
2. Benefits: Plant will enable KNR to manufacture prestressed concrete ties and other products from cement produced in Korea reducing the annual expenditure of foreign exchange on imported wooden crossties. This project will greatly improve the self-sufficiency of rail transportation in Korea by reducing dependence on imported supplies.
3. Estimated total cost: $549,632 (estimated).
4. United States contribution in percent: 100 percent:

	Fiscal year 1956
(a) Dollar	$500,000
(b) Counterpart	49,632

5. Local contribution in percent: 0 percent. (See remarks.)
6. Engineering costs: $15,000 (United States) (included in local labor costs).
7. Status: Project submitted to OEC.
8. Estimated completion date: July 31, 1956.
   Remarks: Operation costs after installation of equipment will be paid by ROK from local funds.

TRANSPORTATION BRANCH

1. Project title: Rehabilitation of Seoul and Pusan streetcar system (rectifiers).
   Type: Transportation.
   Location: Seoul and Pusan.
2. Benefits: Provides 2 new rectifiers 1 each for Seoul and Pusan streetcar systems. This will replace one war damaged rectifier in Seoul and provide an additional rectifier for Pusan to allow for extension of the street railway system in this overcrowded city.
3. Estimated total cost: $210,000 (est.)
4. United States contribution in percent: 85 percent:

	Fiscal year 1955
Dollar	$178,500

5. Local contribution in percent: 15 percent:

Cash contribution	$31,500

6. Engineering costs: $2,000 (local) (included in local labor costs).
7. Status: PA issued. Bids received and evaluated. Contract will be concluded by OSROK in near future.
8. Estimated completion date: July 31, 1956.

TRANSPORTATION BRANCH

1. Project title: Railway construction (Naesong-Ch'oram and Songhak-Yongwol).
   Type: Transportation.
   Location: Yongam Line (KNR) from Naesong to Ch'oran; and Yongwol Line (KNR) from Songhak to Yongwol.
2. Benefits: Provide rail connection between largest coal mining area in Korea and central system of KNR. This rail connection will allow for expansion of mine capacity. Present limited capacity of water shipment port for coal-handling has prevented full utilization of Korean coal resources.
3. Estimated total cost: $18,103,705 (estimated).

4. United States contribution in percent: 99.1 percent:

	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Dollar		$2,924,182	$2,803,000	
(b) Counterpart			8,034,123	$4,185,400

5. Local contribution in percent: 0.9 percent:

	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Supervisory engineering	$100,000	$50,000	$4,000	$3,000

6. Engineering costs: $927,000. Included in local labor costs. ($157,000 local, $770,000 United States.
7. Status: As of September 30, arrivals 52 percent, installation 77 percent complete.
8. Estimated completion date: Limited operation: December 31, 1955; full completion: February 15, 1956.

Transportation

1. Project title: Railway station warehouses.
   Type: Transportation.
   Location: Principal stations on KNR outside Pusan Perimeter.
2. Benefits: Provides miscellaneous construction materials for rebuilding some 30 KNR warehouse buidings (total storage space of approximately 25,000 square meters) which were destroyed during war.
3. Estimated total cost: $1,065,149 (estimated.).
4. United States contribution in percent: 99.7 percent:

	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Dollar		$499,000		
(b) Counterpart			$407,949	$155,200

5. Local contribution in percent: 0.3 percent:

	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Supervisory engineering	$2,000			$1,000

6. Engineering costs: $3,000 (local). Included in local labor costs.
7. Status: 58 percent arrival of materials, 7 percent installation as of September 30.
8. Estimated completion date: June 30, 1956.

Transportation Branch

1. Project title: Procurement of coal tar pitch.
   Type: Transportation (maintenance of civilian supply).
2. Benefits: Coal-tar pitch and petroleum coke on this project will be used in production of coal briquets for the KNR, utilizing coal produced in Korea. Will provide large savings in imported coal.
3. Estimated total cost: $1,406,000.
4. United States contribution in percent: 100 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$600,000	
(b) Counterpart		$806,000

5. Local contribution in percent: None. See Remarks.
6. Engineering costs: None.
7. Status: PA issued. Invitation to bid will be issued by OSROK in near future.
8. Estimated completion date: June 30, 1956.
   Remarks: KNR will provide the Korean coal for briquets.

TRANSPORTATION BRANCH

1. Project title: Used passenger coaches.
   Type: Transportation.
   Location: KNR.
2. Benefits: Provides for replacement of some of war-destroyed KNR passenger equipment badly needed to relieve overcrowded, unsafe conditions on railway.
3. Estimated total cost: $2,444,000.
4. United States contribution in percent: 100 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$1,800,000	$500,000
(b) Counterpart		144,000

5. Local contribution in percent: None.
6. Engineering costs: $15,000 (United States). Included in local labor costs.
7. Status: Joint ROK–ICA/W team in the United States now surveying available cars under 1955 program. Project proposal for 1956 has been forwarded to Washington for similar equipment.
8. Estimated completion date: June 30, 1956.

TRANSPORTATION BRANCH

1. Project title: Locomotive headlight equipment.
   Type: Transportation.
   Location: KNR shops.
2. Benefits: Provides necessary materials for equipping approximately 205 locomotives with headlights for night operation.
3. Estimated total cost: $213,097.
4. United States contribution in percent: 88.3 percent:

	Fiscal year 1954	Fiscal year 1955
(a) Dollar	$179,000	
(b) Counterpart		$9,097

5. Local contribution in percent: 11.7 percent:

	Fiscal year 1954	Fiscal year 1955
(a) Labor		$5,000
(b) Materials		20,000

6. Engineering costs: $200 (local). Included in local labor costs.
7. Status: All materials arrived by March 31, 1955. Installation 100 percent complete as of September 30.
8. Estimated completion date: Complete.
   Remarks: Local contribution is a part of the KNR operating budget.

TRANSPORTATION BRANCH

1. Project title: Locomotive and rolling stock repair supplies.
   Type: Transportation.
   Location: Seoul, Yongdong-p'o, Pusan, and Inch'on backshops.
2. Benefits: Provides materials and new parts to repair war damage and effect long delayed normal maintenance on approximately 554 steam locomotives and 8,908 pieces of rolling stock of Korean National Railway.

3. Estimated total cost: $3,774,330 (estimated).
4. United States contribution in percent: 68.2 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$2,041,000	$64,000	
(b) Counterpart		443,194	$26,136

5. Local contribution in percent: 31.8 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Labor		$800,000	$400,000

6. Engineering costs: $200,000 (local). Included in local labor costs.
7. Status: Materials 99 percent arrived, 85 percent installed on fiscal year 1954 project as of September 30. Total project all fiscal years: 96 percent arrivals, 82 percent installation.
8. Estimated completion date: December 31, 1955.
   Remarks: Local contribution is a part of the KNR operating budget.

TRANSPORTATION BRANCH

1. Project title: Mukho Coal-Handling facilities rehabilitation.
   Type: Transportation.
   Location: Mukho Port.
2. Benefits: Provides for the restoration of the second belt of the coal conveyor at Mukho, as well as for the procurement of some light locomotives and coal cars for coal handling in port area. Mukho serves main coal region of Korea.
3. Estimated total cost: $129,516 (estimated).
4. United States contribution in percent: 100 percent.

	Fiscal year 1954	Fiscal year 1955
(a) Dollar	$110,000	
(b) Counterpart		$19,516

5. Local contribution in percent: 0 percent.
6. Engineering costs: $2,000 (United States). Included in local labor costs.
7. Status: All materials arrived by end of January 1955, except two weightometers. These arrived in July 1955. Installation 93 percent complete (weightometers have not been installed) as of September 30 both belts of conveyor have been in operation since April 1955 without these devices and without interruption.
8. Estimated completion date: December 30, 1955.

TRANSPORTATION BRANCH

1. Project title: Passenger coaches
   Type: Transportation
   Location: Korean National Railway
2. Benefits: Provides 9 to 12 new passenger coaches to supplement badly overcrowded passenger equipment on the Korean National Railway
3. Estimated total cost: $1,860,000 (estimated)
4. United States contribution in percent: 100 percent

	Fiscal year 1954	Fiscal year 1956
(a) Dollar	$1,810,000	
(b) Counterpart		$50,000

5. Local contribution in percent: 0 percent
6. Engineering costs: $50,000 (United States). Included in local labor costs.
7. Status: Procurement action being taken by Department of the Army. Four second-class and 5 third-class coaches will be shipped in second quarter of calendar year 1956.
8. Estimated completion date: June 30, 1956

TRANSPORTATION BRANCH

1. Project title: Standard gage freight cars.
   Type: Transportation.
   Location: Korean National Railway.
2. Benefits: Provides for the procurement of 825 boxcars, 565 gondolas, and 50 coal-hopper cars to supplement the inadequate rolling stock of the Korean National Railway.
3. Estimated total cost: $11,410,557 (estimated).
4. United States contribution in percent: 100 percent:

	Fiscal year 1954	Fiscal year 1955
(a) Dollar	$10,470,000	
(b) Counterpart		$940,557

5. Local contribution in percent: 0 percent—See Remarks.
6. Engineering costs: $200,000 (United States). Included in local labor costs.
7. Status: Car components received between September 1954 and April 1955. Erection started October 1954 completed June 1955. All cars in service.
8. Estimated completion date: Completed.
   Remarks: Republic of Korea Army provided labor for erection of cars but special funding not involved.

TRANSPORTATION BRANCH

1. Project title: Procurement of creosote.
   Type: Transportation (maintenance of civilian supply).
   Location: Utilized by Korea Timber Industry Co.'s plant, Pusan.
2. Benefits: Provides creosote for treating crossties and other lumber projects needed by the Korea National Railway for rehabilitation and maintenance.
3. Estimated total cost: $389,325 (estimated).
4. United States contribution in percent: 100 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$181,496		$200,000
(b) Counterpart		$4,629	3,200

5. Local contribution in percent: None. See Remarks.
6. Engineering costs: $1,000 (United States). Included in local labor costs.
7. Status: Arrivals against fiscal year 1954 100 percent complete in December 1954. Utilization delayed by nonarrival of crossties in Korea. Ties began arriving in July. Utilization of creosote (fiscal year 1954) 62 percent as of September 30. PA issued against the 1956 project.
8. Estimated completion date: Fiscal year 1954 creosote will be completely utilized by December 31, 1955. Fiscal year 1956 creosote will be completely utilized by December 31, 1956.
   Remarks: Included against the imported untreated railway tie projects.

TRANSPORTATION BRANCH

1. Project title: Railway construction (fiscal year 1956).
   Type: Transportation.
   Location: Yongwol-Hambaik, Ch'ungju-Pongyang, Chomuch'on-Andong.
2. Benefits: The Yongwol-Hambaik rail extension is the last section of a rail line projected from Chech'on to the rich Hambaik coalfields. This will imme-

diately provide a near source of coal for the Yongwol powerplant, the largest in Korea. The funds available the Chungju-Pongyang and Chomuch'on-Andong lines will provide for the commencement of these rail connections badly needed in the Korean transportation system.

3. Estimated total cost: $4,011,790 (estimate).
4. United States contribution in percent: 99.1 percent:

	Fiscal year 53	Fiscal year 54	Fiscal year 56
(a) Dollar			$1,400,000
(b) Counterpart			2,577,790

5. Local contribution in percent: 0.9 percent:

	Fiscal year 53	Fiscal year 54	Fiscal year 56
Supervisory engineering	$12,000	$20,000	$2,000

6. Engineering costs: $34,000 (local). Included in local labor costs.
7. Status: PPA submitted to ICA/W.
8. Estimated completion date: Yongwol-Hambaik June 30, 1956; Chomuch'on-Andong September 30, 1956; Chungju-Pongyang June 30, 1958.

TRANSPORTATION BRANCH

1. Project title: Railway signal equipment.
   Type: Transportation.
   Location: Yongdung-po, and along various lines of the Korea National Railway.
2. Benefits: Provides materials for restoration of signal frame, installation of crossing barriers, restoration of tablet block systems, and repair of station signal apparatus. Essential to operational control and safety.
3. Estimated total cost: $263,000 (estimate).
4. United States Contribution in percent: 99.3 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$104,000	$100,000	
(b) Counterpart			$57,200

5. Local contribution in percent: 0.7 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Supervisory engineering	$1,000		$800

6. Engineering costs: $1,800 (local). Included in local labor costs.
7. Status: All material on fiscal year 1954 project arrived by August 31, 1955. Preparatory work for installation started September 1955. 5 percent completion of installation September 30, 1955. Total project, all fiscal years: 51 percent arrivals, 3 percent installation.
8. Estimated completion date: March 31, 1956.
   Remarks: Supervisory engineering paid from Korea National Railway normal budget.

TRANSPORTATION BRANCH

1. Project title: Han River railway bridge.
   Type: Transportation.
   Location: Across Han River just outside of Seoul.
2. Benefits: Provides for the reconstruction of war-damaged spans of this important double tracked railway bridge, essential to traffic in and out of Seoul.

3. Estimated total cost: $2,271,750 (estimated).
4. United States contribution in percent: 99.4 percent:

	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Dollar		$634,583	$24,000	
(b) Counterpart			742,967	$857,200

5. Local contribution in percent: 0.6 percent:

	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Supervisory engineering	$6,500	$500	$1,000	$5,000

6. Engineering costs: $13,000 (local). Included in local labor costs:
7. Status: 96 percent arrival of materials, 24 percent installation on fiscal year 1954 portion as of September 30. Total project all fiscal years: 92 percent arrivals, 23 percent installation. No bids received on steel items in response first invitation to bid. Bids due on new invitation October 20, 1955.
8. Estimated completion date: December 31, 1956.
   Remarks: Korea National Railway contribution is for design, drawings and preparation of bills of materials for new spans.

Transportation Branch

1. Project title: Procurement of used steam locomotives.
   Type: Transportation.
2. Benefits: Provides for purchase of 15 used steam locomotives. To alleviate the shortage of motive power on the Korea National Railway. This will partially meet needs for additional motive power to operate newly constructed lines on Korea National Railway and to handle increased tonnages due to increased coal production and general rise in economic activity.
3. Estimated total cost: $410,000 (est.).
4. United States contribution in percent: 100 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$285,000	
(b) Counterpart		$125,000

5. Local contribution in percent: None.
6. Engineering costs: None.
7. Status: PA issued.
8. Estimated completion date: February 28, 1956.

Transportation

1. Project title: Cargo handling equipment.
   Type: Transportation.
   Location: Material allocated to several main ports and railroads of Korea.
2. Benefits: Provides equipment such as cranes, fork lifts, tractor-trailer, barges, and tarpaulins for use in cargo operations in ports and railheads of Korea.
3. Estimated total cost: $1,663,599 (estimate).
4. United States contribution in percent: 64.8 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$1,050,000		
(b) Counterpart		$28,599	

5. Local contribution in percent: 35.2 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Labor		70,000	75,000
(b) Other		210,000	230,000

6. Engineering costs: None.
7. Status: All materials have arrived except one lot of spare parts for crane-shovels. Arrivals 98 percent complete. Utilization of equipment 90 percent complete by September 30. Some equipment deadlined for lack of essential parts pilfered during discharge. Arrangements being made to secure these parts.
8. Estimated completion date: November 15, 1955 (all equipment in service).

TRANSPORTATION BRANCH

1. Project title: C1-MAV-1 vessels.
   Type: Transportation.
2. Benefits: Provides eight C1-MAV-1 type dry cargo vessels to replace overage, uneconomical units of Korean maritime fleet.
3. Estimated total cost: $8,590,000 (estimated).
4. United States contribution in percent: 70.1 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$6,000,000	
(b) Counterpart		0

5. Local contribution in percent: 29.9 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Labor	$250,000	$600,000
(b) Other	500,000	1,200,000

6. Engineering costs: None.
7. Status: One vessel purchased so far at cost of $750,000. One promised December 15, 1955.
8. Estimated completion date: April 30, 1956.

TRANSPORTATION BRANCH

1. Project title: Port and harbor rehabilitation equipment.
   Type: Transportation.
   Location: Allocated to most important Korean ports.
2. Benefits: Provides for minimum replacement of war-lost or war-damaged equipment such as cranes, bulldozers, welders, fork lifts, diving outfits, and similar items.
3. Estimated total cost: $804,843 (estimated).
4. United States contribution in percent: 89.4 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$678,000		
(b) Counterpart		$41,843	

5. Local contribution in percent: 10.6 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Labor		$40,000	$45,000

6. Engineering costs: None.
7. Status: 85 percent arrivals, 75 percent installation (utilization) as of September 30. Some equipment still being assembled.
8. Estimated completion date: November 15, 1955. (All equipment will be in service.)

TRANSPORTATION BRANCH

1. Project title: Small shipyard rehabilitation—Inch'on Shipbuilding Co.
   Type: Transportation (small enterprises).
   Location: Inch'on.
2. Benefits: Provides equipment and machinery to expand and modernize this small shipyard, part of the overall development of the maritime industry.
3. Estimated total cost: $235,200 (estimated).
4. United States contribution in percent: 29.0 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$63,750	
(b) Counterpart		$4,420

5. Local contribution in percent: 71.0 percent:

	Fiscal year 1956	Fiscal year 1956
(a) Labor	$60,000	$60,000
(b) Cash contribution	11,250	780
(c) Other	15,000	20,000

6. Engineering costs: None.
7. Status: PA issued.
8. Estimated completion date: March 31, 1956.

TRANSPORTATION BRANCH

1. Project title: Small shipyard rehabilitation—Pango-jin, P'chang.
   Type: Transportation (small enterprises).
   Location: P'chang.
2. Benefits: Provides equipment and machinery to expand and modernize this small shipyard, part of the overall development of the maritime industry.
3. Estimated total cost: $364,118 (estimated).
4. United States contribution in percent: 44.1 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$148,750	
(b) Counterpart		$12,000

5. Local contribution in percent: 55.9 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Labor	$60,000	$60,000
(b) Cash contribution	26,250	2,118
(c) Other	25,000	30,000

6. Engineering costs: None.
7. Status: PA issued.
8. Estimated completion date: March 31, 1956.

TRANSPORTATION BRANCH

1. Project title: Port and harbor warehouses.
   Type: Transportation.
   Location: Main ports of Korea (Inchon, Changhang, Kunsan, Mokpo Yosu, Masan, Pusan, Pohang, Mukho).
2. Benefits: Provides for procurement of 42 prefabricated steel warehouses to be erected in 9 Korean ports.
3. Estimated total cost: $2,278,000 (estimated).
4. United States contribution in percent: 91.6 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$1,000,000	
(b) Counterpart		$1,088,000

5. Local contribution in percent: 8.4 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Labor	$40,000	$40,000
(b) Other	50,000	60,000

6. Engineering costs: $1,000 (local) (included in local labor costs).
7. Status: PA issued. Bids expected to be called in November 1955.
8. Estimated completion date: September 30, 1956.

TRANSPORTATION BRANCH

1. Project title: Railway rehabilitation, small bridges.
   Type: Transportation.
   Location: Bridges: (1) Sum River near Yangdong; (2) Puk Han River near Paldang; (3) Iwon River south of Taejon.
2. Benefits: Fiscal year 1954 project provides construction materials and equipment to repair a total of 9 spans of 3 important bridges on the Korean National Railroad which have only been temporarily repaired since the war. Fiscal year 1956 continues repair program on other bridges.
3. Estimated total cost: $309,535 (estimated).
4. United States contribution in percent: 98.8 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$140,000		$30,000
(b) Counterpart		$100,367	35,568

5. Local contribution in percent: 1.2 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Supervisory engineering and labor		$2,600	$1,000

6. Engineering costs: $1,000 (local) (included in local labor costs).
7. Status: 65 percent arrivals in Korea on fiscal year 1954 project as of September 30. However, many first phase items still outstanding due to defaulted contracts delaying commencement of installation. Total project all fiscal years: 54 percent arrivals, 0 percent installation.
8. Estimated completion date: June 30, 1956.

TRANSPORTATION BRANCH

1. Project title: Railroad shop equipment.
   Type: Transportation.
   Location: Various shops of Korean National Railroad.
2. Benefits: Provides for machine tools and equipment to effect about 25 percent of remaining essential rehabilitation of war damage to Korean National Railroad workshops. Amount of repairs to rail equipment that can be accomplished should increase greatly.
3. Estimated total cost: $450,956 (estimated).
4. United States contribution in percent: 99.8 percent:

	Fiscal Year 1954	Fiscal Year 1955	Fiscal Year 1956
(a) Dollar		$300,000	$80,000
(b) Counterpart			69,956

5. Local contribution in percent: 0.2 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Supervisory engineering	$500	$500	

6. Engineering costs: $1,000 (local) included in local labor costs.
7. Status: PA issued against the 1955 program. Invitation to bid on Fiscal Year 1955 project will be issued by OSROK on near future.
8. Estimated completion date: December 31, 1955.

TRANSPORTATION BRANCH

1. Project title: Railroad crossties, switch ties, bridge ties.
   Type: Transportation.
   Location: Use throughout the Korean National Railroad.
2. Benefits: Provides ties for rehabilitation of Korean National Railroad track mainly on branch lines and in southwest area. The track of these lines was seriously deteriorated and in many cases in dangerous condition.
3. Estimated total cost: $2,135,778 (estimate).
4. United States contribution in percent: 92 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$807,000	$1,000,000	
(b) Counterpart			$168,778

5. Local contribution in percent: 8 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Labor		$59,000	$99,000
(b) Supervisory engineering		1,000	1,000

6. Engineer costs: $2,000 (local), included in local labor costs.
7. Status: Fiscal year 1954 project: 100 percent arrivals, 15 percent installation as of September 30. Total project all fiscal years: 45 percent arrivals, 7 percent installation.
8. Estimated completion date: June 30, 1957.

Transportation Branch

1. Project title: Railway track materials.
   Type: Transportation.
   Location: Use throughout the Korean National Railroad.
2. Benefits: Provides track materials and track maintenance equipment for essential maintenance and rehabilitation on the Korean National Railroad.
3. Estimated total cost: $457,987 (estimated).
4. United States contribution in percent: 96.0 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$206,000	$90,000	
(b) Counterpart		136,747	$7,240

5. Local contribution in percent: 4.0 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Labor		$5,000	$10,000
(b) Supervisory engineering		1,000	2,000

6. Engineering costs: $3,000 (local), included in local labor costs.
7. Status: Fiscal year 1954 portion of project: 88 percent arrivals, 45 percent installation as of September 30. Total project all fiscal years: 61 percent arrivals, 31 percent installation.
8. Estimated completion date: June 30, 1956.

Transportation Branch

1. Project title: Railroad power supply facilities rehabilitation.
   Type: Transportation.
   Location: Various lines of Korean National Railroad.
2. Benefits: Provides essential materials and equipment for partial restoration of power supply facilities of Korean National Railroad. These facilities provide power supply to backshops, electric pumps for water installations, lighting of stations, and freight yards, etc.
3. Estimated total cost: $318,000 (estimated).
4. United States contribution in percent: 98.7 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Dollar		$172,000	
(b) Counterpart			$142,000

5. Local contribution in percent: 1.3 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Supervisory engineering	$2,000		$2,000

6. Engineering costs: $6,000 ($4,000 local, $2,000 United States) included in local labor costs.
7. Status: Contracting complete by July 31, 1955. No arrivals as of September 30.
8. Estimated completion date: June 30, 1956.

TRANSPORTATION BRANCH

1. Project title: Dredge Raymond—Rehabilitation—Materials and Parts.
   Type: Transportation.
   Location: Dredge presently in Pusan.
2. Benefits: Provides parts and equipment for essential overhaul and rehabilitation of the dredge *Asan Man* (ex *Raymond*), purchased without repairs from United States Army under military rollup program.
3. Estimated total cost: $343,600.
4. United States contribution in percent: 59.8 percent:

	Fiscal year 1955	Fiscal year 1956
(*a*) Dollar	$100,000	
(*b*) Counterpart		$105,600

5. Local contribution in percent: 40.2 percent:

	Fiscal year 1955	Fiscal year 1956
(*a*) Labor	$50,000	$60,000
(*b*) Other	8,000	20,000

6. Engineering costs: None.
7. Status: PA issued. Procurement underway but no arrivals to date.
8. Estimated completion date: February 29, 1956.

TRANSPORTATION BRANCH

1. Project title: Marine navigational aids rehabilitation.
   Type: Transportation.
   Location: Coast of South Korea.
2. Benefits: Provides for repair and modernization of 50 marine navigational aids along the coasts of Korea essential for safe navigation of vessels along Korean coast.
3. Estimated total cost: $1,609,200.
4. United States contribution in percent: 45.6 percent:

	Fiscal year 1955	Fiscal year 1956
(*a*) Dollar	$285,000	
(*b*) Counterpart		$449,200

5. Local contribution in percent: 54.4 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Labor	$150,000	$175,000
(b) Other	260,000	290,000

6. Engineering cost: None.
7. Status: Procurement in the hands of GSA through the United States Coast Guard. PAs have been issued. No other information available. One KCAC marine specialist and one ROK lighthouse engineer to go to Washington to assist United States Coast Guard on procurement. Departing in October 1955.
8. Estimated completion date: September 30, 1956.

TRANSPORTATION BRANCH

1. Project title: Railroad construction—Spur to fertilizer plant.
   Type: Transportation.
   Location: Extension from Chunju station.
2. Benefits: Provides for a rail spur to new FOA-funded fertilizer plant in order to furnish essential rail transportation to this enterprise. Will provide for transportation of construction materials into site; also for delivery of fertilizer later, as well as continuing supply of fuel.
3. Estimated total cost: $1,402,000.
4. United States contribution in percent: 99.8 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$350,000	
(b) Counterpart		$1,050,000

5. Local contribution in percent: 0.2 percent:

	Fiscal year 1955	Fiscal year 1956
Supervisory engineering		$2,000

6. Engineering costs: $2,000 (local) (included in local labor costs).
7. Status: PA issued. No procurement action started by OSROK.
8. Estimated completion date: June 30, 1956.

TRANSPORTATION BRANCH

1. Project title: Small shipyard rehabilitation—Han'guk, Pusan.
   Type: Transportation (small enterprises).
   Location: Pusan.
2. Benefits: Provides equipment and machinery to expand and modernize this small shipyard, part of the overall development of the maritime industry.
3. Estimated total cost: $344,118.
4. United States contribution in percent: 46.7 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$148,750	
(b) Counterpart		$12,000

5. Local contribution in percent: 53.3 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Labor	$60,000	$60,000
(b) Cash contribution	26,250	2,118
(c) Other	15,000	20,000

6. Engineering costs: None.
7. Status: PA issued.
8. Estimated completion date: March 31, 1956.

TRANSPORTATION BRANCH

1. Project title: Small shipyard rehabilitation—Taeyang Shipbuilding Co., Yosu.
   Type: Transportation (small enterprises).
   Location: Yosu.
2. Benefits: Provides equipment and machinery to expand and modernize this small shipyard, part of the overall development of the maritime industry.
3. Estimated total cost: $143,400.
4. United States contribution in percent: 31.6 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$42,500	
(b) Counterpart		$2,890

5. Local contribution in percent: 68.4 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Labor	$25,000	$30,000
(b) Cash contribution	7,500	510
(c) Other	15,000	20,000

6. Engineering cost: None.
7. Status: PA issued.
8. Estimated completion date: March 31, 1956.

TRANSPORTATION BRANCH

1. Project title: Port and harbor rehabilitation.
   Type: Transportation.
   Location: Ports: Hanjin, Moochangpo, Aeyun-Do, Changhang, Kunsan, Uchungdo, Nungyungdo, Yundo, Mokpo, Yosu, Lalodo, Pungnam Changchaedo, Cyukpajin, Uido, Dachuksan-Do, Cheju, Mosulpo, Sungsanpo, Whasoon, Sukypo, Pusan, Samchunpo, Tongyung, Changsungpo, Bangujin, Kosung, Koje, Chintong, Tangdong, Sunso, Sungpo, Pohang, Gampo, Koolyungpo, Kangkoo, Chuksan Chumboo, Chudong, Mukho, Hoopo, Chukbyun, Coomoonjin, Imwon.
2. Benefits: Provides for harbor construction and rehabilitation (piers, breakwaters, etc.) in 52 Korean ports, including provision for 19 warehouses in 5 of the key ports.
3. Estimated total cost: $20,693,837 (estimated).
4. United States contribution in percent: 97.3 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$2,212,000	$500,000	$663,500
(b) Counterpart		1,993,137	14,780,200

5. Local contribution in percent: 2.7 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Labor	$25,000	$25,000	$25,000
(b) Other	150,000	160,000	160,000

6. Engineering costs: $470,000 (local). Included in local labor costs.
7. Status: 43 percent arrivals, 26 percent installation as of September 30 on overall project.
8. Estimated completion date: June 30, 1957.

TRANSPORTATION BRANCH

1. Project title: KNR freight sheds and warehouses.
   Type: Transportation.
   Location: Principal stations on KNR outside Pusan perimeter.
2. Benefits: Provides for procurement of 12 prefabricated steel warehouses and 2 freight sheds, and materials necessary for erection. Warehouses needed at key stations on KNR. Much transportation capacity is now limited by warehouse facilities and much damage now accrues to goods in transit. Both conditions are expected to be relieved with additional warehouses.
3. Estimated total cost: $516,000 (estimated).
4. United States contribution in percent: 98.8 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$255,000	
(b) Counterpart		$255,000

5. Local contribution in percent: 1.2 percent:

	Fiscal year 1955	Fiscal year 1956
Supervisory engineering	$4,000	$2,000

6. Engineering costs: $6,000 (local). Included in local labor costs.
7. Status: PA issued June 1955. No procurement action taken by OSROK.
8. Estimated completion date: July 31, 1956.

TRANSPORTATION

1. Project title: KFC warehouses.
   Type: Transportation.
   Location: At the 20 most important KNR stations outside the Pusan perimeter.
2. Benefits: Provides for procurement of cement and 35 prefabricated steel warehouses to restore to Korea forwarding companies some 19,600 square meters of warehouse space in 20 Korean towns. Much transportation capacity is now limited by warehouse facilities and much damage now accrues to goods in transit. Both conditions are expected to be relieved with additional warehouses.
3. Estimated total cost: $589,059 (estimated).
4. United States contribution in percent: 85 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Dollar		$297,500	
(b) Counterpart			$203,200

5. Local contribution in percent: 15 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Cash contribution		$52,500	$35,859

6. Engineering costs: $11,780 (local). Included in local labor costs.
7. Status: Bids received in OSROK August 1955. At evaluation conference September 1955 all bids were rejected despite United States technical recommendation that at least two bids met the specifications. Matter still under consideration by OEC as to action to be taken.
8. Estimated completion date: December 31, 1956.

TRANSPORTATION BRANCH

1. Project title: Streetcar rehabilitation and used streetcars.
   Type: Transportation.
   Location: Seoul, Yongdongp'o, and Pusan.
2. Benefits: Provides for rehabilitation of 56 streetcars and purchase of some 89 used streetcars from the United States to improve urban transit in these cities. This FR is a step toward restoring the street railway transportation capacity, but due to fund limitations does not cope with the increased needs for city transportation under crowded postwar conditions.
3. Estimated total cost: $1,272,597 (estimated).
4. United States contribution in percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$765,000	$180,000
(b) Counterpart		140,760

5. Local contribution in percent:

	Fiscal year 1955	Fiscal year 1956
Cash contribution	$135,000	$51,837

6. Engineering costs: $10,000 (local). Included in local labor costs.
7. Status: PA's issued against the 1955 program. Project proposal has gone to Washington on 1956 program.
8. Estimated completion date:
   Fiscal year 1955 project: Sept. 30, 1956.
   Fiscal year 1956 project: June 30, 1957.

TRANSPORTATION BRANCH

1. Project title: Pusan Iron Works.
   Type: Transportation (small enterprises).
   Location: Pusan.
2. Benefits: Provides machine tools and other equipment to rehabilitate and expand this plant.
3. Estimated total cost: $7,286,000 (estimated).
4. United States contribution in percent: 24.9 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$1,700,000	
(b) Counterpart		$115,600

5. Local contribution in percent: 75.1 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Labor	$900,000	$950,000
(b) Cash Contribution	300,000	20,400
(c) Other	1,600,000	1,700,000

6. Engineering cost: None.
7. Status: PA issued.
8. Estimated completion date: March 31, 1956.

TRANSPORTATION BRANCH

1. Project title: Cargo vessels and equipment.
   Type: Transportation.
2. Benefits: Provides for the procurement of the maximum number of fishing and small cargo vessels of various types within the amount of available funds.
3. Estimated total cost: $7,300,000 (estimated).
4. United States contribution in percent: 41 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$3,000,000		

5. Local contribution in percent: 59 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Labor		$400,000	$900,000
(b) Other		900,000	2,100,000

6. Engineering costs: None.
7. Status: Four small cargo vessels under construction in Hong Kong. No deliveries yet. Negotiations in progress on balance.
8. Estimated completion date: June 30, 1956.

TRANSPORTATION BRANCH

1. Project title: Railway construction to KA training center (Kangkyong Yunmundae).
   Type: Transportation.
   Location: Kangkyong to Yunmundae.
2. Benefits: Provides for construction of a 10.2 kilometer rail spur to Korean Army training center No. 2. Militarily necessary for troop and supply transportation.
3. Estimated total cost: $901,000 (estimated).
4. United States contribution in percent: 98.8 percent.

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$240,000	
(b) Counterpart		$650,000

5. Local contribution in percent: 1.2 percent.

	Fiscal year 1955	Fiscal year 1956
Supervisory engineering	$7,000	$4,000

6. Engineering costs: $11,000 (local). Included in local labor costs.
7. Status: PA issued. No procurement action started.
8. Estimated completion date: June 30, 1956.

TRANSPORTATION BRANCH

1. Project title: Narrow gage freight cars (100).
   Type: Transportation.
   Location: Inch'on—Suwon—Yosu Line of Korean National Railway.
2. Benefits: Provides additional badly needed narrow gage rolling stock for these 2 narrow gage lines. Total of 100 cars, 50 each boxcars and gondolas.
3. Estimated total cost: $333,717 (estimated).
4. United States contribution in percent: 100 percent:

	Fiscal year 1954	Fiscal year 1955
(a) Dollar	$300,000	
(b) Counterpart		$33,717

5. Local contribution in percent: 0 percent.
6. Engineering costs: $10,000 (US). Included in local labor costs.
7. Status: All car components arrived in February 1955, except some spare parts which arrived by the end of May. Erection completed in April 1955. Cars now in service.
8. Estimated completion date: Completed.

TRANSPORTATION BRANCH

1. Project title: Small shipyard rehabilitation—Han'guk Shipbuilding Co., Kunsan.
   Type: Transportation (small enterprises).
   Location: Kunsan.
2. Benefits: Provides equipment and machinery to expand and modernize this small shipyard, part of the overall development of the maritime industry.
3. Estimated total cost: $143,400 (estimated).
4. United States contribution in percent: 31.6 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$42,500	
(b) Counterpart		$2,890

5. Local contribution in percent: 68.4 percent.

	Fiscal year 1955	Fiscal year 1956
(a) Labor	$25,000	$30,000
(b) Cash contribution	7,500	510
(c) Other	15,000	20,000

6. Engineering costs: None.
7. Status: PA issued.
8. Estimated completion date: March 31, 1956.

Transportation Branch

1. Project title: "Bunker C" fuel oil storage facilities.
   Type: Transportation.
   Location: Ulsan.
2. Benefits: Will provide storage facilities for bunker C fuel oil to be used as fuel in the boilers at 3 new thermal powerplants now under construction with FOA funds.
3. Estimated total cost: $460,000.
4. United States contribution in percent: 54.3 percent.

	Fiscal year 1956
(*a*) Dollar	$250,000

5. Local contribution in percent: 45.7 percent.

(*a*) Labor	180,000
(*b*) Other	30,000

6. Engineering costs: None.
7. Status: PPA forwarded to OEC.
8. Estimated completion date: December 31, 1956.

Transportation Branch

1. Project title: Railroad construction, Chomuch'on, Unsong (Mo'ng Yong).
   Type: Transportation.
   Location: Between Chomuch'on and Unsong.
2. Benefits: Provides standard-gauge rail connection between main system of Korean National Railway and important Unsong coal mine, replacing inadequate and deteriorated narrow gauge system. Will allow transportation capacity for expansion of Unsong coal mine with resultant benefit to Korean economy.
3. Estimated total cost: $2,490,065 (estimate).
4. United States contribution in percent: 98.3 percent:

	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955
(*a*) Dollar			$477,000
(*b*) Counterpart		$1,540,994	429,071

5. Local contribution in percent: 1.7 percent:

	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955
Supervisory engineering	$24,000	$14,000	$5,000

6. Engineering costs: $157,000 ($43,000 local, $114,000 United States) Included in local labor costs.
7. Status: No arrivals as of September 30, yet construction is 100 percent complete utilizing local and borrowed materials. Materials arriving on this project will be utilized to repay this borrowed material.
8. Estimated completion date: Complete.

Transportation Branch

1. Project title: Railway communications rehabilitation.
   Type: Transportation.
   Location: Throughout Korea National Railway system.
2. Benefits: Provides for partial rehabilitation of the Korea National Railway communications system. Essential to operational control.
3. Estimated total cost: $416,600 (estimate).

4. United States contribution in percent: 99.3 percent.

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Dollar		$240,000	
(b) Counterpart			$173,600

5. Local contribution in percent: 0.7 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Supervisory engineering	$2,000		$1,000

6. Engineering costs: $3,000 (local). Included in local labor costs.
7. Status: 12 percent arrivals, 0 percent installation as of September 30.
8. Estimated completion date: June 30, 1956.
   Remarks: Supervisory engineering paid from Korea National Railway normal budget.

(Fiscal year 1954)

COMMUNICATIONS BRANCH

1. Project title: Telephone poles.
   Type: Communications.
   Location: Korea.
2. Benefits: This project provides creosoted wood poles for the rehabilitation of existing power and communication lines; and for the construction of new power and communication lines.
3. Total cost: $780,096.
4. United States contribution: 100 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Dollar	$500,000		
Counterpart		$78,802	$201,294

NOTE.—Counterpart funds represent only those funds requested by the Ministry of Communications and the national police.

5. Local contributions: None.
6. Engineering costs: None.
7. Status: Delivery of materials was completed during January 1955. Installation of poles has been hampered by the Ministry of Communications shortage of hwan. Installation of 2,849 poles by national police is expected to start during October 1955 and will be completed during December 1955.
8. Estimated completion date: January 1958.

COMMUNICATIONS BRANCH

1. Project title: Seoul Central Telephone Exchange.
   Type: Communications.
   Location: Seoul.
2. Benefits: This project provides for the rehabilitation and expansion of local telephone facilities for the city of Seoul. Upon completion of this project, central office equipment capable of handling approximately 20,000 local lines will be available. This will furnish communications for an estimated population of million and a half to 2 million.
3. Total cost: $4,651,940 (estimate).

4. United States contribution: 98.8 percent.

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Dollar	$2,460,000	$1,698,000	
Counterpart			$441,940

5. Local contributions: 1.2 percent.

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Labor	$2,000		
Building	50,000		

6. Engineering costs: $2,000 (included in local contributions).
7. Status: Approximately 0.6 percent of materials have been received. Contract has been awarded to International Standard Electric Corp.; and manufacture of components has begun. Ministry of Communications is to rehabilitate Seoul Central Exchange Building by not later than March 1, 1956. Installation to begin on March 1, 1956.
8. Estimated completion date: March 1957.

COMMUNICATIONS BRANCH

1. Project title: Telephone cable plant, Seoul.
   Type: Communications.
   Location: Seoul.
2. Benefits: This project provides for the rehabilitation of the underground and aerial local outside distribution telephone cable plant for the city of Seoul.
3. Total cost: $3,949,996 (estimate).
4. United States contribution: 99.9 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Dollar	$1,045,000		$1,000,000
Counterpart			1,903,996

5. Local contributions: 0.1 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Labor	$1,000		

6. Engineer costs: $1,000 (included in local contributions).
7. Status: Approximately 74.6 percent of materials have been received. Materials are being procured by the Office of the Chief Signal Officer under Department of the Army Part Program SEC 60-6-801. Shipment of materials to project site continues. Installation will be on a turnkey basis by a United States contractor utilizing fiscal year 1956 funds.
8. Estimated completion date: January 1958.

COMMUNICATIONS BRANCH

1. Project title: Telephone maintenance equipment.
   Type: Communications.
   Location: Korea.
2. Benefits: The purpose of this project is to supply the Ministry of Communications with the necessary materials and vehicles for the proper installation and maintenance of outside telephone plant equipment.
3. Total cost: $550.592 (estimate).

4. United States contribution: 100 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Dollar	$517,000		
Counterpart		$25,294	$8,298

5. Local contributions: None.
6. Engineering costs: None.
7. Status: Being procured by the Office of the Chief Signal Officer under Department of the Army Part Program SEC 60-6-802. Approximately 81.5 percent of materials have been received. Materials are in the process of being distributed to subordinate elements of the Ministry of Communications.
8. Estimated completion date: December 1955.

COMMUNICATIONS BRANCH

1. Project title: Telephone cable plant for Masan.
   Type: Communications.
   Location: Masan.
2. Benefits: This project provides for the rehabilitation of local outside telephone cable distribution plant for the city of Masan.
3. Total cost: $160,254 (estimate).
4. United States contribution: 99.8 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Dollar	$97,000		
Counterpart		$16,934	$46,020

5. Local contributions: 0.2 percent:
   Labor $300
6. Engineering costs: $300 (included in local contributions).
7. Status: Material is being procured by the Office of the Chief Signal Officer under Department of the Army Part Program SEC 60-6-803. Republic of Korea Ministry of Communications has completed approximately 60 percent of duct work. Approximately 81.6 percent of materials have been received. Project held up for lack of Hwan which has been approved by Combined Economic Board, Finance Subcommittee, but not released to Ministry of Communications. Project is approximately 15 percent complete.
8. Estimated completion date: June 1956.

COMMUNICATIONS BRANCH

1. Project title: Manual switchboard for Masan.
   Type: Communications.
   Location: Masan.
2. Benefits: This project provides for the rehabilitation of the Masan telephone central office to provide local telephone service in Masan.
3. Total cost: $120,504 (estimate).
4. United States contribution: 95.8 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Dollar	$97,000		
Counterpart		$7,994	$10,510

5. Local contributions: 4.2 percent:
   Labor $1,000
   Building 4,000
6. Engineering costs: $1,000 (included in local contributions).

7. Status: Material is being procured by the Japan Procurement Agency under Department of the Army Part Program SEC 60–6–813. Contract was awarded during April 1955. Delivery of materials rescheduled for arrival in Pusan approximately October 1, 1955. Installation can begin upon arrival of equipment. Building is available.
8. Estimated completion date: February 1956.

COMMUNICATIONS BRANCH

1. Project title: Equipment, communications school.
   Type: Communications.
   Location: Seoul.
2. Benefits: This project provides for the rehabilitation of the Ministry of Communications school for training communications technicians and specialists.
3. Total cost: $52,096 (estimate).
4. United States contribution: 94.2 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Dollar	$35,000		
Counterpart		$5,030	$9,006

5. Local contribution: 5.8 percent:
   Labor $1,000
   Building 2,000
6. Engineer costs: $1,000 (included in local contributions).
7. Status: Material is being procured by the Office of the Chief Signal Officer, under Department of the Army Part Program SEC 60–6–806. Approximately 22.6 percent of materials have been received. Teletypewriter equipment, yet to arrive, constitutes a major portion of the project.
8. Estimated completion date: December 1955.

COMMUNICATIONS BRANCH

1. Project title: Communications, national police.
   Type: Communications.
   Location: Korea.
2. Benefits: This project provides for the rehabilitation of the national police communications system, and includes CW radio and wire equipment at Korean National Police Headquarters, provincial bureaus, and police stations throughout Korea.
3. Total cost: $1,235,142 (estimate).
4. United States contribution: 94.7 percent.

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Dollar	$1,900,000		
Counterpart			$170,142

5. Local contribution: 5.3 percent:
   Labor $50,000
   Buildings 15,000
6. Engineering costs: $14,000 (included in local contributions).
7. Status: Equipment is being procured by the Office of the Chief Signal Officer under Department of the Army Part Program SEC 60–6–808. Procurement of wire equipment was initiated in June 1955. Estimated date of delivery of equipment in Korea is December 1955. Approximately 5 percent of radio equipment has been received.
8. Estimated completion date: April 1956.

COMMUNICATIONS BRANCH

1. Project title: Switchboard for Taejon.
   Type: Communications.
   Location: Taejon.

2. Benefits: This project provides for the rehabilitation of the manual switchboard at Taejon. When completed, this switchboard will have a capacity of three thousand subscribers.
3. Total Cost: $400,862 (estimate).
4. United States Contribution: 92 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Dollar	$312,000		
Counterpart			$56,862

5. Local contributions: 8 percent:
   Labor $2,000
   Building $30,000
6. Engineering costs: $2,000 (Included in local contribution).
7. Status: Material is being procured by the Office of the Chief Signal Officer under Department of the Army Part Program SEC 60–6–804. Department of the Army has not yet advised that contract has been awarded.
8. Estimated completion date: November 1956.

COMMUNICATIONS BRANCH

1. Project title: Local distribution, telephone cable plant for Taejon.
   Type: Communications.
   Location: Taejon.
2. Benefits: This project provides for the rehabilitation of the local distribution telephone cable plant for Seoul.
3. Total cost: $356,890 (estimate).
4. United States contribution: 99.8 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Dollar	$179,000		
Counterpart		$28,738	$148,652

5. Local contribution: 0.2 percent:
   Labor $500
6. Engineering costs: $500 (included in local contribution).
7. Status: Material is being procured by the Office of the Chief Signal Officer under Department of the Army Part Program SEC 60–6–805. Approximately 36.6 percent of materials have been received. Additional materials must be received before installation can begin.
8. Estimated completion date: December 1956.

(Fiscal year 1955)

COMMUNICATIONS BRANCH

1. Project title: Radio telegraph facilities (domestic).
   Type: Communications.
   Location: Korea.
2. Benefits: The purpose of this project is to rehabilitate and restore the domestic radio telegraph system within the Republic of Korea. This radio telegraph system provides an emergency means of communications in a country where the long distance telephone lines to remote areas are either nonexistent, or where available, are subject to numerous types of interruptions. In addition, there are a number of islands to which radio telegraph is the only means of communications. 91.9 percent.
3. Total cost: $249,162 (estimate).

4. United States contribution: 91.9 percent.

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Dollar		$171,000	
Counterpart			$58,162

5. Local contributions: 8.1 percent.
   Labor $6,000
   Buildings 14,000
6. Engineering costs: $6,000 (included in local contributions).
7. Status: Material is being procured under Department of the Army Part Program SEC 60-6-815. Approximately 16.1 percent of the materials have been received.
8. Estimated completion date: June 1956.

COMMUNICATIONS BRANCH

1. Project Title: Telecommunications inside plant equipment.
   Type: Communications.
   Location: Kangnung, Wonju, Pohang, Iri, Kwangju and Sunchon.
2. Benefits: This project provides for the rehabilitation of 6 of the 10 major telephone toll centers in Korea. The additional four toll centers were existing or are being rehabilitated by fiscal year 1954 projects. This project will assist greatly in establishing the minimum countrywide toll network required for an effective integrated telecommunications system.
3. Total Cost: $3,034,274 (estimate).
4. United States Contribution: 96.3 percent.

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Dollar		$2,571,000	
Counterpart			$351,274

5. Local Contributions: 3.7 percent.
   Labor $12,000
   Buildings 100,000
6. Engineering costs: $12,000 (included in local contributions).
7. Status: Material is being procured under Department of the Army Part Program SEC 60-6-817.
8. Estimated Completion Date: September 1957.

COMMUNICATIONS BRANCH

1. Project title: Telecommunications Outside Plant Materials.
   Type: Communications.
   Location: Korea-wide.
2. Benefits: The purpose of this project is to provide the Republic of Korea Ministry of Communications with outside plant materials in sufficient quantities to restore a major portion of their primary toll circuits connecting its main geographical telephone toll centers at Seoul, Pusan, Taejon, Taegu, Kangnung, Wonju, Pohang, Iri, Kwangju, and Sunchon.
3. Total cost: $2,187,058 (estimate).
4. United States contribution: 99.9 percent.

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Dollar		$1,300,000	
Counterpart			$885,058

5. Local contributions: .1 percent.
   Labor $2,000
6. Engineering costs: $2,000 (included in local contributions).
7. Status: Materials to be procured by the Department of the Army. Engineer items have been included on Department of the Army Part Program SEC 60-4-825. The Department of the Army Part Program for communications items has not been received as yet.
8. Estimated completion date: November 1957.

COMMUNICATIONS BRANCH

1. Project title: Radio telephone terminal facilities.
   Type: Communications.
   Location: Seoul.
2. Benefits: The purpose of this project is to provide equipment and installation material for terminal control facilities on four radio telephone circuits terminating in Seoul. This terminal equipment will provide improved overseas telephone circuits and will make it possible to place overseas telephone calls from local telephones.
3. Total Cost: $107,542 (estimate).
4. United States contribution: 87.9 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Dollar		$85,000	
Counterpart			$9,542

5. Local contribution: 12.1 percent:
   Labor $1,000
   Buildings 12,000
6. Engineering costs: $1,000 (included in local contribution).
7. Status: Equipment for this project is currently being procured in the United States. Delivery of this equipment is presently scheduled for third quarter of fiscal year 1956.
8. Estimated completion date: June 1956.

COMMUNICATIONS BRANCH

1. Project title: Coastal radio facilities.
   Type: Communications.
   Location: Inchon, Kunsan, Mokpo, Pusan, Kangnung, and Ulnungdo.
2. Benefits: The purpose of this project is to provide equipment and installation material for the reactivation of six coastal radio stations operating in the marine radio service. This coastal radio net will provide for telegraphic communications, dissemination of Weather and hydrographic information and coverage of distress traffic with vessels in the ocean areas around Korea.
3. Total cost: $190,250 (estimate).
4. United States contribution: 35.9 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Dollars		$50,000	
Counterpart			$18,250

5. Local contribution: 64.1 percent:
   Labor $2,000
   Buildings 120,000
6. Engineering costs: $2,000 (included in local contribution).
7. Status: Commercial type equipment will be procured through Department of the Army part program SEC 60-6-816. Available information indicates that supply action is pending on all items included in this project.
8. Estimated completion date: April 1956.

(Fiscal year 1956)

COMMUNICATIONS BRANCH

1. Project title: Telecommunications cable and open wire equipment.
   Type: Communications.
   Location: Korea.
2. Benefits: Fiscal year 1954 and 1955 projects provided for the rehabilitation of 10 telephone central offices and the interconnecting of these central offices. This project provides for interconnecting vital industrial cities and ports to their respective toll centers.
3. Total cost: $3,816,000 (estimate).
4. United States contribution: 99.9 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Dollar			$1,682,000
Counterpart			2,131,000

NOTE.—A portion of fiscal year 1956 counterpart funds will be expended in fiscal years 1957 and 1958.

5. Local contribution: 0.1 percent:
   Labor $3,000
6. Engineering cost: $3,000 (included in local contributions).
7. Status: It is estimated that the equipment for this project will start arriving in Korea about November 1956. Approximately 24 months will be required for the installation of equipment.
8. Estimated completion date: December 1958.

COMMUNICATIONS BRANCH

1. Project title: Telephone central office terminal equipment.
   Type: Communications.
   Location: Korea.
2. Benefits: Fiscal year 1954 and 1955 projects provided for the rehabilitation of 10 major telephone central offices and the interconnecting of these central offices. This project provides for the restoration of central office terminal equipment at vital industrial cities and ports.
3. Total cost: $811,000 (estimate).
4. United States contribution: 94.7 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Dollar			$608,000
Counterpart			160,000

NOTE.—A portion of fiscal year 1956 counterpart funds will be expended in fiscal years 1957 and 1958.

5. Local contributions: 5.3 percent:
   Labor $3,000
   Buildings 40,000
6. Engineering costs: $3,000 (included in local contributions).
7. Status: It is estimated that the equipment for this project will start arriving in Korea about November 1956. Approximately 18 months will be required for the installation of equipment.
8. Estimated completion date: June 1958.

COMMUNICATIONS BRANCH

1. Project title: International radio stations, rehabilitation.
   Type: Communications.
   Location: Seoul.
2. Benefits: This project provides all material required to rebuild antenna and transmission lines at the Pupyong transmitting station and the Kwangchong-ri receiving station. Completion of this project will improve the

quality of international telecommunications and, in turn, will assist in the economic recovery of the Republic of Korea.

3. Total cost: $369,050 (estimate).
4. United States contribution: 66.9 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Dollar			$152,000
Counterpart			95,050

NOTE.—A portion of fiscal year 1956 counterpart funds will be expended in fiscal year 1957.

5. Local contribution: 33.1 percent:

Labor	$2,000
Building	120,000

6. Engineering costs: $2,000 (included in local contributions).
7. Status: It is estimated that the materials for this project will arrive at Inchon, Korea, by June 1956. Construction of this project by the Republic of Korea Ministry of Communications will start immediately after receipt of materials.
8. Estimated completion date: March 1957.

COMMUNICATIONS BRANCH

1. Project title: Telephone and telegraph exchange equipment.
   Type: Communications.
   Location: Korea.
2. Benefits: Fiscal years 1954 and 1955 projects provided for the rehabilitation of 10 major telephone central offices and the interconnecting of those central offices. This project provides central-office equipment for the rehabilitation of various secondary toll centers within major telephone toll centers.
3. Total cost: $327,500 (estimate).
4. United States contribution: 93.1 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Dollar			$252,000
Counterpart			53,000

NOTE.—A portion of the fiscal year 1956 counterpart funds will be expended in fiscal year 1957 and fiscal year 1958.

5. Local contributions: 6.9 percent:

Labor	$2,500
Buildings	20,000

6. Engineering costs: $2,500 (included in local contributions).
7. Status: It is estimated that the equipment for this project will start arriving in Korea about November 1956. Approximately 13 months will be required for the installation of equipment.
8. Estimated completion date: March 1958.

COMMUNICATIONS BRANCH

1. Project title: Radio: Weather, press broadcast, and monitoring.
   Type: Communications.
   Location: Seoul.
2. Benefits: The purpose of this project is to provide the necessary equipment to reestablish radio facilities for dissemination of weather and press information and for monitoring Korean radio stations, which are controlled and regulated by the Ministry of Communications.
3. Total cost: $191,000 (estimate).

4. United States contribution: 98.4 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Dollar			$155,000
Counterpart			33,000

NOTE.—A portion of the fiscal year 1956 counterpart funds will be expended in fiscal year 1957

5. Local contributions: 1.6 percent:
   Labor $1,000
   Buildings 2,000
6. Engineering costs: $1,000 (included in local contributions).
7. Status: Materials for this project are expected to arrive in Inchon, Korea, by June 30, 1956. Installation of equipment by the Republic of Korea Ministry of Communications will start immediately after receipt of the materials.
8. Estimated completion date: May 1957.

COMMUNICATIONS BRANCH

1. Project title: Radio: Test, maintenance, and spare equipment.
   Type: Communications.
   Location: Korea.
2. Benefits: The equipment obtained under this project will enable the Republic of Korea Ministry of Communications personnel to perform adequate maintenance on their radio systems, both domestic and international.
3. Total cost: $80,682 (estimate).
4. United States contribution: 98.7 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Dollar			$48,000
Counterpart			31,682

5. Local contributions: 1.3 percent:
   Labor $1,000
6. Engineering costs: $1,000 (included in local contributions).
7. Status: Materials being supplied under this project are scheduled to arrive at Inchon, Korea, by June 30, 1956. Installation of equipment by the Ministry of Communications will start immediately upon receipt of materials.
8. Estimated completion date: September 30, 1956.

PUBLIC WORKS

1. Project title: City water works.
   Type: Public works.
   Location: See remarks.
2. Benefits: Provides for new construction and rehabilitation of city water plants throughout ROK, thereby increasing health and sanitation benefits.
3. Estimated total cost: $16,055,445.
4. United States contribution: 85.5 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$3,104,000	$1,477,020	$486,000
(b) Counterpart	4,065,700	3,879,500	712,900

5. Local contribution: 14.5 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Labor	$1,173,530	$972,295	$184,500

6. Engineering costs: $192,000 (included in local contribution).
7. Status: Fiscal year 1954: Approximately 75 percent of materials have arrived. Fiscal year 1955: PA issued, no contracts let. Fiscal year 1956: tentative projects.
8. Estimated completion date: fiscal year 1954 (November 1955 through June 1956).

   Remarks: fiscal year 1954: New or rehabilitation projects in 42 cities. Fiscal year 1955: New or rehabilitation projects instigated in 6 additional cities and continuation of 23 fiscal year 1954 projects. Fiscal year 1956: Continuation of 10 fiscal year 1954–55 projects and 3 fiscal year 1955 projects. One additional project to be funded.

PUBLIC WORKS

1. Project title: Street and highway asphalt paving.
   Type: Public works.
   Location: Throughout major cities and provinces of South Korea.
2. Benefits: Will provide for economical and rapid transport, reduce consumer costs, increase national unity and expand transportation facilities for national defense.
3. Estimated total cost: $9,088,500.
4. United States contribution: 91.9 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$1,044,200	$400,000
(b) Counterpart	5,040,300	1,870,000

5. Local contribution: 8.1 percent:

	Fiscal year 1955	Fiscal year 1956
Labor	$426,000	$308,000

6. Engineering costs: $57,320 (included in local labor costs).
7. Status: PA issued, contract let, materials now en route to Korea.
8. Estimated completion date: Fiscal year 1955: June 1957; fiscal year 1956: 1958.
   Remarks:

PUBLIC WORKS

1. Project title: Rehabilitation of drainage structures.
   Type: Public works.
   Location: Throughout 32 major cities of South Korea.
2. Benefits: Will prevent flooding of business and residential areas and eliminate contamination caused by inadequate storm drainage.
3. Estimated total cost: $4,779,975.
4. United States contribution, 42.3 percent:

	Fiscal year 1955
(a) Dollar	$956,670
(b) Counterpart	1,071,705

5. Local contribution, 57.7 percent:
   Labor $2,751,000

6. Engineering costs: $40,675 (included in local contribution).
7. Status: PA issued, contract awarded. Materials expected to arrive December 1955.
8. Estimated completion date: November 1956.

PUBLIC WORKS

1. Project title: Rehabilitation and construction of highway bridges.
   Type: Highway transportation facilities.
   Location: Throughout South Korea.
2. Benefits: Provides for improved vehicular traffic facilities throughout South Korea.
3. Estimated total cost: $21,648,600.
4. United States contribution, 94.5 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$2,861,600	$1,401,200	$500,000
(b) Counterpart	9,692,000	4,563,400	1,429,200

5. Local contribution, 5.5 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Labor	$915,500	$241,100	$44,800

6. Engineering costs: $249,600 (included in local contribution).
7. Status:
   Fiscal year 1954—33 completed; 73 under construction.
   Fiscal year 1955—PA issued.
   Fiscal year 1956—Tentative projects.
8. Estimated completion date:
   Fiscal year 1954—1957(due to a defaulted procurement contract).
   Fiscal year 1955—1957.
   Fiscal year 1956—1958.

Remarks:
Fiscal year 1954—122 bridges programed for construction or rehabilitation.
Fiscal year 1955—91 bridges programed for construction or rehabilitation.
Fiscal year 1956—28 bridges programed for construction or rehabilitation.

PUBLIC WORKS

1. Project title: Highway and bridge construction equipment.
   Type: Public works.
   Location: Throughout South Korea.
2. Benefits: Equipment provides for repair of 15,000 kilometers of streets and highways, and for the repair of 1,300 war-damaged bridges. Equipment will expedite projects as well as reduce labor costs.
3. Estimated total cost: $3,175,000.
4. United States contribution: 97.8 percent.

	Fiscal year 1954	Fiscal year 1956
(a) Dollar	$2,460,000	$300,000
(b) Counterpart	60,000	213,000

5. Local contribution: 2.2 percent.

	Fiscal year 1954	Fiscal year 1956
Labor	$35,000	$36,000

6. Engineering costs: $3,500, included in local contribution.
7. Status: Approximately 60 percent arrivals of fiscal year 1954. Fiscal year 1956 tentative only.
8. Estimated completion date: Fiscal year 1954, March 1956. Fiscal year 1956, June 1957.

PUBLIC WORKS

1. Project title: Rehabilitation of Suwon National Prison, fiscal year 1955.
   Type: Building construction and equipment.
   Location: Suwon, Korea.
2. Benefits: Provides quarters for 800 additional inmates, utilities, mess, and shops for personnel rehabilitation through vocational training.
3. Estimated total cost: $1,350,000.
4. United States contribution: 68.55 percent:

	Fiscal year 1955
(*a*) Dollar	$300,000
(*b*) Counterpart	625,000

5. Local contribution: 31.45 percent:

(*a*) Labor	[1] 117,000
(*b*) Domestic materials	308,000

[1] Cost low due to prisoner labor.

6. Engineering costs: $13,500, included in local labor costs.
7. Status: Preliminary drawings completed. Invitations are being sent out to bidders.
8. Estimated completion date: December 1957.

PUBLIC WORKS

1. Project title: Rehabilitation of ROK Government buildings.
   Type: Public works.
   Location: Seoul, Korea.
2. Benefits: Provides for the rehabilitation for more space for offices, industrial exhibits, the national police, library, post office, and telephone central facilities.
3. Estimated total cost: $1,127,500.
4. United States contribution: 100 percent:

	Fiscal year 1955
(*a*) Dollar	$500,000
(*b*) Counterpart	627,500

5. Local contribution: None.
6. Engineering costs: $10,000.
7. Status: Procurement contracts have been let and some of the material has arrived at warehouses.
8. Estimated completion date: February 1957.

PUBLIC WORKS

1. Project title: Maintenance and repair shop.
   Type: Highway and bridge program.
   Location: Yongdong Po, Seoul.
2. Benefits: Provides a building for maintenance and repair of $2,400,000 of heavy equipment and vehicles which will be utilized on reconstruction of roads and bridges throughout South Korea.
3. Estimated total cost, $58,800.

4. United States contribution, 96.5 percent:

	Fiscal year 1955
(a) Dollar	$12, 600
(b) Counterpart	44, 100

5. Local contribution, 3.5 percent:

Labor	2, 100

6. Engineering costs: $2,100. Included in local labor costs.
7. Status: Building has been erected. Installation of benches and stalls have not started.
8. Estimated completion date: December 1955.
   Remarks: Steel framing for this building was donated by American Korean Foundation. It is estimated to cost $12,600.

PUBLIC WORKS

1. Project title: Tools and maintenance equipment for repair shop.
   Type: Highway and bridge program.
   Location: Yongdong Po, Seoul.
2. Benefits: Tools and equipment provides for repair of $2.4 million of heavy equipment and vehicles.
3. Estimated total cost: $140,000.
4. United States contribution: 100 percent.

	Fiscal year 1955
(a) Dollar	$115, 000
(b) Counterpart	25, 000

5. Local contribution: None.
6. Engineering costs: None.
7. Status: Deliveries are scheduled to arrive between November 1955 and January 1956.
8. Estimated completion date: March 1956.
   Remarks: Labor cost will be absorbed in highway and bridge construction budget which will be counterpart.

PUBLIC WORKS

1. Project title: Rehabilitation of Republic of Korea city and provincial buildings, fiscal year 1956.
   Type: Building construction.
   Location: Kyonggi Do, KYongsang Pukto, Kyongsang Namdo, Cholla Namdo.
2. Benefits: Provides necessary office space for city and provincial officials. Will release school and private buildings now occupied by public officials.
3. Estimated total cost: $750,500.
4. United States contribution: 80 percent:

	Fiscal year 1956
(a) Dollar	$300, 000
(b) Counterpart	300, 500

5. Local contribution: 20 percent:

Labor	[1] $150, 000

[1] This is 20 percent of total cost to be paid by the local government concerned.

6. Engineering costs: $13,000. Included in local labor costs.
7. Status: Proposed as fiscal year 1956 budget is still tentative.
8. Estimated completion date: None.

POWER BRANCH

1. Project title: Rehabilitation of Yongwol and Tangin-Ri thermal powerplants and substations (subproject A).
   Type: Electrical power generation and transmission.
   Location: Tangin-Ri and Yongwol.
2. Benefits: Provides for the rehabilitation of Yongwol and Tangin-Ri thermal powerplants and substations to give maximum dependable power generation and transmission.
3. Total cost: $2,110,150 (estimated).

4. United States contribution:

	Fiscal year 1956
Percent	95.3
Dollars (see item 6)	$1,460,150
Counterpart	$552,500

5. Local contributions:

Percent	4.7
Labor	$97,500
Land	None

6. Engineering costs: Stated separately in technical services report, and provided for in PA 5318 and PA 4329.
7. Status: PPA written, OEC Korea approved, and by the appropriate ministries of the Republic of Korea.
8. Estimated completion date: December 1958.

NOTE. (1) Item 4, United States contributions; counterpart $552,500 is shown as a part of fiscal year 1956 analysis; however, it will not be required until fiscal year 1957.

POWER BRANCH

1. Project title: Rehabilitation and construction of overall transmission system (subproject—B).
   Type: Electrical power transmission.
   Location: South Korea in general.
2. Benefits: Provides for the rehabilitation of overall transmission system to give the maximum transmission of demand power generation.
3. Total Cost: $4,475,000 (estimated).
4. United States contributions:

	Fiscal year 1956
Present	95.0
Dollars	$3,000,000
Counterpart	$1,253,750

5. Local contributions:

Percent	5.0
Labor	$221,250
Land	None

6. Engineering costs: Stated separately in technical services report, and provided for in PA 5318 and PA 4329.
7. Status: PPA written, OEC Korea approved and by the appropriate Ministries of the Republic of Korea.
8. Estimated completion date: December 1958.

NOTE.—(1) Item 4, United States contributions: Counterpart $1,253,750 is shown as a part of fiscal year 1956 analysis; however, it will not be required until fiscal year 1957.

POWER BRANCH

1. Project title: Partial reconditioning of Tangin-Ri power plant (subproject C).
   Type: Electrical power generation.
   Location: Tangin-Ri.
2. Benefits: Provides for the partial reconditioning of Tangin-Ri power plant to give an increase in electrical power generation.
3. Total cost: $348,900 (estimated).
4. United States contributions:

	Fiscal year 1956
Percent	96.9
Dollar	$277,000
Counterpart	$61,115

5. Local contributions:

Percent	3.1
Labor	$10,785
Land	None

6. Engineering costs: Local—estimated cost included in item 4. United States contributions: Counterpart, $61,115 (figure).
7. Status: PPA written, OEC Korea approved and by the appropriate ministries of the Republic of Korea.
8. Estimated completion date: December 1956.

Power Branch

1. Project title: Transformer for existing Yongwol thermal power plant (subproject D).
   Type: Electrical power transforming.
   Location: Yongwol.
2. Benefits: Provides transformer capacity for transforming generated electrical power to desired voltage for transmission.
3. Total cost: $112,850 (estimated).
4. United States contributions:

	Fiscal year 1956
Percent	98. 6
Dollar	$102, 850
Counterpart	$8, 500

5. Local contributions:

Percent	1. 4
Labor	$1, 500
Land	None

6. Engineering cost: Local—estimated cost included in item 4, United States Contribution: Counterpart, $8,500 (figure).
7. Status: PPA written, OEC Korea approved, and by the appropriate ministries of the Republic of Korea.
8. Estimated completion date: January 1956.

Power Branch

1. Project title: Rehabilitation of Unam power plant (subproject E).
   Type: Hydroelectric power generation.
   Location: Unam.
2. Benefits: Provides additional hydroelectric power generation to the power system of Korea.
3. Total cost: $206,500 (estimated).
4. United States contribution:

	Fiscal year 1956
Percent	93. 3
Dollar	$115, 000
Counterpart	$77, 775

5. Local contributions:

Percent	6. 7
Labor	$13, 725
Land	None

6. Engineering costs: Turnkey job. Engineering cost estimated at about 10 percent and is included in item 4. United States contribution: Dollar, $115,000.
7. Status: PPA written, OEC Korea approved and by the appropriate ministries of the Republic of Korea.
8. Estimated completion date: June 1957.

Power Branch

1. Project title: Substation at Hambaik coal mine (subproject F).
   Type: Electrical power transformer station.
   Location: Hambaik coal mine.
2. Benefits: Provides transformer station at Hambaik Coal Mine to give desired electrical power voltage.
3. Total cost: $130,000 (estimated).
4. United States contribution:

	Fiscal year 1956
Percent	96. 5
Dollar	$100, 000
Counterpart	$25, 500

5. Local contributions:

Percent	3. 5
Labor	$4, 500
Land	None

6. Engineering costs: Local—estimated cost included in item 4. United States contribution: Counterpart, $25,500.
7. Status: PPA written, OEC Korea approved, and by the appropriate ministries of the Republic of Korea.
8. Estimated completion date: January 1957.

POWER BRANCH

1. Project title: Aerial cableway—Yongwol power plant (subproject G).
   Type: Electric power generation—coal unloading facilities.
   Location: Yongwol.
2. Benefits: Provides coal unloading facilities improvement to give more coal-handling capacity for increased power generation.
3. Total cost: $161,000 (estimated).
4. United States contribution:

	Fiscal year 1956
Percent	95.0
Dollar	$111,000
Counterpart	$42,500

5. Local contributions:

Percent	5.0
Labor	$7,500
Land	None

6. Engineering costs: Local, estimated cost included in item 4. United States contribution: Counterpart, $42,500.
7. Status: PPA written, OEC approved, and by the approparite ministries of the Republic of Korea.
8. Estimated completion date: December 1955.

POWER BRANCH

1. Project title: Reconditioning of damaged transformer (subproject H).
   Type: Electrical power transforming.
   Location: Hwachon.
2. Benefits: Provides transformer capacity for transforming generated electrical power to desired voltage for transmission.
3. Total cost: $82,500 (estimated).
4. United States contribution:

	Fiscal year 1956
Percent	99.5
Dollar	$80,000
Counterpart	$2,125

5. Local contributions:

Percent	0.5
Labor	$375
Land	None

6. Engineering cost: Local, estimated cost included in item 4, United States contribution: Counterpart $2,125.
7. Status: PPA written, OEC Korea approved, and by the appropriate ministries of the Republic of Korea.
8. Estimated completion date: January 1956.

POWER BRANCH

1. Project title: Rehabilitation of the Chongpyong Dam (sub project I).
   Type: Hydroelectric power generation.
   Location: Chongpyong.
2. Benefits: Provides rehabilitation of the Chongpyong Dam to give dam structure protection against failure.
3. Total cost: $3,100,000 (estimated).
4. United States contribution:

	Fiscal year 1956
Percent	97.0
Dollar	$2,500,000
Counterpart	$510,000

5. Local contributions:

Percent	3.0
Labor	$90,000
Land	None

6. Engineering costs: This is a turnkey job, engineering costs included in item 4 United States contribution: Dollars, $2,500,000.
7. Status: PPA written, OEC Korea approved, and by the appropriate Ministries of the Republic of Korea.
8. Estimated completion date: October 1957.
9. Remarks: Item 6, Engineering costs: If separated from item 4, United States contribution: Dollars, $2,500,000 could be estimated at approximately 5 percent or $150,000. The 5-percent figure is the normal engineering cost to be expected on a turnkey job of this amount.

POWER BRANCH

1. Project title: Coal unloading facilities at Yongwol (subproject J).
   Title: Electrical power generation; coal unloading facilities.
   Location: Yongwol.
2. Benefits: Provides coal unloading facilities to give more coal handling capacity for increased power generation.
3. Total costs: $243,100 (estimated).
4. United States contribution:

	Fiscal year 1956
Percent	94.5
Dollars	$155,000
Counterpart	$74,885

5. Local contribution:

Percent	5.5
Labor	$13,215
Land	None

6. Engineering costs: Local, estimated cost included in item 4, United States contribution: Counterpart $74,885.
7. Status: PPA written, OEC Korea approved, and by the appropriate Ministries of the Republic of Korea.
8. Estimated completion date: December 1956.

POWER BRANCH

1. Project title: Pacific Bechtel Corp. contract No. 2161; steam powerplants for Republic of Korea.
   (a) *CAPF-PB 135 fiscal year 1954:*
   Thermal powerplant construction: Masan, 50,000 kilowatts; Tangin-Ri, 25,000 kilowatts; Samchok, 25,000 kilowatts.
   PA 4302, $30,000,000.
   (b) *CAPF-PB 543 fiscal year 1955:*
   Connection of new thermal plants to existing transmission system.
   PA 5312, $2,000,000.
   (c) *PPA fiscal year 1956:*
   Pacific Bechtel Corp. contract No. 2161.
   Steam powerplants for Republic of Korea.
   Fiscal year 1956, $200,000.
   1. Transmission towers, $200,000.
   2. Spare parts (see Remarks).

   Type: Thermal electric powerplants (new construction).
   Location: Masan, Tangin-Ri, Samchok.
2. Benefits: Provides power system of South Korea with three new thermal electric powerplants having a total capacity of 100,000 kilowatts (nameplate).
3. Total costs: $34,923,660 (estimated):

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Amount	$32,474,200	$2,209,460	$240,000

4. United States contributions:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Percent	98.6	98.5	97.5
Dollars	$30,000,000	$2,000,000	$200,000
Counterpart	2,040,000	165,600	34,000

5. Local contributions:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Percent	1.4	1.5	2.5
Labor	$360,000	$29,400	$6,000
Land	74,200	14,460	None

6. Engineering costs:

(1) Engineering costs other than indigenous included in item 4, United States contributions:

Dollars (fiscal year 1954)	$30,000,000
Dollars (fiscal year 1955)	2,000,000
Dollars (fiscal year 1956)	200,000

(2) Indigenous engineering costs included in item 4:

Counterpart (fiscal year 1954)	$2,040,000
Counterpart (fiscal year 1955)	166,600
Counterpart (fiscal year 1956)	34,000

7. Status:

Fiscal year 1954 thermal powerplants construction on schedule.
Fiscal year 1955 PA-5312 issued: Contract awarded. Material being purchased.
Fiscal year 1956 PPA approved and by OEC Korea, and the appropriate Ministeries of the Republic of Korea.

8. Estimated completion date: [1]

Fiscal year 1954	July 1, 1956
Fiscal year 1955	July 1, 1956
Fiscal year 1956	July 1, 1956

[1] Estimated completion dates: Tangin-Ri, April 1956; Masan, 1 unit July 1956 and 1 unit August 1956; Samchok, September 1956.

9. Remarks: Reference 1. Project title (*c*), subparagraph 2, spare parts. A spare parts program in the sum of $542,000 was submitted to OEC by Pacific Bechtel Corp. for inclusion in the fiscal year 1956 budget. Approval of the necessary PPA for this project is pending further study as to items of spare parts and unit quantities.

Power Branch

1. Project title: Rehabilitation of Hwachon Dam.

(*a*) CAPF-PB 154—Fiscal year 1954.
Technical assistance and procurement for rehabilitation of Hwachon powerplant, dam and transmission line to Chongpyong powerplant.
PA 4215, $285,000; PA 4334, $275,000.

(*b*) CAPF-PB 541—Fiscal year 1954.
Survey and boring tests on Hwachon Dam.
PA 5223, $52,000.

(*c*) CAPF-PB 542—Fiscal year 1955.
Turnkey job for rehabilitation of Hwachon power facility including completion of third generating unit and second transmission line to Chongpyong powerplant.
PA 5275, $5,273,000.

Type: Hydroelectric power plant rehabilitation.
Location: Hwachon.

2. Benefits: Provides for the rehabilitation of the Hwachon hydroelectric power-plant to give plant maximum dependable power design rating.
3. Total cost: $8,276,600 (estimated):

Fiscal year 1954	$703, 600
Fiscal year 1955	$7, 573, 000

4. United States contributions:

	Fiscal year 1954	Fiscal year 1955
Percent	98. 0	95. 4
Dollars	$612, 000	$5, 273, 000
Counterpart	$77, 860	$1, 955, 000

5. Local contributions:

	Fiscal year 1954	Fiscal year 1955
Percent	2	4. 6
Labor	$13, 740	$345, 000
Land	None	None

6. Engineering costs:
   (1) Engineering costs other than indigenous included in item 4: United States contributions:

Dollars (fiscal year 1954)	$612, 000
Dollars (fiscal year 1955)	$5, 273, 000

   (2) Indigenous engineering costs included in item 4:

Counterpart (fiscal year 1954)	$77, 860
Counterpart (fiscal year 1955)	$1, 955, 000

7. Status:

Fiscal year 1954: Contracts awarded to International Engineering, Inc., personnel and equipment at project site. Projects approximately 35 percent completed.
Fiscal year 1955: Contract awarded to Morrison-Knudsen. Some personnel at project site. Project approximately 2 percent completed.

8. Estimated completion date: September 1958.

Power Branch

1. Project title: Engineering services.
   CAPF–PB 544 fiscal year 1954.
   Engineering services for continuation of power rehabilitation in South Korea.
   PA 5318, $477,000; PA 4329, $600,000.
   Type: Electrical power generation and transmission requirements studies, surveys, designs and specifications.
   Location: South Korea, power system in general.
2. Benefits: Provide South Korea's electric power net with an installed nameplate capacity of 457,000 kilowatts by 1960. It will provide the engineering services which are an essential prerequisite to the systematic rehabilitation and expansion of the present system; namely, the plans specifications and other data necessary to develop an economical generation, transmission, and distribution network throughout Korea.
3. Total cost: $1,357,000, fiscal year 1954 (estimated).
4. United States contributions:

	Fiscal year 1954
Percent	96. 8
Dollars	$1, 077, 000
Counterpart	$238, 000

5. Local contributions:

Percent	3.2
Labor	$42,000
Land	None

6. Engineering costs:

Engineering costs included in item 4: United States contributions, $1,077,000.

7. Status: PA's have been issued. No contract has been let.
8. Estimated completion date: June 1957.

Power Branch

1. Project title: Exploratory drilling and hydrologic studies for Chung-Ju and Yoju Sites.
   CAPF–PB 545 Fiscal year 1955.
   Type: Hydroelectric powerplant development engineering.
   Location: Chung-Ju and Yoju.
2. Benefits: Provides FOA and the Republic of Korea with the necessary surveys, foundation explorations, data on location and quantities of available construction materials; hydrological studies from available data, a feasibility report with an economic study, preliminary designs, specifications, and cost estimates adequate to be the basis for decisions on further expenditures of funds for construction of hydroelectric power generating facilities at proposed sites near Chung-Ju and Yoju, Korea.
3. Total costs: $879,340 (estimated).
4. United States contributions:

	Fiscal year 1956
Percent	97.7
Dollars	$748,000
Counterpart	$111,639

5. Local contributions:

Percent	2.3
Labor	$19,701
Land	None

6. Engineering costs: Engineering costs included in item 4. United States contributions, $748,000.
7. Status: PA'S have been issued. No contract has been let.
8. Estimated completion date: December 31, 1956.

Agriculture Branch

1. Project title: Farm soil testing service.
   Type: Agriculture.
   Location: Provincial agricultural experiment stations.
2. Benefits: Provides for the testing of soils with results to be used as a basis for the election of suitable crops and proper application of fertilizer.
3. Total cost: $276,000.
4. United States contribution: 73.5 percent of project:

	Fiscal year 1956
Dollar	$100,000
Counterpart	102,800

5. Local contribution: 26.5 percent of project.

Travel	40,000
Salaries	24,000
Wages	8,000
Technical assistance	1,200

6. Engineering costs: None.
7. Status: PPA submitted July 1, 1955.
8. Estimated completion date: Starting date plus 9 months.
   Remarks: None.

Agriculture Branch

1. Project title: Agricultural research rehabilitation.
   Type: Agriculture.
   Locations: Central Agricultural Technical Institute, Suwon, and 8 branch stations (1 per province) and 2 special stations (rice breeding and fiber breeding).
2. Benefits: Rehabilitation and rejuvenation of the agricultural research facilities of South Korea which were destroyed in the Korean war.
3. Total cost: $507,000.
4. United States contribution: 85 percent of project:

	Fiscal year 1955	Fiscal year 1956
Dollar	$225,000	$180,000
Counterpart	10,000	7,000

5. Local contribution: 15 percent of project:

	Fiscal year 1955	Fiscal year 1956
Construction—labor	$65,000	$20,000

6. Engineering costs: Supplied gratis by commercial firms.
7. Status of project: Under fiscal year 1955 the book and laboratory equipment list was submitted as PA 5310. Bids were accepted on part of this by OSROK on September 13, 1955, and they requested procurement of other items through GSA. Bidding on PA 5351 is held up awaiting completion of building plans and detailed specifications on electrical items. The FR for fiscal year 1956 has been prepared and awaits MAF/ROK approval.
8. Estimated completion date:
   Fiscal year 1955: November 1956.
   Fiscal year 1956: June 1958.

Agriculture Branch

1. Project title: Sericulture rehabilitation.
   Type: Agriculture.
   Locations: 18 Government-operated sericulture installations in Korea.
2. Benefits: Repair and rehabilitation of war-damaged facilities to reestablish the sericulture industry.
3. Total cost: $281,000.
4. United States contribution: 96 percent of project:

	Fiscal year 1955
Dollar	$246,000
Counterpart	25,000

5. Local contribution: 4 percent of project:

Installation	$10,000

6. Engineering costs: Technical supervision of installation to be supplied by successful equipment bidder.
7. Status of project: PA 5296 under discussion presently because equipment and technicians must come from Japan.
8. Estimated completion date: If proposed PA is accepted, completion will be 1 year from date of bid invitations.

Agriculture Branch

1. Project title: Agricultural extension development.
   Type: Agriculture.
   Location: Headquarters at Suwon, and agricultural extension program to be at national, provincial, gun, myon, and village levels in all of Korea.

2. Benefits:
   (a) Increase farm income in Korea.
   (b) Increase food and fiber production.
   (c) Develop a permanent conservation program for agriculture and forestry.
   (d) Fortify economic strength of the Korean people through improved rural institutions.
3. Total cost: $3,591,000.
4. United States contribution: 89.88 percent of project:

	Fiscal year 1956
Dollar	$1, 250, 000
Counterpart	1, 978, 000

5. Local contribution: 10.12 percent of project:

Land	6, 000
Salaries	300, 000
Transportation	8, 000
Furniture and equipment	4, 000
Utilities	5, 000
Wages	12, 000
Travel	20, 000
Printing	8, 000

6. Engineering Cost: $20,000 (included in above total).
7. Status of project: The National Assembly is considering legislation and appropriation of funds for this program. The Ministry of Agriculture and Forestry have agreed in general, with plans submitted for reorganization of the Agricultural Extension Organization.
8. Estimated completion date: December 1956 completion of structures, equipment, etc.

Remarks: None.

Agriculture Branch

1. Project title: Flood control.
   Type: Levees and sluice gates construction.
   Location: Republic of Korea.
2. Benefits: Protect the rice paddies and villages against flooding water.
3. Total cost: $9,869,370.
4. United States contribution: 98.4 percent of project:

	Fiscal year 1955	Fiscal year 1956
Dollar	$748, 000	$550, 000
Counterpart	4, 202, 870	4, 208, 500

5. Local contribution: 1.6 percent of project:
   Labor cost, $160,000.
6. Engineering cost (included in counterpart funds):

	Fiscal year 1955	Fiscal year 1956
Amount	$11, 175	$34, 760

7. Status: The fiscal year 1955 material will arrive shortly and be completed about April 30, 1956.
8. Estimated completion date: 48 projects in the fiscal year 1955 project will be completed June 30, 1956, and 39 projects in the fiscal year 1956 project will be completed June 30, 1957.

Remarks: The flood control program was undertaken by UNKRA for fiscal years 1953 and 1954, and following this, FOA carried out the program for fiscal years 1955 and 1956. This report, therefore, starts with fiscal year 1955.

Agriculture Branch

1. Project title: Irrigation.
   Type: Dam and channel construction.
   Location: Republic of Korea.
2. Benefits: Rehabilitate the Korean economy through larger rice crop production.
3. Total cost: $72,248,128.
4. United States contribution: 45.6 percent of project:

	Fiscal year 1955	Fiscal year 1956
Dollar	$2,930,000	$3,000,000
Counterpart	12,000,316	15,024,164

5. Local contribution: 54.4 percent of project:

	Fiscal year 1955	Fiscal year 1956
Labor	$18,790,537	$20,360,244
Domestic materials	53,379	89,488

6. Engineering cost (included in local labor cost):

	Fiscal year 1955	Fiscal year 1956
Amount	$19,595	$48,960

7. Status: Of the fiscal year 1955 materials, about 30 percent has arrived and will be completed about May 1, 1956.
8. Estimated completion date: 631 projects will be undertaken by this program and total proposed for completion in fiscal year 1955 and fiscal year 1956 is 559.

   Remarks: The irrigation program was undertaken by UNKRA for fiscal year 1953 and 1954, and following this FOA carried on the program for fiscal years 1955 and 1956. This report therefore, starts with fiscal year 1955.

Agriculture Branch

1. Project title: Livestock and veterinary rehabilitation.
   Type: Agriculture.
   Location: Various points in South Korea.
2. Benefits: Provides for the rehabilitation of livestock and verterinary facilities for the Republic of Korea.
3. Total cost: $2,186,937.
4. United States contribution: 67.9 percent of project:

	Fiscal year 1955	Fiscal year 1956
Dollar	$564,000	$260,000
Counterpart	600,000	61,000

5. Local contribution: 23.1 percent of project:

	Fiscal year 1955	Fiscal year 1956
Local material, transportation, and labor	$481,937	$220,000

6. Engineering cost: None.
7. Status: Fiscal year 1955 program—bids let on September 7, 1955, for delivery in 90–120 days. Fiscal year 1956 program—FR agreed upon on June 7.
8. Estimated completion date: Fiscal year 1955, September 30, 1956. Fiscal year 1956, April 30, 1957.
Remarks: None.

AGRICULTURE BRANCH

1. Project title: Seed treatment.
Type: Agriculture.
Location: Equipment to be located at 70 of the larger population centers in South Korea.
2. Benefits: Provides a quick and safe treatment of cereal seeds with certain fungicide to prevent blights, wilts, rusts, and other common plant diseases.
3. Total cost: $223,400.
4. United States contribution: 95 percent of project:

	Fiscal year 1955	Fiscal year 1956
Dollar	$127,000	$50,000
Counterpart	25,400	10,000

5. Local contribution: 5 percent of project:

	Fiscal year 1955	Fiscal year 1956
Labor	$7,500	$3,500

6. Engineering costs: Negligible.
7. Status: Machines have not been procured as of September 1, 1955.
8. Estimated completion date: March 1956.
Remarks: None.

AGRICULTURE BRANCH

1. Project title: Specialty farm enterprise.
Type: Agriculture.
Location: Farming areas throughout South Korea.
2. Benefits: Increase cash farm income through increase of food and fiber output from specialty farm enterprises.
3. Total cost: $182,000.
4. United States contribution: 100 percent of project:

	Fiscal year 1956
Dollar	$90,000
Counterpart	92,000

5. Local contribution: None.
6. Engineering cost: None.
7. Status: PPA submitted.
8. Estimated completion date: Starting date plus 8 months.
Remarks: None.

AGRICULTURE BRANCH

1. Project title: Rural warehouses.
Type: Agriculture.
Location: Approximately 900 locations throughout South Korea.
2. Benefits: Storage and distribution centers for farm produce, fertilizers, agricultural chemicals, farm tools and equipment, farm packaging material, cement, etc. The fireproof, vermin- and rodent-proofed permanent buildings will preserve farm produce, thus making more of the farm products available for both domestic and foreign markets. Grain and other farm produce losses due to open storage, rats, insects, and weather are huge and incalculable. The elimination of these preventable wastes will be materially and favorably reflected continuously in the Korean economy.
3. Total cost: $4,736,100.

4. United States contribution: 63½ percent of project:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Dollar	$1,000,000	$2,000,000	Nil
Counterpart	(1)	(1)	Nil

5. Local contribution: 27½ percent of project:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Land	(2)	(2)	Nil
Reconstruction			
Bank loans	[1] $578,600	[1] [3] $1,157,500	

[1] Reconstruction borrows from the counterpart funds the hwan equivalent of the total cost and the end users, in turn, are loaned this sum of money with interest.
[2] Evaluation not available.
[3] Estimate.

6. Engineering costs: Buildings are prefabricated. Only assembling of buildings on sites required, which cost is included in the counterpart fund (5, above).
7. Status: Building erections now underway:
   Fiscal year 1955: Contract not let.
   Fiscal year 1956: Nil.
8. Estimated completion date:
   Fiscal year 1954: November 15, 1955.
   Fiscal year 1955: Not available.
   Fiscal year 1956: Nil.

Remarks: The building contractors have to, according to law, buy a fixed amount of national bonds depending on the size of the contract which aids the ROK Government.

Agriculture Branch

1. Project title: 17 forestry development.
   Type: Reforestation, forest erosion control work, stream improvement work, forest protection and forest management.
   Location: In designated forest areas of all Provinces.
2. Benefits: Will assist the Bureau rof Forestry, Ministry of Agriculture and Forestry, in their forestry program to reforest denuded forest lands and, therefore, reduce forest erosion, reduce flooding of agriculture land, and assist in protection and management of forest lands.
3. Total costs: $9,441,068.
4. United States contribution: 68.9 percent of project:

	Fiscal Year 1955	Fiscal Year 1956
Dollar	$200,000	$520,000
Counterpart	710,640	5,083,768

5. Local contribution: 31.1 percent of project:

	Fiscal Year 1955	Fiscal Year 1956
Labor	$1,524,216	$1,402,414

6. Engineering cost: Done by foresters and costs are included in 5, above.
7. Status: Material and equipment for fiscal year 1955 under procurement by ROK Office of Supply. Final approval for fiscal year 1956 not received to date.

8. Estimated completion date: June 1956 for work scheduled under fiscal year 1955 and November 1956 for work scheduled under fiscal year 1956, depending upon arrival of materials and availability of hwan funds.
   Remarks: Forestry development is a continuous project. The first technical assistance in forestry started in 1947 in military government. In fiscal year 1953 and 1954 the forestry assistance program was under UNKRA administration. During these 2 years UNKRA spent $245,000 on forestry projects.
   In addition to the above-mentioned forestry projects, hwan funds amounting to Hw559,400,000 ($1,118,800) are needed for purchase of indigenous produced seedlings for planting of approximately 400 million seedlings on private forest land by village forestry associations in the spring of 1956.

Public Health Branch

1. Project: title: Construction of wells and sanitary facilities.
   Type Public health.
   Location: All provinces and special city of Seoul.
2. Benefits: Protect health of civilian population and prevent spread of communicable diseases through environmental sanitation.
3. Total cost: $2,435,000.
4. United States contribution: 100 percent of total:

	Fiscal year 1955	Fiscal year 1956
Dollar	$400,000	$800,000
Counterpart	400,000	835,000

5. Local contributions: Unknown.
6. Engineering costs: None.
7. Status: Fiscal year 1955 materials in transit to sites. Construction not yet begun.
8. Estimated completion date: June 1957.
   Remarks: All imported construction materials are distributed free of cost. Materials are used for reestablishment and reconstruction of public wells, public toilets, public baths, and nightsoil tanks by local governments in main cities, towns, and villages. This project is part of a continuing program for construction of wells and sanitary facilities. It is expected support will be required additionally for 5 years beyond fiscal year 1956.

Public Health Branch

1. Project title: Hospital facilities construction and remodeling.
   Type: Public health.
   Location: All provinces and special city of Seoul.
2. Benefits: Protect health of civilian population by providing adequate health facilities.
3. Total cost: $2,056,540.
4. United States contribution: 100 percent of total:

	Fiscal year 1955	Fiscal year 1956
Dollar	$300,000	$700,000
Counterpart	300,000	756,540

5. Local contribution: Unknown.
6. Engineering costs: None.
7. Status: Fiscal year 1955 materials in transit to construction sites; construction not yet begun.
8. Estimated completion date: June 1957.
   Remarks: All imported construction materials are distributed free of cost. For construction of hospitals, sanitoriums, public dispensaries, public-health centers, health laboratories, quarantine stations. The Ministry of Health and Social Affairs has established a 3-year continuing program for new construction and remodeling of health facilities, fiscal year 1956 through fiscal year 1958, which this project will support.

Public Health Relief in Korea

All supplies furnished under the public health relief program are distributed free of cost to the recipient for prevention of disease and for medical care activities.

FOA funding for public health relief activities began with requirements for the second half fiscal year 1955. Previously, Department of the Army CRIK appropriations were used.

CRIK funds utilized for public health relief in the fiscal years 1951 through 1954 (including pipeline requirements for first half fiscal year 1955) totaled $24,500,000, and provided essential needs to prevent disease, to provide essential medical care, and to provide minimal rehabilitation of damage and/or destruction due to war activities.

Fiscal year 1955 FOA funds administered by Department of the Army for public health relief activities totaled $4 million, and were for requirements for the second half fiscal year 1955 and for pipeline requirements for first quarter fiscal year 1956. Of this total, $700,000 were for construction of sanitary and medical facilities, which projects are described separately.

Fiscal year 1956 ICA funds totaling $2,400,000 will be used for public health relief activities (exclusive of construction projects); counterpart required $104,000 for internal handling.

Total United States contribution for public health relief activities fiscal year 1951 through fiscal year 1956:

CRIK (fiscal years 1951–54)		$24, 500, 000
Foreign aid funds		6, 400, 000
FOA (fiscal year 1955)	4, 000, 000	
ICA (fiscal year 1956)	2, 400, 000	
Counterpart [1]		1, 804, 000
Fiscal years 1951–54	855, 000	
Fiscal year 1955	845, 000	
Fiscal year 1956	104, 000	
Total fiscal years 1951–56		32, 704, 000

[1] Counterpart expenditures consist of internal handling costs ($600,000) and internal construction costs ($1,204,000). Internal handling costs are calculated at 5.3 percent of landed dollar cost at $1-HW180, converted to dollars at $1-HW500 for costs prior to fiscal year 1955, and for fiscal year 1955 and fiscal year 1956, calculated at 12 percent of landed dollar cost at $1-HW180, converted to dollars at $1-HW500.

The public health relief program is a continuing one, and is considered essential to the economic and social recovery of the Republic of Korea. It should be continued until public-health activities can be adequately supported indigenously. A minimum of 5 years beyond fiscal year 1956 is contemplated (through June 1961).

Public Safety Branch

FIRE SECTION

1. Project title: Fire control facilities.
   Type: Fire apparatus and related appliances.
   Location: National police installations and suboffices in all major cities and towns in each of the nine provinces. Landed area approximately 85,255 square miles.
2. Benefits: Provide an adequate fire defense program for the ROK to reduce the tremendous losses from fire.
3. Total cost: $1,355,000.
4. United States contribution:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
	None	(1)	(2)
Dollar	None	$500, 000	$500, 000
Counterpart	None	200, 000	155, 000

[1] 71.0 percent of project.
[2] 76.5 percent of project.

5. Local contributions: None.
6. Engineer costs: None.

7. Status: Fire equipment of the design requested is not available in Korea, therefore must be imported from Zone of Interior. Due to time required for manufacture, delivery of apparatus possibly cannot be anticipated for at least 12 months from date of purchase authorization.
8. Estimated completion date: Project affects entire ROK and due to varying conditions it is impossible to establish any definite calendar of operations. Possibly fiscal year 1958.

Remarks: Technical assistance program: No participants.

SOCIAL AFFAIRS BRANCH

1. Project title: Refugee resettlement.

Type: Reestablishment of refugees and persons displaced as the result of war and guerrilla activities.

Location: Throughout all Korea including Cheju-do and the restored areas north of the 38th parallel.

2. Benefits: The resettlement project by combining minimum essential material assistance with the individual initiative and enterprise of destitute refugees and displaced persons enable them to achieve adequate housing, self-support and regain the dignity and hope which comes with gainful employment. The project will effect a substantial increase in the production of food and other needed commodities. This is estimated to amount to 6,000 metric tons annually for the number of families to be resettled during fiscal year 1956. The project will also make a substantial contribution to the land reclamation, flood and erosion control program. It will reduce unemployment and decrease the need for relief by creating new employment opportunities.
3. Total cost: $12,163,000.
4. United States contribution: 18.54 percent of project (38 percent fiscal year 1955):

	Fiscal year 1955	Fiscal year 1956
Dollar	$3,525,000	$500,000
Counterpart	423,000	40,000
	3,948,000	540,000

5. Local contribution: 75 percent of project:

	Fiscal year 1955	Fiscal year 1956
Commodities (62 percent)	$1,195,000	$755,000
Labor	3,150,000	675,000
Land	1,680,000	220,000
	6,025,000	1,650,000

6. Engineering costs: None.
7. Status: The resettlement-assimilation program was initiated in March 1952 and has been under continuous implementation since that time. At the beginning of the program, there were some four million persons displaced from their home areas as the result of war and guerrilla activities. At the end of fiscal year 1955, there had been some 1,564,500 persons aided in the resettlement of their own lands and an additional 186,500 persons resettled and assimilated into the local economy on land provided by the Republic of Korea.
8. Estimated completion date: Undetermined.
9. In addition to the above during the period from 1950 to June 30, 1954, relief supplies (food, blankets, soap, and fuel) in total value of $282 million were distributed through UNCACK/KCAC for the prevention of disease, starvation, and unrest. Of this amount $218 million were from army appropriated funds while the rest ($64 million) was donated by U. N. member nations and voluntary agencies. During the fiscal year 1955 relief supplies were distributed at a total value of $25 million, approximately half of which was donated and the other half procured with United States funds.

Manufacturing and Processing

1. Project title: Fertilizer plant.
   Type: Nitrogen fertilizer (urea).
   Location: Chungju, Korea.
2. Benefits: This fertilizer plant will have a capacity to produce about one-third of the total nitrogen fertilizer requirements of South Korea. Fertilizer is necessary to provide an adequate agricultural production in South Korea. The establishment of this plant will decrease by $8 million to $10 million per year the foreign exchange required for imported fertilizers. This will make a major contribution to the creation of a self-supporting economy.
3. Estimated total cost: $26,400,000 (estimated).
4. United States contribution in percent: 99.6 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$23,000,000		
(b) Counterpart			$3,300,000

5. Local contribution in percent: 0.4 percent.
6. Engineering costs: $1 million, included in local labor costs.
7. Status: Construction has commenced.
8. Estimated completion date: March 1958.

Manufacturing and Processing

1. Project title: Aluminum sulphate plant.
   Type: Chemical processing plant.
   Location: Between Seoul and Inchon, Korea.
2. Benefits: A supply of aluminum sulfate is essential to health and sanitation. The manufacture of aluminum sulfate in Korea from sulfuric acid and Korean kaolin will save foreign exchange and thus contribute to an economy of self-support.
3. Estimated total cost: $310,000 (estimated).
4. United States contribution in percent: 77 percent:

	Fiscal year 1954	Fiscal year 1955
(a) Dollar	$100,000	
(b) Counterpart		$140,000

5. Local contribution in percent: 23 percent:

Fiscal year 1954	$50,000
Fiscal year 1956	20,000

6. Engineering costs: None.[1]
7. Status: Under implementation.
8. Estimated completion date: February 1956.

Manufacturing and Processing

1. Project title: Auto tire plant.
   Type: Manufacture of rubber tires and tubes.
   Location: Pusan, Korea.
2. Benefits: Rubber tires and tubes are essential to the operation of civilian and military motor vehicles in Korea. The production of such commodities in Korea will save considerable foreign exchange and will thus contribute to the establishment of an economy of self-support.
3. Estimated total cost: $635,000 (estimate).

[1] The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end user is responsible for all local engineering.

4. United States contribution in percent: 85 percent:

	Fiscal year 1954	Fiscal year 1955
(a) Dollar	$480,000	
(b) Counterpart		$60,000

5. Local contribution in percent: 15 percent:

Fiscal year 1954	$80,000
Fiscal year 1956	15,000

6. Engineering costs: None.[1]
7. Status: Equipment ready for shipment.
8. Estimated completion date: February 1956.

MANUFACTURING AND PROCESSING

1. Project title: Rubber Reclaiming Plant.
   Type: Rubber Reclaiming Plant.
   Location: Pusan, Korea.
2. Benefits: Reclaiming rubber from wornout articles will reduce the requirement for imported raw rubber and will thus contribute to the establishment of a self-supporting economy in Korea.
3. Estimated total cost: $420,000 (estimated).
4. United States contribution in percent: 79 percent.

	Fiscal year 1954	Fiscal year 1955
(a) Dollar	$200,000	
(b) Counterpart		$130,000

5. Local contribution in percent: 21 percent:

Fiscal year 1954	$75,000
Fiscal year 1956	15,000

6. Engineering costs: None.[1]
7. Status: Under implementation.
8. Estimated completion date: January 1956.

MANUFACTURING AND PROCESSING

1. Project title: Pesticides plant.
   Type: Chemical processing plant.
   Location: Inchon, Korea.
2. Benefits: Insecticides and pesticides are necessary to agricultural production. The production of insecticides and pesticides in Korea from Korean and imported raw materials results in a saving of foreign exchange as compared to the import of finished chemicals, and thus contributes to the establishment of an economy of self-support.
3. Estimated total cost: $280,000 (estimated).
4. United States contribution in percent: 75 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$110,000		
(b) Counterpart		$100,000	

[1] The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end user is responsible for all local engineering.

5. Local contribution in percent: 25 percent:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956
Amount	$50,000		$20,000

6. Engineering costs: None. (See remarks.)
7. Status: Under implementation.
8. Estimated completion date: January 1956.
   Remarks: The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Pharmaceutical plant No. 1.
   Type: Manufacture of pharmaceuticals.
   Location: Sosa, Kyonggi-Do, Korea.
2. Benefits: Korean pharmaceutical plants are small scale and poorly equipped and are able to produce only one-fifth of the total requirement for medicines. This project will make it possible to improve quality of medicines produced and to increase the quantity. This project will enable Korea to save foreign exchange by processing medicines in Korea which previously had to be purchased as finished medicines.
3. Estimated total cost: $335,000 (estimated).
4. United States contribution in percent: 82 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$150,000	
(b) Counterpart		$125,000

5. Local contribution in percent: 18 percent:

	Fiscal year 1955	Fiscal year 1956
Amount	$35,000	$25,000

6. Engineering costs: None. (See remarks.)
7. Status: Contracts being negotiated.
8. Estimated completion date: June 1956.
   Remarks: The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Pharmaceutical plant No. 2.
   Type: Manufacture of pharmaceuticals.
   Location: Seoul, Korea.
2. Benefits: Korean pharmaceutical plants are small scale and poorly equipped and are able to produce only one-fifth of the total requirement for medicines. This project will make it possible to improve quality of medicines produced and to increase the quantity. This project will enable Korea to save foreign exchange by processing medicines in Korea which previously had to be purchased as finished medicines.
3. Estimated total cost: $200,000 (estimated).

4. United States contribution in percent: 80 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$75,000	
(b) Counterpart		$75,000

5. Local contribution in percent: 20 percent:

	Fiscal year 1955	Fiscal year 1956
Amount	$35,000	$15,000

6. Engineering costs: None. (See remarks.)
7. Status: Under implementation.
8. Estimated completion date: May 1956.
Remarks: The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Pharmaceutical plant No. 3.
Type: Manufacture of pharmaceuticals.
Location: Seoul, Korea.
2. Benefits: Korean pharmaceutical plants are small scale and poorly equipped and are able to produce only one-fifth of the total requirement for medicines. This project will make it possible to improve quality of medicines produced and to increase the quantity. This project will enable Korea to save foreign exchange by processing medicines in Korea which previously had to be purchased as finished medicines.
3. Estimated total cost: $190,000 (estimate).
4. United States contribution in percent: 79 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$80,000	
(b) Counterpart		$70,000

5. Local contribution in percent: 21 percent:

	Fiscal year 1955	Fiscal year 1956
Amount	$25,000	$15,000

6. Engineering costs: None. (See remarks.)
7. Status: Contracts being negotiated.
8. Estimated completion date: May 1956.
Remarks: The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Pharmaceutical plant No. 4.
Type: Manufacture of pharmaceuticals.
Location: Seoul, Korea.
2. Benefits: Korean pharmaceutical plants are small scale and poorly equipped and are able to produce only one-fifth of the total requirement for medicines. This project will make it possible to improve quality of medicines produced

and to increase the quantity. This project will enable Korea to save foreign exchange by processing medicines in Korea which previously had to be purchased as finished medicines.

3. Estimated total cost: $230,000 (estimate).
4. United States contribution in percent: 78 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$80,000	
(b) Counterpart		$100,000

5. Local contribution in percent: 22 percent:

	Fiscal year 1955	Fiscal year 1956
Amount	$35,000	$15,000

6. Engineering costs: None. (See remarks.)
7. Status: Contracts being negotiated.
8. Estimated completion date: May 1956.

Remarks: The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Pharmaceutical plant No. 5.
   Type: Manufacture of pharmaceuticals.
   Location: Seoul, Korea.
2. Benefits: Korean pharmaceutical plants are small scale and poorly equipped and are able to produce only one-fifth of the total requirement for medicines. This project will make it possible to improve quality of medicines produced and to increase the quantity. This project will enable Korea to save foreign exchange by processing medicines in Korea which previously had to be purchased as finished medicines.
3. Estimated total cost: $215,000.
4. United States contribution in percent: 79 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$80,000	
(b) Counterpart		$90,000

5. Local contribution in percent: 21 percent:

	Fiscal year 1955	Fiscal year 1956
Amount	$30,000	$15,000

6. Engineering costs: None. (See Remarks.)
7. Status: Contracts being negotiated.
8. Estimated completion date: May 1956.

Remarks: The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Flour mill No. 1.
   Type: Food processing.
   Location: Pusan, Korea.

2. Benefits: Expansion of flour milling facilities in South Korea enables Korea to take advantage of a differential price in wheat as compared to rice. It also accelerates a desirable trend away from such a great reliance on rice. Substitution of wheat for rice in the diet makes for a better use of Korean uplands where wheat may be grown to greater advantage than rice. This resulting expansion of agricultural output as well as the use of foreign wheat makes additional rice available for export. The milling industry thus makes a considerable contribution to the establishment of a self-supporting economy in Korea.
3. Estimated total cost: $765,000 (estimate).
4. United States contribution in percent: 85 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$280,000	
(b) Counterpart		$250,000

5. Local contribution in percent: 15 percent:

	Fiscal year 1955	Fiscal year 1956
Amount	$70,000	$45,000

6. Engineering costs: None. (See remarks.)
7. Status: Under construction.
8. Estimated completion date: May 1956.
   Remarks: The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Flour mill No. 2.
   Type: Food processing.
   Location: Seoul, Korea.
2. Benefits: Expansion of flour milling facilities in South Korea enables Korea to take advantage of a differential price in wheat as compared to rice. It also accelerates a desirable trend away from such a great reliance on rice. Substitution of wheat for rice in the diet makes for a better use of Korean uplands where wheat may be grown to greater advantage than rice. This resulting expansion of agricultural output as well as the use of foreign wheat makes additional rice available for export. The milling industry thus makes a considerable contribution to the establishment of a self-supporting economy in Korea.
3. Estimated total cost: $270,000 (estimate).
4. United States contribution in percent: 63 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$120,000	
(b) Counterpart		$50,000

5. Local contribution in percent: 37 percent:

	Fiscal year 1955	Fiscal year 1956
Amount	$80,000	$20,000

6. Engineering costs: None. (See remarks.)
7. Status: Complete.
8. Estimated completion date: October 1955.
   Remarks: The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Flour mill No. 3.
   Type: Food processing plant.
   Location: Inchon, Korea.
2. Benefits: Expansion of flour milling facilities in South Korea enables Korea to take advantage of a differential price in wheat as compared to rice. It also accelerates a desirable trend away from such a great reliance on rice. Substitution of wheat for use in the diet makes for a better use of Korean uplands where wheat may be grown to greater advantage than rice. This resulting expansion of agricultural output as well as the use of foreign wheat makes additional rice available for export. The milling industry thus makes a considerable contribution to the establishment of a self-supporting economy in Korea.
3. Estimated total cost: $470,000 (estimate).
4. United States contribution in percent: 85 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$110,000	
(b) Counterpart		$290,000

5. Local contribution in percent: 15 percent:

	Fiscal year 1955	Fiscal year 1956
Amount	$50,000	$20,000

6. Engineering costs: None. (See remarks.)
7. Status: Project being implemented.
8. Estimated completion date: March 1956.
   Remarks: The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Starch plant No. 1.
   Type: Chemical processing.
   Location: Seoul, Korea.
2. Benefits: At the present time Korea imports starch. Sufficient expansion of the starch industry will make it possible to eliminate imports. It will also make it possible to get a better use of Korean agricultural resources since it will encourage the production of potatoes and corn on certain lands more suited to these crops than to rice culture. This increase in agricultural production will release rice for export. The expansion of the starch industry, therefore, makes an important contribution to the establishment of an economy of self-support.
3. Estimated total cost: $300,000 (estimated).
4. United States contribution in percent: 85 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$195,000	
(b) Counterpart		$60,000

5. Local contribution in percent: 15 percent:

	Fiscal year 1955	Fiscal year 1956
Amount	$15,000	$30,000

6. Engineering cost: None. (See remarks.)
7. Status: End-user negotiating purchase of equipment.
8. Estimated completion date: July 1956.
   Remarks: The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end-user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Starch plant No. 2.
   Type: Chemical processing.
   Location: Kunsan City, Korea.
2. Benefits: At the present time Korea imports starch. Sufficient expansion of the starch industry will make it possible to eliminate imports. It will also make it possible to get a better use of Korean agricultural resources since it will encourage the production of potatoes and corn on certain lands more suited to these crops than to rice culture. This increase in agricultural production will release rice for export. The expansion of the starch industry, therefore, makes an important contribution of the establishment of an economy of self-support.
3. Estimated total cost: $100,000 (estimated).
4. United States contribution in percent: 45 percent:
   (a) Fiscal year 1955 ..... $45,000
5. Local contribution in percent: 55 percent:
   Fiscal year 1955 40,000
   Fiscal year 1956 15,000
6. Engineering costs: None. The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end user is responsible for all local engineering.
7. Status: Under procurement.
8. Estimated completion date: April 1956.

MANUFACTURING AND PROCESSING

1. Project title: Starch Plant No. 3.
   Type: Chemical processing.
   Location: Pusan, Korea.
2. Benefits: At the present time Korea imports starch. Sufficient expansion of the starch industry will make it possible to eliminate imports. It will also make it possible to get a better use of Korean agricultural resources since it will encourage the production of potatoes and corn on certain lands more suited to these crops than to rice culture. This increase in agricultural production will release rice for export. The expansion of the starch industry, therefore, makes an important contribution to the establishment of an economy of self-support.
3. Estimated total cost: $220,000 (estimated).
4. United States contribution in percent: 85 percent.

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$60,000	
(b) Counterpart		$127,000

5. Local contribution in percent: 15 percent:

Fiscal year 1955	$20,000
Fiscal year 1956	13,000

6. Engineering costs: None*. The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end-user is responsible for all local engineering.
7. Status: Under procurement.
8. Estimated completion date: May 1956.

MANUFACTURING AND PROCESSING

1. Project title: Starch plant No. 4.
   Type: Chemical processing.
   Location: Taejon, Korea.
2. Benefits: At the present time Korea imports starch. Sufficient expansion of the starch industry will make it possible to eliminate imports. It will also make it possible to get a better use of Korean agricultural resources since it will encourage the production of potatoes and corn on certain lands more suited to these crops than to rice culture. The increase in agricultural production will release rice for export. The expansion of the starch industry, therefore, makes an important contribution to the establishment of an economy of self-support.
3. Estimated total cost: $125,000 (estimated).
4. United States contribution in percent: 80 percent.

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$50,000	
(b) Counterpart		$50,000

5. Local contribution in percent: 20 percent.

	Fiscal year 1955	Fiscal year 1956
Amount	$15,000	$10,000

6. Engineering costs: None.*
7. Status: Under procurement.
8. Estimated completion date: April 1956.
   Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Inwha Industrial Co.—Plastic molding project.
   Type: Chemical processing plant.
   Location: Seoul, Korea.
2. Benefits: Since the Korean war there has been a major expansion of the plastics industry in South Korea. At present 8 companies are producing 1,737 M/T of end-products per year, mainly such basic household items as toothbrushes, rice bowls, glasses, combs, etc. The establishment of this project, besides greatly enhancing South Korean capacity to mold and extrude raw plastics, should bring about an annual foreign exchange savings of up to $200,000.
3. Estimated total cost: $230,000 (estimated).

4. United States contribution in percent: 83 percent:

	Fiscal year 1955	Fiscal year 1956
a. Dollar	$100,000	
b. Counterpart		$90,000

5. Local contribution in percent: 17 percent.
6. Engineering costs: None.*

	Fiscal year 1955	Fiscal year 1956
Amount	$30,000	$10,000

7. Status: Negotiations are proceeding.
8. Estimated completion date: July 1956.
   Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end-user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Nonferrous metal sheet plant.
   Type: Metalworking plant.
   Location: Seoul, Korea.
2. Benefits: The project will enable Korea to produce aluminum sheeting from purchased aluminum ingots. The purchase of ingots instead of sheets will save foreign exchange for Korea and thus contribute to viability.
3. Estimated total cost: $602,000 (estimated).
4. United States contribution in percent: 83 percent.

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$267,000	
(b) Counterpart		$235,000

5. Local contribution in percent: 17 percent.

	Fiscal year 1955	Fiscal year 1956
Amount	$70,000	$30,000

6. Engineering costs: None.*
7. Status: Under implementation.
8. Estimated completion date: June 1956.
   Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: White pigments plant.
   Type: Chemical processing.
   Location: Mungyong, Kyangsang-Pukto, Korea.
2. Benefits: The project will enable Korea to manufacture white pigments from Korean raw materials and will eliminate the necessity for spending foreign exchange on the import of such pigments from abroad. The project will thus make a contribution to making Korea self-supporting.

3. Estimated total cost: $185,000 (estimated).
4. United States Contribution in percent: 78 percent.

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$105,000	
(b) Counterpart		$40,000

5. Local contribution in percent: 22 percent.

	Fiscal year 1955	Fiscal year 1956
Amount	$20,000	$20,000

6. Engineering costs: None*.
7. Status: Under implementation.
8. Estimated completion date: May 1956.
   Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end-user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: ROK Army clothing factory.
   Type: Garment factory.
   Location: Pusan, Korea.
2. Benefits: The present plant is a high cost operation and suffers from frequent breakdowns. The new equipment will expand the output of the plant and will reduce the operating costs.
3. Estimated total cost: $302,000 (estimated).
4. United States contribution in percent: 83 percent.

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$252,000	

5. Local contribution in percent: 17 percent.

	Fiscal year 1955	Fiscal year 1956
Amount		$50,000

6. Engineering costs: None*.
7. Status: Equipment being manufactured.
8. Estimated completion date: June 1956.
   Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Kukje Telephone Construction Co.
   Type: Communications equipment.
   Location: Seoul, Korea.
2. Benefits: The end-user is already an established telephone wire producer. This project by providing for the jacketing and drawing of wire in Korea will permit the substitution of $73,000 of raw materials for $272,000 of imported

finished wire. The equipment to be purchased will draw and jacket up to 7.5 million yards of wire annually.

3. Estimated total cost: $70,000 (estimated).
4. United States contribution in percent: 79 percent.

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$50,000	
(b) Counterpart		$5,000

5. Local contribution in percent: 21 percent.

	Fiscal year 1955	Fiscal year 1956
Amount	$10,000	$5,000

6. Engineering costs: None.
7. Status: Orders prepared and await ICA/W approval.
8. Estimated completion date: May 1956.

MANUFACTURING AND PROCESSING

1. Project title: Asbestos plant.
   Type: Asbestos plant.
   Location: Anyang, Kyonggi-Do, Korea.
2. Benefits: There is an essential demand for a number of asbestos products in South Korea. If requirements cannot be met from domestic production, imports will be necessary. Asbestos is available in Korea at a number of mines. The project will make for a better utilization of Korean resources and will eliminate the need for import of asbestos products. Thus the project will contribute materially to an economy of self-support.
3. Estimated total cost: $660,000 (estimated).
4. United States contribution in percent: 80 percent.

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$304,000	
(b) Counterpart		$225,000

5. Local contribution in percent: 20 percent.

	Fiscal year 1955	Fiscal year 1956
Amount	$80,000	$50,000

6. Engineering costs: None.*
7. Status: Under procurement.
8. Estimated completion date: June 1956.
   Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Leather plant.
   Type: Leather processing and shoe manufacturing.
   Location: Taejon, Korea.

2. Benefits: One of the basic needs of the Korean military establishment and of the national police is combat boots. Good quality leather and shoe machinery are necessary to the manufacture of satisfactory boots and shoes. The project will provide facilities for the making of an improved quality of leather and for the production of boots and shoes. This project will reduce the number of combat boots and shoes which must be procured from abroad. This makes a significant contribution to the Korean economy.
3. Estimated total cost: $480,000.
4. United States contribution in percent: 82 percent.

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$220,000	
(b) Counterpart		$175,000

5. Local contribution in percent: 18 percent.

	Fiscal year 1955	Fiscal year 1956
Amount	$50,000	$35,000

6. Engineering costs: 0*. (Included in local labor costs.)
7. Status: Machinery being manufactured.
8. Estimated completion date: March 1956.

Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Haptong book printing plant.
   Type: Book publishing.
   Location: Seoul, Korea.
2. Benefits: Korea is deficient in printing plants for the printing of necessary scientific and general educational books. This plant will provide much-needed facilities in this field.
3. Estimated total cost: $475,000.
4. United States contribution in percent: 79 percent.

	Fiscal year 1955	Fisacl year 1956
(a) Dollar	$200,000	
(b) Counterpart		$175,000

5. Local contribution in percent: 21 percent.

	Fiscal year 1955	Fiscal year 1956
Amount	$75,000	$25,000

6. Engineering costs: 0*. (Included in local labor costs.)
7. Status: Contract negotiations are being conducted.
8. Estimated completion date: March 1956.

Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Potassium chlorate plant.
   Type: Chemical processing plant.
   Location: Seoul, Korea.
2. Benefits: Potassium chlorate is an essential chemical which at present must be imported into Korea for use in the manufacture of matches and for other purposes. Potassium chloride from which potassium chlorate is made can be imported into Korea and processed at a considerable saving of foreign exchange. When Korean sources of potassium chloride are developed even greater savings will accrue. The project, therefore, results in an immediate contribution to viability and is an important step in the direction of making a better use of Korean natural resources.
3. Estimated total cost: $265,000.
4. United States contribution in percent: 85 percent.

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$225,000	
(b) Counterpart		

5. Local contribution in percent: 15 percent.

	Fiscal year 1955	Fiscal year 1956
Amount	$10,000	$30,000

6. Engineering costs: 0*. (Included in local labor costs.)
7. Status: Contracts have been let.
8. Estimated completion date: July 1956.
   Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Three-wheel truck plant.
   Type: Manufacture of motor vehicles.
   Location: Pusan, Korea.
2. Benefits: The three-wheel truck has been found suited to a large part of the local transport needs of Korea. The trucks are of small capacity and size and are capable of traversing the narrow roads and streets sometimes encountered in Korea. They are also economical and efficient for short hauls. Manufacture of these vehicles in Korea will save exchange which otherwise would be necessary for their purchase abroad. The plant will thus make a contribution to the Korean economy.
3. Estimated total cost: $550,000 (estimated).
4. United States contribution in percent: 85 percent.

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$400,000	
(b) Counterpart		$70,000

5. Local contribution in percent: 15 percent.

	Fiscal year 1955	Fiscal year 1956
Amount	$20,000	$60,000

6. Engineering costs: 0*. (Included in local labor costs.)
7. Status: Contracts are being negotiated.
8. Estimated completion date: May 1956.
   Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Hanguk Tire Manufacturing Co.
   Type: Rubber and rubber products plant.
   Location: Seoul, Korea.
2. Benefits: There are approximately 50,000 military and essential civilian vehicles in the Republic of Korea. The import of tires and tubes is a large drain on foreign exchange. The manufacture of new tires and tubes and the recapping of tires will reduce this foreign exchange requirement and will contribute to self-support.
3. Estimated total cost: $450,000 (estimated).
4. United States contribution in percent: 90 percent.

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$300,000	
(b) Counterpart		$105,000

5. Local contribution in percent: 10 percent.

	Fiscal year 1955	Fiscal year 1956
Amount		$45,000

6. Engineering costs: 0*. (Included in local labor costs.)
7. Status: Negotiating contracts.
8. Estimated completion date: July 1956.
   Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Bottle glass plant.
   Type: Manufacture of glass containers.
   Location: Seoul, Korea.
2. Benefits: The plant will produce glass containers for the Korean market. There has been a great deficit in glass containers and a large part of the supply available has been from salvage of bottles from U. S. Army dumps. The plant will not only expand bottle glass production but will provide bottles of a standard quality not obtainable from existing hand operated plants. Such glass products in the past have had to be imported. This plant will make a a significant contribution to the establishment of an economy of self-support.
3. Estimated total cost: $435,000 (estimated).

4. United States contribution in percent: 85 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$335,000	
(b) Counterpart		$35,000

5. Local contribution in percent: 15 percent:

	Fiscal year 1955	Fiscal year 1956
Amount		$65,000

6. Engineering costs: 0*. (Including in local labor costs.)
7. Status: Equipment being manufactured.
8. Estimated completion date: July 1956.
   Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end-user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Rubber accelerator plant.
   Type: Chemical processing plant.
   Location: Seoul, Korea.
2. Benefits: Rubber accelerators and its byproduct pigment lake are necessary to improve durability and hardness of rubber products essential to the Korean economy. Insecticides and pesticides which can be manufactured by this plant are essential to agriculture. In the past it has been necessary to import such chemicals. The project will make it possible to save foreign exchange through the production of these chemicals in Korea from Korean and imported raw materials. This will make a contribution to Korean self-support.
3. Estimated total cost: $168,000 (estimated).
4. United States contribution in percent: 64 percent.

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$108,000	
(b) Counterpart		

5. Local contribution in percent: 36 percent.

	Fiscal year 1955	Fiscal year 1956
Amount	$30,000	$30,000

6. Engineering costs: 0*. (Included in local labor costs.)
7. Status: Under implementation.
8. Estimated completion date: June 1956.
   Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end-user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Metal working plant—Chosun Ball Bearing Co.
   Type: Metal working plant.
   Location: Inchon, Korea.

2. Benefits: The project will enable the plant to produce balls which now must be imported. After completion of the project the plant will be able to supply Korean requirements for ball bearings. This will result in a savings of foreign exchange and hence will contribute to viability.
3. Estimated total cost: $425,000 (estimated).
4. United States contribution in percent: 81 percent.

	Fiscal year 1955	Fiscal year 1956
a. Dollar	$200,000	
b. Counterpart		$145,000

5. Local contribution in percent: 19 percent:

	Fiscal year 1955	Fiscal year 1956
Amount	$50,000	$30,000

6. Engineering costs: 0*. (Included in local labor costs.)
7. Status: Buildings being prepared.
8. Estimated completion date: June 1956.
   Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end-user is responsible for all local engineering.

Manufacturing and Processing

1. Project title: Silk waste plant.
   Type: Silk textiles.
   Location: Seoul, Korea.
2. Benefits: Silk waste is that portion of the filament on a cocoon which will not unwind in the ordinary manner. For use it requires degumming, combing, and spinning. At present nearly all of Korean silk waste is exported and in turn types of cloth made from silk waste (for example, raincoat cloth) must be imported. Processing of silk waste into cloth will improve the foreign exchange position of the ROK Government in that it will decrease imports and increase the value of exports. Thus a contribution will be made toward self-support.
3. Estimated total cost: $870,000 (estimated).
4. United States contribution in percent: 80 percent.

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$470,000	
(b) Counterpart		$230,000

5. Local contribution in percent: 20 percent:

	Fiscal year 1955	Fiscal year 1956
Amount	$100,000	$70,000

6. Engineering costs: 0*. (Included in local labor costs.)
7. Status: Under procurement.
8. Estimated completion date: June 1956.
   Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end-user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Silk filature.
   Type: Silk textiles.
   Location: South Korea.
2. Benefits: Silk filature in South Korea is carried on by the use of antiquated equipment. Introduction of modern filature equipment will reduce the present extremely high labor cost of raw silk production and will result in the production of a better average grade of raw silk. Since a large part of Korean silk production is for export as raw silk or as silk cloth, these improvements will result in increased foreign exchange earnings. This will contribute to the establishment of an economy of self-support.
3. Estimated total cost: $1,025,000 (estimated).
4. United States contribution in percent: 85 percent.

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$745,000	
(b) Counterpart		$130,000

5. Local contribution in percent: 15 percent.

	Fiscal year 1955	Fiscal year 1956
Amount	$100,000	$50,000

6. Engineering costs: 0*. (Included in local labor costs.)
7. Status: Machinery not yet procured. Request has been made to allow Japanese procurement instead of United States.
8. Estimated completion date: June 1956.
   Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end-user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Silk weaving and processing plant.
   Type: Silk textiles.
   Location: Junjoo, Kyongsang-Namdo, Korea.
2. Benefits: At the present time the company produces a limited number of patterns and colors in 28 inch cloth. After completion of the project the company will be able to produce a greater amount of wider cloth in a wider variety of patterns and colors. This will make it possible for the company to expand its export markets. Korean earnings of foreign exchange from the export of silk cloth will be much greater than earnings at present from the export of raw silk. The project will thus contribute towards an economy of self-support.
3. Estimated total cost: $686,000 (estimated).
4. United States contribution in percent: 84 percent.

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$376,000	
(b) Counterpart		$200,000

5. Local contribution in percent: 16 percent.

	Fiscal year 1955	Fiscal year 1956
Amount	$35,000	$75,000

6. Engineering costs: 0*. (Included in local labor costs.)
7. Status: Under procurement.
8. Estimated completion date: June 1956.
   Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end-user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Auto spare parts plant.
   Type: Metal working plant.
   Location: Pupyang City (Between Seoul and Inchon, Korea).
2. Benefits: When this project is finished the plant will be capable of supplying about one-third of the domestic requirements of parts manufactured—piston valves, bearing rods, connecting rods, king pins, and piston pins, truck and bus bodies, and auto springs. These spare parts are essential to the operation of the fleet of motor vehicles in Korea. The output of this plant will reduce necessary imports and will make a contribution to the establishment of an economy of self-support.
3. Estimated total cost: $500,000 (estimated).
4. United States contribution in percent: 81 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$225,000	
(b) Counterpart		$180,000

5. Local contribution in percent: 19 percent:

	Fiscal year 1955	Fiscal year 1956
Amount	$50,000	$45,000

6. Engineering costs: 0*. (Included in local labor costs.)
7. Status: Under procurement.
8. Estimated completion date: July 1956.
   Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end-user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Marble plant.
   Type: Quarrying and stone dressing.
   Location: Sochung Island (75 miles northwest of Inchon, Korea).
2. Benefits: It is expected that some of the marble produced by this plant will be exported. Earnings of foreign exchange resulting from such export would contribute to an economy of self-support.
3. Estimated total cost: $445,000 (estimated).

4. United States contribution in percent: 79 percent.

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$150,000	
(b) Counterpart		$200,000

5. Local contribution in percent: 21 percent.

	Fiscal year 1955	Fiscal year 1956
Amount	$50,000	$45,000

6. Engineer costs: 0*. (Included in local labor costs.)
7. Status: Negotiations underway for equipment.
8. Estimated completion date: June 1956.
   Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end-user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Limestone crushing plant.
   Type: Quarrying and mineral processing.
   Location: South Korea.
2. Benefits: The soils of Korea tend to be too high in acid content for optimum growing conditions. Limestone acts as a soil conditioner and the production of these two plants will have a significant beneficial effect in expanding agricultural production and thus contribute to self-support for the Korean economy.
3. Estimated total cost: $812,000 (estimate).
4. United States contribution in percent: 94 percent:

	Fiscal year 1955	Fiscal year 1956
(a.) Dollar	$500,000	
(b.) Counterpart		$262,000

5. Local contribution in percent: 6 percent:

	Fiscal year 1955	Fiscal year 1956
Amount		$50,000

6. Engineering costs: 0*. (Included in local labor costs.)
7. Status: Under procurement.
8. Estimated competion date: July 1956.
   Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end-user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Agar-Agar Plant No. 1
   Type: Food processing plant
   Location: Pusan, Korea
2. Benefits: The modernization of agar-agar production will improve the quality and increase the quantity of agar-agar produced in Korea. Increased pro-

duction will come about not only through the fact that the plant will make possible higher yield from seaweeds processed than is possible from conventional methods but also through the fact that the plant will make possible the use of additional seaweeds not otherwise useable. Since agar-agar is produced in Korea for export, this project will increase Korea's foreign exchange earnings and hence will contribute to viability.

3. Estimated total cost: $490,000 (estimated).
4. United States contribution in percent: 85 percent.

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$335,000	
(b) Counterpart		$85,000

5. Local contribution in percent: 15 percent.

	Fiscal year 1955	Fiscal year 1956
Amount		$75,000

6. Engineering costs: 0*. (Included in local labor costs.)
7. Status: Negotiating for purchase of machinery.
8. Estimaled completion date: July 1956.

Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end-user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Agar-Agar Plant No. 2
   Type: Food processing plant
   Location: Sunchon, Cholla Namdo, Korea
2. Benefits: The modernization of agar-agar production will improve the quality and increase the quantity of agar-agar produced in Korea. Increased production will come about not only through the fact that the plant will make possible higher yield from seaweeds processed than is possible from conventional methods but also through the fact that the plant will make possible the use of additional seaweeds not otherwise useable. Since agar-agar is produced in Korea for export, this project will increase Korea's foreign exchange earnings and hence will contribute to viability.
3. Estimated total cost: $235,000 (estimate).
4. United States contribution in percent: 85 percent.

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$150,000	
(b) Counterpart		$50,000

5. Local contribution in percent: 15 percent:

	Fiscal year 1955	Fiscal year 1956
Amount	$10,000	$25,000

6. Engineering costs: 0*. (Included in local labor costs.)
7. Status: Under procurement.
8. Estimated completion date: May 1956.

Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end-user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Agar-agar plant No. 3.
   Type: Food processing plant.
   Location: Seoul, Korea.
2. Benefits: The modernization of agar-agar production will improve the quality and increase the quantity of agar-agar produced in Korea. Increased production will come about not only through the fact that the plant will make possible higher yields from seaweeds processed than is possible from conventional methods but also through the fact that the plant will make possible the use of additional seaweeds not otherwise useable. Since agar-agar is produced in Korea for export, this project will increase Korea's foreign exchange earnings and hence will contribute to viability.
3. Estimated total cost: $235,900 (estimated).
4. United States contribution in percent: 83 percent.

	Fiscal year 1955	Fiscal year 1956
(b) Dollar	$150,000	
(a) Counterpart		$50,900

5. Local contribution in percent: 17 percent.

	Fiscal year 1955	Fiscal year 1956
Amount	$10,000	$25,000

6. Engineering costs: 0*. (Included in local labor costs.)
7. Status: Machinery being manufactured.
8. Estimated completion date: March 1956.
   Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end-user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Paper mill (Dae Han).
   Type: Paper manufacturing.
   Location: Seoul, Korea.
2. Benefits: One of the constant and major foreign exchange outlays by Korea is for newsprint. At present about three-fifths of the requirement of 25,000 M/T must be imported. This project will contribute toward self-sufficiency in newsprint and will, therefore, reduce necessary foreign exchange expenditures. This will improve Korea's chances for the establishment of a viable economy.
3. Estimated total cost: $760,000 (estimated).
4. United States contribution in percent: 86 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$400,000	
(b) Counterpart		$250,000

5. Local contribution in percent: 14 percent:

	Fiscal year 1955	Fiscal year 1956
Amount	$50,000	$60,000

6. Engineering costs: 0*. (Included in local labor costs.)
7. Status: Orders being solicited.
8. Estimated completion date: November 1956.

Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end-user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Paper mill (Chung-gu).
Type: Manufacture of paper.
Location: Taegu, Korea.
2. Benefits: At present Korea imports a considerable amount of printing paper. The expansion of this plant will decrease required imports as pulp can be purchased at less cost than paper. The plant will make a contribution to the establishment of an economy of self-support.
3. Estimated total cost: $771,000 (estimated).
4. United States contribution in percent: 74 percent.

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$371,000	
(b) Counterpart		$200,000

5. Local contribution in percent: 26 percent.

	Fiscal year 1955	Fiscal year 1956
Amount		$200,000

6. Engineering costs: 0.* (Included in local labor costs.)
7. Status: Contract being negotiated.
8. Estimated completion date: Delivery period ends Dec. 31, 1956.

Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end-user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Paper mill (Sam Poong).
Type: Manufacture of paper.
Location: Kyonggi Do, Korea.
2. Benefits: One of the constant and major foreign exchange outlays by Korea is for newsprint. At present about three-fifths of the requirement of 25,000 M/T must be imported. This project will contribute toward self-sufficiency in newsprint and will, therefore, reduce necessary foreign exchange expenditures. This will improve Korea's chances for the establishment of a viable economy.
3. Estimated total cost: $1,300,000 (estimated).

4. United States contribution in percent: 62 percent:

	Fiscal year 1955	Fiscal year 1956
(a) Dollar	$500,000	
(b) Counterpart		$300,000

5. Local contribution in percent: 38 percent.

	Fiscal year 1955	Fiscal year 1956
Amount	$300,000	$200,000

6. Engineering costs: 0.* (Included in local labor costs.)
7. Status: Contracts being negotiated.
8. Estimated completion date: November 1956.

Remarks: *The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end-user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Small industrial enterprises.
   Type: Manufacturing and processing.
   Location: South Korea.
2. Benefits: These small industrial enterprises will contribute to the establishment of a viable economy and to the strengthening of a private enterprise system. Projects are screened for essentiality of production if for domestic consumption and for being either foreign exchange earners or foreign exchange savers.
3. Estimated total cost: $3,000,000 (estimated).
4. United States contribution in percent: 100 percent.

	Fiscal year 1956
(a) Dollar	$3,000,000
(b) Counterpart	(1)

5. Local contribution in percent: (1)
6. Engineering costs: 0*. (Included in local labor costs.)
7. Status: No agreement as yet has been reached with the ROK Government on the specific projects to be implemented.
8. Estimated completion date:

Remarks: 1 Counterpart requirements will arrive in fiscal year 1957. Same ROK contribution will be made during fiscal year 1956, but it is not possible to estimate.

*The project made no separate provision for engineering expenses. Any required engineering on the purchased equipment was included in the purchase price. The end-user is responsible for all local engineering.

MANUFACTURING AND PROCESSING

1. Project title: Fertilizer Plant No. 2.
   Type: Nitrogen fertilizer (urea).
   Location: South Korea.
2. Benefits: This fertilizer plant will have a capacity to produce about one-third of the total nitrogen fertilizer requirements of South Korea. Fertilizer is necessary to provide an adequate agricultural production in South Korea. The establishment of this plant will decrease by $8,000,000 to $10,000,000 per year the foreign exchange required for imported fertilizers. This will make a major contribution to the creation of a self-supporting economy.
3. Estimated total cost: $19,000,000 (dollar cost only).[1]
4. United States contribution in percent: 100 percent.

	Fiscal year 1956
a. Dollar	$19,000,000
b. Counterpart	

5. Local contribution in percent:

   a. Labor ---------- ----------
   b. Land ---------- ----------
   c. Other ---------- ----------

6. Engineering costs: $500,000.[2] Included in local labor costs.
7. Status: Agreement in principle has been reached with ROK Government, but but details are yet to be agreed to.
8. Estimated completion date: March 1958.

Remarks: [1] The counterpart requirement will arise in fiscal year 1957 and continue in fiscal year 1958. The counterpart requirement will perhaps be equivalent to $5,000,000 in total. ROK contribution is expected to be about 5 percent of total cost of project.

[2] Some of engineering on first plant can be used on second plant and hence the engineering costs are less.

MINING AND MINERALS

1. Project title: Hambaek Development.
   Type: Anthracite Coal Mining.
   Location: Hambaek Coal Field, Kangwan-Do, Korea.
2. Benefits: Korea is suffering from a shortage of fuel. To meet this shortage it has been necessary to import quantities of bituminous coal and to overcut the forests. This has caused a heavy drain on available foreign exchange and has depleted the forests. Expanded coal production will contribute to the solution of one of Korea's most difficult problems.
3. Estimated total cost: $600,000 (estimated).
4. United States contribution in percent: 100 percent.

	Fiscal year 1956
(*a*) Dollar	$550, 000
(*b*) Counterpart	50, 000

5. Local contribution in percent: —. Amount, $5,659,000.
6. Engineering costs: (*).
7. Status: Agreement has been reached on basic project outlines. Details of project being prepared.
8. Estimated completion date: June 1957.

Remarks: *Engineering services will be furnished by UNKRA during fiscal year 1956.

MINING AND MINERALS

1. Project title: Hambaek Exploratory Drilling.
   Type: Mineral Exploration.
   Location: Hambaek Coal Field, Kangwan-Do, Korea.
2. Benefits: Data obtained from exploratory drilling will give information for development of an overall fuel policy and will make it possible to determine best location for mines and mine layouts. The fiscal year 1956 dollar budget is estimated to be about two-thirds the total dollar cost of necessary drilling. Balance will have to be financed out of fiscal year 1957 funds.
3. Estimated total cost: $550,000 (estimated).
4. United States contribution in percent: 100 percent.

	Fiscal year 1956
(*a*) Dollar	$500, 000
(*b*) Counterpart	50, 000

5. Local contribution in percent: —.
6. Engineering costs: —.
7. Status: A firm request for $680,000 of UNKRA funds was agreed to by the ROK Government but was not enough to make contract for full drilling program with private contractor. In division of responsibilities OEC and UNKRA agreed to transfer of project because it is believed that ICA can save money by contracting with US Bureau of Mines or US Geological Survey to furnish a team. Project transfer has not yet been discussed with ROK Govt.
8. Estimated completion date: June 1957.

Fisheries

1. Project title: Fish boat construction.
   Type: Construction of wooden fishing boats.
   Location: South Korea.
2. Benefits: Expansion of the fishing fleet will result in increased landings of fish and marine products. Korea is not only short in her total supply of food, but extremely short on animal proteins. Increased production of fish will alleviate this dietary deficiency and will also make possible increased foreign exchange earnings through the sale of more marketable varieties.
3. Estimated total cost: $1,412,000 (estimated).
4. United States contribution in percent: 85 percent.

	Fiscal year 1956
(a) Dollar	$1, 000, 000
(b) Counterpart	[1] 200, 000

5. Local contribution in percent: 15 percent, $212,000 [1].
6. Engineering costs: None.
7. Status: Project has been informally agreed to between OEC and ROK Government. PPA is being prepared.
8. Estimated completion date: June 1957.
   Remarks: [1] Additional local currency costs will be encountered in fiscal year 1957 at an estimated equivalent of about $500,000.

Education

1. Project title: Laboratory and classroom equipment for colleges of agriculture medicine, and engineering.
   Type: Educational.
   Location: Seoul and Suwon, Korea.
2. Benefits: This project will provide equipment and material required to replace or repair items and facilities damaged during the period of hostilities.
3. Total cost: $1,300,000.
4. United States contribution: 96 percent.

	Fiscal year 1956
Dollar	$1, 150, 000
Counterpart	100, 000

5. Local contributions: $50,000.
6. Engineering costs: None.
7. Status: Delivery of materials to begin January 1956 and completed and installed by December 1956.
8. Estimated completion date: December 1956.

Education

1. Project title: Rehabilitation and construction of buildings at Colleges of Agriculture, Engineering and Medicine of Seoul National University.
   Type: Educational.
   Location: Seoul and Suwon Korea.
2. Benefits: This project will assist in rebuilding the war-damaged physical plant of the Colleges of Agriculture, Engineering and Medicine.
3. Total cost: $2,372,220.
4. United States contribution: 100 percent.

	Fiscal year 1955	Fiscal year 1956
Dollar	$551, 000	
Counterpart		$1, 825, 220

5. Local contributions: None.
6. Engineering costs: None.
7. Status: Procurement has been authorized and delivery of material expected to begin by February 1956. Delivery should be completed by June 30, 1956, and Rehabilitation and Construction accomplished by January 1957.
8. Estimated completion date: January 1957.

EDUCATION

1. Project title: Operating facilities for Seoul National University.
   Type: Educational.
   Location: Seoul and Suwon Korea.
2. Benefits: This project will provide the materials for and the actual rehabilitation and construction of essential buildings damaged or demolished during the Korean War. These buildings are located in the Schools of Engineering, Nursing, Medicine, Veterinary Medicine and Agriculture. In addition it will provide such laboratory and other classroom equipment and supplies necessary to strengthen the Educational and Research program of the University.
3. Total cost: $2,689,000.
4. United States contribution: 100 percent.

	Fiscal year 1956
Dollar	$1, 450, 000
Counterpart	1, 239, 000

5. Local contributions: None.
6. Engineering costs: Included in counterpart.
7. Status: Arrival of construction materials, equipment and supplies May to August 1956. Complete installation of equipment and repair and construction of buildings by January 1, 1957.
8. Estimated completion date: January 1, 1957.

EDUCATION

Fiscal year 1956

1. Project title: Elementary Classroom Construction.
   Type: Educational.
   Location: Throughout Korea.
2. Benefits: This project will provide the basic construction materials for the rehabilitation and construction of permanent type school classrooms to replace a portion of the 10,329 classrooms completely destroyed and the 11,006 classrooms partially destroyed during the Communist invasion.
3. Total cost: $2,465,578.
4. United States contribution: $2,265,578. 92 percent.

	Fiscal year 1956
Dollar	$1, 000, 000
Counterpart	1, 265, 578

5. Local contribution: $200,000.
6. Engineering costs: Included in counterpart.
7. Status: Arrival of construction materials approximately June 1956. Completion of rehabilitation and construction of individual projects February 1957.
8. Estimated completion date: February 1957.

EXHIBIT D

PROGRAM STATUS REPORT

International Cooperation Administration, fiscal years 1954–56, Korea, July 1956, United Nations Command, Office of the Economic Coordinator for Korea

Prepared by Reports and Statistics Branch, Office of Program Planning, Office of the Economic Coordinator for Korea

UNITED NATIONS COMMAND, OFFICE OF THE ECONOMIC COORDINATOR FOR KOREA, AUGUST 31, 1956

PREFACE

This report is the joint effort of the Office of the Controller and of the Office of Program Planning working cooperatively. The air is to provide comprehensive answers regarding the progress being made in implementing the economic aid program in Korea of the International Cooperation Administration and its predecessor Foreign Operations Administration.

The categories for data in the project assistance components follow those set forth in ICA Manual Order 722.6, Subject: Coding of Documents for Project Type Assistance.

The following definitions of the categories, project and non-project assistance are taken from ICA Operations Report, fiscal year 1955, issue No. 4, dated November 16, 1955, and technical cooperation from Handbook of Mutual Security Legislation.

(1) Project-type assistance covers all activities of ICA which are primarily designed to assist cooperating countries directly in the development or accomplishment of specific undertakings or enterprises.

(2) Non-project-type assistance is designed primarily to accomplish the transfer of resources from the United States to the cooperating countries to enable them to meet broad economic or defense support needs. This includes the "commodity programs" carried out by means of procurement authorizations (PA's).

(3) Technical cooperation programs are for the international interchange of technical knowledge and skills designed to contribute primarily to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas.

Included in the data for non-project assistance under "Agricultural commodities" is shown the category: "Section 402." The commodities listed thereunder are United States surplus agriculutral commodities.

Measurement of program status is determined by an elevation of the factors shown under the columns headed: "Obligations," "Contracts," and "Arrivals," respectively. Program amounts are the current 1956 operational program and obligated portions of 1954 and 1955 programs.

Obligations.—The amounts shown under this heading represent the portion of the program for which funds have been obligated by ICA/W. An asterisk beside a PA number indicates that the PA has been closed out. For fiscal year 1956, amounts shown represent those for which project agreements, PIO/T's (United States employed technicians only) and PIO/P's have been initiated.

Contracts.—The amounts shown under this heading represent the portion of the obligated amount which has been committed for services or commodities by contractual arrangements. The value of arrivals is used where copies of contracts have not been received.

Arrivals.—The amounts shown under this heading represent the portion of the obligated amount which has been expended, as for technician's services, the value of aid goods, per se, arrived in Korea.

Figures for contracts and arrivals are cumulative and are the latest available as of the close of the reporting period.

The types of procurement are indicated by letter code, as follows:

A—United States Agency procurement
B—Nonspecified end user through Bank of Korea
C—Specified end user through Bank of Korea
D—Office of Supply, Republic of Korea
E—Special Procurement

Abbreviations for programs documentation used herein, are as follows:

FR—Firm request
PPA—Project proposal and approval
PR—Purchase requisition
PA—Procurement authorization
PIO—Project implementation order
PIO/P—Project implementation order participants
PIO/T—Project implementation order technical assistance
PIO/C—Project implementation order commodities
ProAg—Project agreement

PART I-A

Program summary, total program

[In thousands of United States dollars]

Fiscal year	Program	1956, forwarded to ICA/W	Obligations	Contracts	Arrivals
Total program	780, 268	347, 611	780, 249	589, 075	450, 509
1954	182, 465		182, 465	180, 872	152, 651
1955	254, 900		254, 900	240, 942	197, 011
1956	342, 903	347, 611	342, 884	167, 261	100, 847
Project assistance component	339, 421	109, 493	339, 414	235, 576	157, 411
1954	83, 455		83, 455	82, 353	56, 349
1955	146, 485		146, 485	133, 008	91, 529
1956	109, 481	109, 493	109, 474	20, 215	9, 533
Nonproject assistance component	435, 847	233, 105	435, 847	353, 480	293, 092
1954	99, 010		99, 010	98, 519	96, 302
1955	108, 415		108, 415	107, 934	105, 482
1956	228, 422	233, 105	228, 422	147, 027	91, 308
Technical cooperation	5, 000	5, 013	4, 988	19	6
1954					
1955					
1956	5, 000	5, 013	4, 988	19	6

PART II-A

Summary status report, fiscal year 1954 program, as of July 31, 1956

[In thousands of United States dollars]

Code/activity field and commodity	Obligations, PA	Contracts	Arrivals
Grand total	182, 465	180, 872	152, 651
Project assistance	83, 455	82, 353	56, 349
10 Agriculture and natural resources	1, 209	1, 209	1, 209
20 Industry and mining	55, 463	54, 413	31, 189
30 Transportation	23, 001	22, 950	20, 693
50 Health and sanitation	2, 278	2, 277	2, 206
60 Education	750	750	298
90 General and miscellaneous	754	754	754
Nonproject assistance	99, 010	98, 519	96, 302
Agricultural commodities	26, 493	26, 493	26, 493
Fuels	9, 712	9, 712	9, 712
Raw materials and semifinished products	35, 346	35, 346	35, 346
Investment salables	22, 646	22, 194	19, 977
Vehicles and other equipment	4, 813	4, 774	4, 774

PART II–B

Program detail—Project assistance component, defense support, fiscal year 1954

[In thousands of United States dollars]

Code and activity field	Firm request No.	PA No.	Procurement code	Obligations PA value	Contracts	Arrivals
Project assistance total				83,455	82,353	56,349
10 Agriculture and natural resources				1,209	1,209	1,209
13 Crop and livestock development				1,209	1,209	1,209
Seed potatoes	4-26	4112*	A	42	42	42
Grain warehouses	4-137	4331*	D	987	987	987
Crop disease control (sprayers and dusters).	4-62	4274*	D	156	156	156
Crop disease control	4-62	4261*	D	24	24	24
20 Industry and mining				55,463	54,413	31,189
22 Power and communications				34,859	33,809	26,700
Power:				(29,117)	(28,067)	(24,151)
Rehabilitate Hwach'on powerplant (International Engineering Co.)	4-2	4215	E	285	285	265
Rehabilitate Hwach'on powerplant (International Engineering Co.)	4-2	4334	A	282	282	170
Hydro exploratory survey	4-123	4328	E	450		
Thermal plant development (Bechtel).	4-61	4302	E	26,500	26,500	22,716
Do	4-61	4304	E	1,000	1,000	1,000
Power rehabilitation engineer services.	4-124	4329	E	600		
Communications				(5,742)	(5,742)	(2,549)
Seoul central exchange	4-84	4284	A	2,460	2,460	483
Seoul telephone cable	4-95	4287	A	1,045	1,045	993
Communications school equipment.	4-109	4314	A	35	35	28
Maintenance equipment	4-106	4298	A	517	517	505
Masan cable plant	4-107	4317	A	97	97	71
Masan telephone exchange	4-108	4316	A	97	97	79
Taejon telephone exchange	4-111	4321	A	312	312	
Taejon cable plant	4-112	4312	A	179	179	103
Police communications	4-110	4313	A	1,000	1,000	287
23 Manufacturing and processing				20,438	20,438	4,323
Fertilizer plant, Ch'ungju	4-132	4318	E	19,555	19,555	3,440
Pesticide plant	4-92	4288	C	110	110	110
Rubber reclaiming plant	4-125	4332*	C	193	193	193
Aluminum sulfate plant	4-126	4333	C	100	100	100
Auto tire plant	4-76	4279*	C	480	480	480
25 Engineering and construction				166	166	166
Rehabilitation, Chosun Hotel	4-129	4330*	A	24	24	24
Architectural services (King Associates).	4-65	4257*	E	142	142	142
30 Transportation				23,001	22,950	20,693
31 Highways				2,009	2,009	1,593
Roads and bridges	4-17	4218	A	742	742	717
Do		4244	A	203	203	99
Do	4-80	4294	D	1,064	1,064	777
33 Railways				17,975	17,924	16,083
Explosives	4-70	4251*	A	77	77	77
Construction material	4-94	4289	A	2,424	2,424	1,950
Linseed oil		4121*	A	1	1	1
Technical assistance contract (Utah)	4-99	4614*	E	196	196	196
Rail station warehouses	4-102	4290	D	184	184	182
Freight cars	4-5	4202	A	10,470	10,422	10,125
Freight cars, narrow gage	4-6	4204	A	320	320	309
Passenger coaches	4-7	4203	A	1,000	1,000	
Locomotive parts	4-79	4273*	A	1,641	1,641	1,641
Lumber for repairs		4307*	A	277	277	277

Program detail—Project assistance component, defense support, fiscal year 1954—Con.

[In thousands of United States dollars]

Code and activity field	Firm request No.	PA No.	Procurement code	Obligations PA value	Contracts	Arrivals
30 Transportation—Continued						
33 Railways—Continued						
Ocean freight for lumber		4803*	A	90	90	90
Locomotive headlight equipment	4-105	4293*	A	70	70	70
Watering installations	4-64	4267*	A	64	64	64
Seoul backshops	4-97	4296*	D	143	140	140
Han River Bridge	4-103	4303*	A	476	476	476
Do		4297*	A	60	60	60
Do		4300*	A	22	22	22
Do		4305*	A	33	33	33
Railway bridge	4-91	4277	D	117	117	60
Track maintenance	4-101	4315	A	206	206	206
Signal equipment	4-119	4308*	A	104	104	104
34 Port facilities and harbor improvement				3,017	3,017	3,017
Port and harbor rehabilitation	4-118	4310*	D	1,328	1,328	1,328
Port and harbor equipment	4-130	4323*	D	532	532	532
Cargo handling equipment	4-24	4219	A	1,050	1,050	1,050
Mukho conveyer	4-10	4206*	A	107	107	107
50 Health and sanitation				2,278	2,277	2,206
52 Environmental sanitation				2,278	2,277	2,206
Water supply system:						
28 cities	4-16	4216*	A	271	271	271
		4212*	A	19	19	19
City of Seoul	4-22	4231*	A	557	557	557
		4204	A	47	47	47
Ocean freight		4802	A	20	20	20
24 cities	4-88	4299*	D	474	474	474
		4301*	D	78	78	78
4 large cities	4-115	4309	D	812	811	740
60 Education				750	750	298
66 Professional and higher education				750	750	298
Seoul National University (Minnesota)	4-138	4613	E	750	750	298
90 General and miscellaneous				754	754	754
99 All other				754	754	754
Technical assistance	4-122	4612*	E	14	14	14
Program operating costs				25	25	25
Technical support, KCAC				330	330	330
Administrative cost				385	385	385

PART II–C

Program detail—Nonproject assistance component, defense support, fiscal year 1954

[In thousands of United States dollars]

Commodity	Firm request No.	PA No.	Procurement code	Obligations PA value	Contracts	Arrivals
Nonproject assistance				99,010	98,519	96,302
Agricultural commodities				26,493	26,493	26,493
Other than sec. 402				26,493	26,493	26,493
Raw sugar	4-28	4107*	C	574	574	574
Raw cotton	4-14	4101*	D	3,177	3,177	3,177
Do	4-23	4105*	D	4,273	4,273	4,273
Do	4-37	4108*	C	6,351	6,351	6,351
Do	4-116	4126*	C	4,994	4,994	4,994
Wheat	4-48	4111*	C	1,007	1,007	1,007
Wheat flour	4-81	4118*	B	1,000	1,000	1,000
Barley	4-98	4122*	A	1,881	1,881	1,881
Do	4-13	4102*	A	623	623	623
Barley ocean freight	4-13	4850*	A	172	172	172
Soybeans	4-54	4113*	B	691	691	691
Salt	4-49	4227*	D	475	475	475
Molasses	4-60	4117*	C	630	630	630
Tallow	4-29	4109*	B	645	645	645
Fuels				9,712	9,712	9,712
Petrol, oil and lubricant	4-73	4252*	A	8,499	8,499	8,499
Bituminous coal	4-46	4260*	C	1,213	1,213	1,213
Raw materials and semifinished products				35,346	35,346	35,346
Fertilizer				19,430	19,430	19,430
Ammonium sulfate	4-9	4104*	A	9,390	9,390	9,390
Do	4-86	4123*	D	1,815	1,815	1,815
Superphosphate	4-15	4103*	A	1,978	1,978	1,978
Do	4-18	4106*	A	723	723	723
Do	4-86	4125*	D	5,272	5,272	5,272
Potassium		4124*	D	252	252	252
Other than fertilizer				15,916	15,916	15,916
Pesticides:						
Sulfate of copper	4-63	4115*	B	12	12	12
Derris root and cube root		4116*	B	42	42	42
Sulfate (refined)		4269*	B	25	25	25
Miscellaneous		4270*	B	150	150	150
Machine Oil		4271*	B	3	3	3
Raw rubber	4-1	4201*	A	1,313	1,313	1,313
Do	4-31	4239*	B	971	971	971
Hides and skins	4-30	4230*	B	200	200	200
Newsprint	4-50	4232*	C	199	199	199
Printing paper	4-66	4255*	B	280	280	280
Paper cement bags	4-69	4256*	C	50	50	50
Pulp	4-67	4254*	B	293	293	293
Chemicals	4-89	4282*	B	1,689	1,689	1,689
Phosphate rock	4-78	4119*	C	120	120	120
Pyrites	4-77	4278*	C	119	119	119
Abaca	4-38	4110*	B	804	804	804
Naval stores	4-89	4120*	B	39	39	39
Cotton cloth	4-45	4235*	B	1,598	1,598	1,598
Cotton yarn	4-36	4236*	B	3,445	3,445	3,445
Synthetic yarn	4-39	4237*	B	1,982	1,982	1,982
Worsted yarn	4-55	4247*	B	990	990	990
Rayon waste	4-57	4245*	B	50	50	50
Medical and pharmaceutical supplies	4-59	4262*	B	1,392	1,392	1,392
Nonmetallic minerals	4-89	4283*	B	150	150	150
Investment salables				22,646	22,194	19,977
Miscellaneous industrial machinery	4-85	4276*	B	2,992	2,992	2,992
Metalworking machinery	4-83	4275	B	945	944	903
Machine tools	4-68	4258	B	990	990	986
Hand tools	4-52	4225*	B	199	199	199
Iron and steel shapes	4-40	4233*	B	995	995	995
Iron and steel	4-19	4265*	A	237	237	237
Iron and steel shapes	4-3	4217	A	1,065	912	912
Miscellaneous nonferrous metals	4-4	4208*	A	153	153	153
Zinc		4220*	A	48	48	48
Do	4-114	4296*	A	70	70	70

Program detail—Nonproject assistance component, defense support, fiscal year 1954—Continued

[In thousands of United States dollars]

Commodity	Firm request No.	PA No.	Procurement code	Obligations PA value	Contracts	Arrivals
Investment salables—Continued						
Antimony ingots	4-32	4240*	B	45	45	45
Brass wire		4241*	B	17	17	17
Aluminum ingots		4242*	B	148	148	148
Tin ingots	4-32	4243*	B	50	50	50
Wallboard and fiberboard	4-19	4249*	A	190	190	148
Tape		4223*	A	1	1	1
Paint and varnish		4224*	A	79	79	79
Hinges and locks		4266*	A	40	40	40
Copper, brass, and lead products		4268*	A	56	56	56
Miscellaneous construction materials		4222*	A	423	423	423
Lumber	4-19	42[illegible]0	A	1,100	1,038	1,038
Ocean freight for lumber	4-19	4801*	A	376	376	376
Lumber	4-35	42[illegible]9*	B	30	30	30
Do		42[illegible]9*	D	2,277	2,277	2,277
Logs	4-41	4234*	B	1,993	1,993	1,993
Flat glass	4-34	4228*	B	400	400	400
Cement and flat glass	4-35	4238*	B	1,688	1,688	1,509
Electrical apparatus	4-117	4306*	B	998	998	998
Laboratory and scientific equipment	4-58	4263*	B	293	293	293
Explosives	4-51	4246*	C	499	499	499
Electric poles	4-44	4280*	D	500	500	500
Creosote	4-74	4281*	D	181	181	181
Coal tar pitch	4-47	4226*	C	593	593	593
Vessels and equipment	4-82	4272	B	2,845	2,609	658
Military excess	4-93	4285	A	130	130	130
Vehicles and other equipment				4,813	4,774	4,774
Auto spare parts	4-8	4209*	A	246	246	246
Do		4221	A	201	162	162
Do	4-42	4248*	B	1,284	1,284	1,284
Tires and tubes	4-8	4211*	A	423	423	423
Do	4-33	4229*	B	691	691	691
Generators and motors	4-96	4291*	B	1,968	1,968	1,968

PART II–D

Summary status report, fiscal year 1955 program, as of 31 July 1956

[In thousands of United States dollars]

Code/activity field and commodity	Obligations, PA/PR/PIO	Contracts	Arrivals
Grand total	254,900	240,942	197,011
Project assistance	146,485	133,008	91,529
10 Agriculture and natural resources	6,673	6,459	3,946
20 Industry and mining	37,450	32,710	13,244
30 Transportation	78,421	73,836	57,358
50 Health and sanitation	2,476	2,212	1,562
60 Education	629	119	27
70 Public administration	143	133	53
80 Community development, social welfare, and housing	19,535	16,381	14,197
90 General and miscellaneous	1,158	1,158	1,142
Nonproject assistance	108,415	107,934	105,482
Agricultural commodities	30,003	30,003	29,803
Fuels	16,948	16,785	16,660
Raw materials and semifinished products	50,343	50,300	49,638
Investment salables	10,580	10,307	8,899
Vehicles and other equipment	541	539	482

PART II–E

Program detail—Project assistance component, defense support, fiscal year 1955

[In thousands of United States dollars]

Code and activity field	FR/PR/PIO No.	PA/PR/PIO No.	Procurement code	Obligations, PA/PR/PIO value	Contracts	Arrivals
Project assistance total				146,485	133,008	91,529
10 Agriculture and natural resources				6,673	6,459	3,946
11 Agricultural research, education, and extension.				490	287	41
Central experimental station rehabilitation.	5-87	5310	D	75	22	22
Central experimental station construction.	5-158	5351	D	150		
Sericulture rehabilitation	5-104	5296	A	246	246	
PIO/Ps (participant training)	Various	Various		19	19	19
12 Land and water resources				3,303	3,301	3,029
Flood control	5-82	5266	D	631	630	524
Irrigation and land reclamation	5-92	5272	D	2,649	2,648	2,482
PIO/Ps (participant training)	Various	Various		23	23	23
13 Crop and livestock development				2,685	2,676	681
Livestock and veterinary rehabilitation.	5-84	5314*	D	528	528	528
Seed treatment	5-69	5010*	A	33	33	33
Seed development, potato seed	5-65	5007*	A	100	100	99
Seed development, hemp seed	5-65	5008*	A	3	3	3
Miscellaneous seeds, nonoil seeds	5-71	5011	A	9	6	6
Miscellaneous seeds, other seeds	5-71	5802*	A	1	1	1
Rural warehouses	5-137	5333	D	2,000	1,994	
PIO/P (seed improvement training)	50028	50028		7	7	7
PIO/T (program support-veterinary consultant).	50008	50008		4	4	4
14 Agricultural economics, farm organization and agricultural credit.				7	7	7
PIO/P (agricultural credit training	50030	50030		7	7	7
16 Home economic and rural youth				11	11	11
PIO/Ps (participant training	Various	Various		11	11	11
17 Forestry				177	177	177
Forest erosion control	5-80	5259	D	177	177	177
0 Industry and mining				37,450	32,710	13,244
21 Mining and minerals				28	28	28
PIO/P (coal mining management and operations).	50075	50074		28	28	28
22 Power and communications				17,189	14,259	6,223
Power				(11,365)	(10,828)	(5,487)
Transmission lines	5-117	5312	E	2,000	2,000	872
Hwach'on survey and drilling services.	5-36	5223	E	52	52	44
Hwach'on power rehabilitation	5-42	5275	E	5,273	5,273	3,334
Operation of power barges	5-138	5326	E	1,980	1,960	
Hydroelectric survey	4-123	5327	E	298	298	
Power rehabilitation engineer services.	4-124	5318	E	477		
Coal for Tangin-ni powerplant	5-127	5307	A	815	815	807
PR 9000 items (military surplus)	Various	Various	A	77	77	77
PR 9100 items (military surplus)	do	do	A	42	2	2
PIO/Ps (participant training)	do	do		351	351	351

Program detail—Project assistance component, defense support, fiscal year 1955—Continued

[In thousands of United States dollars]

Code and activity field	FR/PR/PIO No.	PA/PR/PIO No.	Procurement code	Obligations, PA/PR/PIO value	Contracts	Arrivals
20 Industry and mining—Continued						
22 Power and communications—Con.						
Communications				(5,824)	(3,431)	(736)
Telecommunication inside plant	5-20	5226	A	2,571	1,513	
Telecommunication outside plant	5-22	5245	A	1,300	809	120
Telephone exchange, Seoul central.	4-84	5224	A	723	440	
Radio telegraph terminal	5-25	5233	A	85		
Radio telegraph domestic	5-10	5294	A	171	133	133
Coastal radio	5-73	5244	A	115	103	
PR 9900 items (military surplus)	Various	Various	A	479	356	423
PR 9100 items (military surplus)	9126	9126	A	24	24	24
PIO/Ps (participant training)	Various	Various		56	53	36
PIO/T (contractual technician, communication technical service).	50011	50011		300		
23 Manufacturing and processing				19,232	18,423	6,993
Pusan Iron Works	5-168	5330	C	2,000	1,998	
Waste silk processing plant	5-61	5229	C	470	470	61
Limestone crushing plant	5-112	5311	C	500	500	
Bottle glass plant	5-70	5246	C	335	335	
Starch plant No. 1	5-79	5248	C	195	195	
Starch plant No. 2	5-90	5265	C	45	45	
Starch plant No. 3	5-83	5243	C	60	60	
Starch plant No. 4	5-145	5352	C	50		
Auto spare parts plant (Hung-A)	5-180	5347	C	225	225	
Flour mill No. 1	5-93	5282	C	280	280	280
Flour mill No. 2	5-110	5286	C	120	120	120
Flour mill No. 3	5-111	5281	C	110	110	80
Leather plant	5-89	5264	C	220	220	217
Pigments plant	5-157	5350	A	105		
Asbestos plant	5-91	5263	C	305	305	
Silk weaving plant	5-154	5359	C	376	376	
Agar-agar plant No. 1	5-47	5230	C	335	335	
Agar-agar plant No. 2	5-48	5227	C	150	150	
Agar-agar plant No. 3	5-49	5228	C	150	150	
Marble plant (oriental)	5-184	5360	C	150	150	
Filature mills rehabilitation	5-107	5287	C	745	745	
Rubber accelerator plant	5-163	5363	C	108		
Potassium chlorate plant	5-150	5349	C	225	225	
Tricycle plant	5-178	5368	C	400	400	
Pharmaceutical plant No. 1	5-132	5358	C	150	150	
Pharmaceutical plant No. 2	5-149	5354	C	75	75	
Pharmaceutical plant No. 3	5-139	5357	C	80	80	
Pharmaceutical plant No. 4	5-140	5361	C	80	80	
Pharmaceutical plant No. 5	5-148	5348	C	80		
Ball bearing plant	5-161	5322	C	200	200	
Tire rebuild plant	5-142	5353	C	340	340	
ROKA clothing factory	5-151	5337	C	242	241	60
Metal products plant	5-123	5320	C	200	200	
Paper mill (Dai Han)	5-185	5369	C	400		
Paper mill (Sam Pung)	5-166	5373	C	500	500	
Paper mill (Chung Ku)	5-194	5339	C	371	371	
Nonferrous metal sheet plant	5-128	5319	C	267	267	
Printing plant (Hap-Tong)	5-176	5362	C	200	200	
Plastic molding plant	5-186	5340	C	100	100	
Communications equipment plant	5-189	5341	C	50	50	
Small shipyard, Panjo-jin	5-130	5366	C	175	175	
Small shipyard, Pusan	5-129	5321	C	175	175	
Small shipyard, Kunsan	5-146	5365	C	50	50	
Small shipyard, Yosu	5-144	5371	C	50	50	
Small shipyard, Inchon	5-143	5364	C	75	75	
PR 9000 items (military surplus)	Various	Various	A	3,518	3,514	3,325
PR 9100 items (military surplus)	do	do	A	4,110	4,051	2,823
PIO/Ps (participant training)	do	do		72	72	14
PIO/T (program support—home industry and handicraft consultant).	50023	50023		13	13	13
25 Engineering and construction				1,000	0	0
PIO/T (contract technician):						
Management and engineering service.	50107	50107		250		
Fertilizer plant	50115	50115		750		

Program detail—Project assistance component, defense support, fiscal year 1955—Continued

[In thousands of United States dollars]

Code and activity field	FR/PR/PIO No.	PA/PR/PIO No.	Procurement code	Obligations, PA/PR/PIO value	Contracts	Arrivals
20 Industry and mining—Continued						
29 All others				1	0	0
PIO/C (industrial technical assistance).	59008	59008		1	0	0
30 Transportation				78,421	73,836	57,358
31 Highways				4,452	4,450	4,328
Bridge rehabilitation No. 1	5-23	5234	D	1,057	1,057	966
		5238*	D	298	298	298
Highways and bridge rehabilitation No. 2.	5-134	5391	D	134	133	116
Repair shops	5-105	5279	D	102	102	102
Heavy paving equipment	5-53	5242	D	1,876	1,875	1,868
Asphalt (Seoul paving)	5-6	5209*	D	323	323	323
		5260	A	15	15	15
		5400*	A	102	102	102
Asphalt (highways)	5-75	5269*	D	480	480	480
		5317*	A	44	44	44
PIO/Ps (participant training)	Various	Various		15	15	9
PIO/T (program support, road consultant).	59001	59001		6	6	5
32 Urban transit and traffic engineering				1,029	280	151
Streetcar rehabilitation	5-97	5336	A	422	151	151
		5346	D	478		
Seoul-Pusan streetcar rehabilitation	5-99	5285	D	129	129	
33 Railways				56,521	53,686	43,727
Spur line to KA training center	5-101	5294	D	236	236	16
Naesong-Ch'oram line No. 1	5-81	5249	D	1,399	1,398	1,398
Naesong-Ch'oram line No. 2	5-102	5293	D	1,056	1,056	541
Chomch'on-Unsong line	5-78	5278*	D	15	15	15
		5280	D	369	366	9
Spur line, Ch'ungju urea plant	5-160	5331	D	298	221	23
Locomotive	5-169	5372	A	285	55	55
Passenger coaches	5-113	5300	A	1,800	1,449	1,242
Power rehabilitation	5-72	5262	D	130	130	121
Crossties No. 1	5-94	5284	D	500	500	
Crossties No. 2	5-164	5375	D	318	318	
KFC warehouses	5-118	5315	D	350	347	165
KNR freight sheds and warehouses	5-120	5343	D	255	255	200
Backshops rehabilitation	5-98	5283	D	447	345	324
Railroad shop equipment	5-155	5323	D	300	300	
Communications	5-9	5208	A	240	145	60
Water installations	5-124	5334	A	32	31	
Coal tar pitch	5-162	5355	D	589	589	589
KNR coal No. 1	5-4 [1]	5301	A	847	847	847
		5810*	A	1,454	1,454	1,454
KNR coal No. 2	5-5	5302	A	2,164	2,164	2,099
		5811*	A	4,553	4,553	4,553
KNR coal No. 3	5-45	5304	A	3,048	3,048	3,048
		5813	A	6,000	6,000	5,714
KNR coal No. 4	5-144	5306	A	466	466	342
		5814*	A	733	733	733
KNR coal No. 5	5-119	5305*	A	770	770	770
KNR coal No. 6	5-156	5308	A	952	952	952
		5816*	A	2,147	2,147	2,147
Army reimbursement coal	5-136	5370	A	340	340	340
Logistical support for KNR	5-95, 5-122	5292	A	16,000	14,245	7,997
Amendments to fiscal year 54 FR's				(422)	(217)	(217)
Cargo handling equipment	4-24	5213	A	19	19	19
Rolling stock	4-79	5215	A	23	23	23
Transportation for rolling stock	4-79	5803*	A	40	40	40
Crossties	4-94	5210	A	138		
Construction materials	4-94	5211*	D	3	3	3
Trackage materials	4-101	5201	A	36		
Equipment for maintenance	4-101	5203	A	44	13	13
Han River Bridge	4-103	5801*	A	20	20	20
Crossing gate	4-119	5256*	A	99	99	99

[1] Included portions of coal for industries reported as fuel in nonproject assistance.

Program detail—Project assistance component, defense support, fiscal year 1955—Continued

[In thousands of United States dollars]

Code and activity field	FR/PR/PIO No.	PA/PR/PIO No.	Procurement code	Obligations, PA/PR/PIO value	Contracts	Arrivals
30 Transportation—Continued						
33 Railways—Continued						
PR 9000 items (military surplus)	Various	Various	A	7,573	7,567	7,353
PR 9100 items (military surplus)	do	do	A	377	377	377
PIO/Ps (participant training)	do	do		56	50	26
34 Port facilities and harbor improvement				15,761	15,374	9,106
Port and harbor rehabilitation	5-103	5291	D	500	500	348
Port and harbor warehouses	5-106	5295	D	1,000	1,000	633
Marine navigational aids	5-88	5298	A	131	94	94
		5299	A	154	154	26
Cargo vessels (CIMAVIs)	5-76	5270	A	6,000	6,000	1,385
Inspection, dredge *Cochrane*	None	5276*	A	1	1	1
Dredge *Raymond* parts	5-125	5328	A	100	100	
PR 9000 items (military surplus)	Various	Various	A	2,851	2,778	2,443
PR 9100 items (military surplus)	do	do	A	4,696	4,719	4,154
PIO/Ps (participant training)	do	do		12	12	12
PIO/Ts (program support)	do	do		316	16	10
36 Ship operations				369	14	14
PIO/Ps (participant training)	Various	Various		19	14	14
PIO/T (contractual technician, CIMAVI vessels)	50015	50015		350		
37 Civil aviation				289	32	32
Civil aviation communication system	5-7	5206	A	111	32	32
Instrument landing system	5-64	5273	A	165		
Civil aviation communications	5-40	5313	A	13		
50 Health and sanitation				2,476	2,212	1,562
51 Control of specific disease				6	6	0
PIO/P (participant training) tuberculosis control	50058	50058		6	6	0
52 Environmental sanitation				2,452	2,188	1,558
City drainage	5-74	5247	D	925	924	888
City water system	5-77	5277	D	1,477	1,259	665
PIO/P (water works training)	59004	59004		5	5	5
PIO/T (contractual technician) Engineering service, Taegu Dam.	50087	50087		45		
53 Health facilities, operation of and advisory service to.				6	6	0
PIO/P (participant training, Hospital administration).	50035	50035		6	6	
59 All other				12	12	4
PIO/P (participant training) public health statistics.	50037	50037		6	6	
PIO/T (program support, public health consultant) (Von Pohle).	50009	50009		6	6	4
60 Education				629	119	27
61 Technical education				60	0	0
PIO/T (contract technicians, vocational education) (Cal Poly).	50024	50024		60		
66 Professional and higher education				547	101	15
Seoul National University	5-165	5332	D	547	101	15
67 Fundamental Adult and Community Education.				10	6	0
PIO/Ps (participant training)	Various	Various		10	6	
68 Educational administration				12	12	12
PIO/Ps (participant training)	Various	Various		12	12	12

Program detail—Project assistance component, defense support, fiscal year 1955—Continued

[In thousands of United States dollars]

Code and activity field	FR/PR/PIO No.	PA/PR/PIO No.	Procurement code	Obligations, PA/PR/PIO value	Contracts	Arrivals
70 Public administration				143	133	53
71 Organization and management of particular ministries or programs.				46	42	28
PIO/Ps (participant training)	Various	Various		46	42	28
73 Public personnel administration				6	6	0
PIO/P (participant training, civil service procedures).	50105	50105		6	6	
74 Budget Administration				16	16	10
PIO/Ps (participant training)	Various	Various		16	16	10
75 Public finance				54	54	6
PIO/Ps (participant training)	Various	Various		54	54	6
76 General services				21	15	9
PIO/Ps (participant training)	Various	Various		21	15	9
80 Community development, social welfare and housing.				19,535	16,381	14,197
82 Social welfare				15,461	14,680	13,243
Materials and supplies (fiscal year 1955 relief fund).				(10,119)	(9,361)	(9,122)
Medical supplies other than pharmaceutical supplies				523	477	456
Pharmaceutical supplies				1,457	1,252	1,188
Sanitary supplies				1,293	1,102	968
Emergency relief materials				628	583	583
Construction materials				3,748	3,517	3,497
Transportation equipment				373	345	345
Agricultural supplies				12		
Ocean transportation and packing service.				2,085	2,085	2,085
Armed forces assistance to Korea (AFAK).				5,000	4,979	3,787
Coal for relief	None	5303	A	96	96	96
Ocean freight for coal	do	5812	A	240	238	238
PIO/P (participant training, social work education).	50072	50072		6	6	
83 Housing				8	8	8
PIO/Ps (participant training)	Various	Various		8	8	8
89 All other				4,066	1,693	946
Firefighting equipment	5-60	5290	A	500	469	55
Public building rehabilitation	5-11	5205*	D	38	38	38
		5207	D	461	418	281
Prison rehabilitation (Suwon)	5-85	5297	D	395	390	340
Municipal facilities	5-8	5202	A	367	312	171
BOQ's for OEC	5-172	5356	D	690		
ROK office building	5-43	5377	D	1,480		
PR 9000 item (military surplus)	9006	9006	A	2	2	2
PR 9100 items (military surplus)	Various	Various	A	133	64	59
90 General and miscellaneous				1,158	1,158	1,142
99 All other				1,158	1,158	1,142
General program support				234	234	218
KCAC program support				924	924	924

PART II–F

Program detail—Nonproject assistance component, defense support, fiscal year 1955

[In thousands of United States dollars]

Commodity	FR/PR No.	PA/PR No.	Procurement code	Obligations PA/PR value	Contracts	Arrivals
Nonproject assistance total				108,415	107,93	4105,482
Agricultural commodities				30,003	30,003	29,803
Sec. 402				28,306	23,306	28,106
Raw Cotton No. 1	5-100	5153*	C	8,698	8,698	8,698
Raw Cotton No. 2	5-58	5151*	C	7,494	7,494	7,494
Raw Cotton No. 3	5-3	5150*	C	7,436	7,436	7,436
Wheat No. 1	5-18	5152*	C	2,999	2,999	2,799
Wheat No. 2	5-94	5154*	C	769	769	769
Wheat ocean freight	5-96	5925*	C	214	214	214
Tallow No. 1	5-51	5012*	C	298	298	298
Tallow No. 2	5-32	5002*	B	398	398	398
Other than sec. 402				1,697	1,697	1,697
Raw Sugar	5-31	5006*	C	1,299	1,299	1,299
Soybeans	5-28	5005*	C	398	398	398
Fuels				16,948	16,785	16,660
Petroleum, oil and lubricants				12,735	12,573	12,517
Petrol, oil and lubricant No. 1	5-2	5212	A	6,000	6,000	6,000
Petrol, oil and lubricant No. 2	5-39	5268	A	5,000	5,000	5,000
Petrol, oil and lubricant No. 3	5-177	5274	A	1,500	1,485	1,467
Korean National Airway	5-46	5271	A	185	38	
Paraffin wax	5-35	5222*	B	50	50	50
Coal				4,213	4,212	4,143
Coal for industries No. 1	5-4 [1]	5301	A	538	537	537
Freight of coal for industries		5810*	A	739	739	739
Coal for industries No. 2	5-167	5338	D	1,000	1,000	931
Coal for industries No. 3	5-182	5309	A	915	915	915
Freight of coal for industries		5815*	A	1,021	1,021	1,021
Raw materials and semifinished products				50,343	50,300	49,638
Fertilizer				39,513	39,513	39,391
Fertilizer No. 1	5-1	5001*	D	14,415	14,415	14,293
Fertilizer No. 2	5-26	5214*	D	17,790	17,790	17,790
Fertilizer No. 3	5-121	5013*	D	7,308	7,308	7,308
Other than fertilizer				10,830	10,787	10,247
Pesticides	5-66	5009*	A	395	395	395
Raw rubber No. 1	5-55	5252*	B	1,000	1,000	1,000
Raw Rubber No. 2	5-179	5390*	B	439	439	439
Raw hides	5-30	5220*	B	499	499	499
Newsprint	5-147	5329	C	500	497	480
Paper for textbooks	5-108	5288*	C	835	835	835
Industrial chemicals	5-57	5250*	B	960	960	960
Vinyl compounds	5-19	5251*	C	500	500	500
Caustic soda	5-29	5218	B	300	299	299
Dyestuff raw materials	5-192	5389	B	157	132	129
Dyes	5-34	5219*	B	200	200	200
Plastic materials	5-33	5221*	B	299	299	299
Naval stores (resin) No. 1	5-41	5003*	B	125	125	125
Naval stores (resin) No. 2	5-41	5004*	B	38	38	38
Synthetic yarn	5-27	5255*	B	1,449	1,449	1,449
Worsted yarn	5-52	5376	B	1,000	1,000	976
Medical supplies	5-62	5241*	B	996	996	985
PR 9900 (military surplus) chemicals	Various	Various	A	138	124	132
Ocean freight	5-24	5901	D	1,000	1,000	507

[1] Includes portion of coal for KNR coal reported under "Railways, transportation."

Program detail—Nonproject assistance component, defense support, fiscal year 1955—Continued

[In thousands of United States dollars]

Commodity	FR/PR No.	GB GR No.	Procurement code	Obligations PA/PR value	Contracts	Arrivals
Investment salables				10,580	10,307	8,899
Industrial machinery	5-116	5289	B	2,845	2,844	1,653
Iron and steel basic products	5-63	5232	B	1,497	1,496	1,473
Tin ingots	5-175	5395	B	57	57	57
Zinc	5-86	5261*	A	207	207	207
Aluminum	5-44	5235*	B	368	368	368
Antimony		5236*	B	20	20	20
Brass wire		5237*	B	5	5	5
Tin		5239*	B	100	100	100
Nickel		5240*	B	15	15	15
Saw logs	5-59	5267	B	2,000	2,000	1,811
Cement	5-56	5254*	B	900	900	900
		5324	B	290	20	20
Flat class	5-54	5253*	B	700	700	700
Explosives	5-126	5316*	A	83	83	83
Electric apparatus	5-38	5217	B	1,000	999	994
Scientific and professional apparatus	5-50	5225*	B	493	493	493
Vehicles and other equipment				541	539	482
Auto spare parts	5-131	5325	B	38	37	11
Generators and motors	5-68	5258	B	500	499	468
Military surplus (typewriters and refrigerators)	9109	9109	A	3	3	3

Part II-G

Summary status report, fiscal year 1956 program, as of 31 July 1956

[In thousands of United States dollars]

Code/activity field and commodity	Program	PPA/FR	Obligations	Contracts	Arrivals
Grand total	342,903	347,611	342,884	167,261	100.847
Defense support, total	337,903	342,598	337,896	167,242	100,841
Project assistance	100,683	100,695	100,676	19,756	9,533
10 Agriculture and natural resources	6,532	6,547	6,532	0	0
20 Industry and mining	44,186	44,182	44,182	353	235
30 Transportation	33,266	33,267	33,263	14,313	7,235
50 Health and sanitation	2,350	2,350	2,350	11	0
60 Education	3,661	3,661	3,661	0	0
70 Public administration	50	50	50	0	0
80 Community development, social welfare, and housing	8,188	8,188	8,188	2,798	134
90 General and miscellaneous	2,450	2,450	2,450	2,281	1,929
Projects funded from deobligated funds	8,798	8,798	8,798	459	0
Nonproject assistance	228,422	233,105	228,422	147,027	91,308
Agricultural commodities	56,200	56,200	56,200	30,199	19,682
Fuels	28,652	28,652	28,652	19,462	10,724
Raw materials and semifinished products	118,458	123,141	118,064	85,506	57,282
Investment salables	24,130	24,130	24,374	11,193	3,176
Vehicles and other equipment	982	982	1,132	667	444
Technical cooperation	5,000	5,013	4,988	19	6
10 Agriculture and natural resources	827.9	828.7	824.2	5.6	5.6
20 Industry and mining	1,614.5	1,616.3	1,616.3	0	0
30 Transportation	282.5	288.4	273.3	1	0
40 Labor	27	27	27	0	0
50 Health and sanitation	46.1	46.1	46.4	10.5	0
60 Education	1,963.1	1,963.1	1,961.2	2.1	0
70 Public administration	233.9	238.5	234.2	0	0
90 General and miscellaneous	5	5	5	0	0

PART II–H

Program detail—Project assistance component—Defense support, fiscal year 1956

[In thousands of United States dollars]

Code and activity field	Program amount	PPA/FR		Obligations [1]		Procurement code	Implementation activities [2]		Contracts	Arrivals
		No.	Amount	No.	Amount		No.	Amount		
Project assistance total	100,683.0		100,695.0		100,676.0				19,756	9,533
10 Agriculture and natural resources	6,532.0		6,547.0		6,532.0				0	0
11 Research, agricultural education, and extension	1,027.0		1,027.0		1,027.0				0	0
Agricultural research		209	180.0	209	180.0					
Agricultural extension development		286	847.0	286	847.0					
12 Land and water resources	3,958.0		3,958.0		3,958.0				0	0
Flood control		210	550.0	210	550.0	D	6–60209	550.0		
Irrigation		211	3,000.0	211	3,000.0	D	6–60174	3,000.0		
Forest erosion control and stream improvement		297	408.0	297	408.0	D				
13 Crop and livestock development	435.0		[1] 450.0		435.0				0	0
Specialty farm enterprises		212	90.0	212	75.0					
Seed treatment		213	50.0	213	50.0					
Livestock and veterinary rehabilitation		214	260.0	214	260.0	D	6–60171	225.0		
Seed development		215	50.0	215	50.0					
17 Forestry	112.0		112.0		112.0				0	0
Forestry development		298	112.0	298	112.0					
18 Fisheries	1,000.0		1,000.0		1,000.0				0	0
Fishing boat construction		281	1,000.0	281	1,000.0	B	6–60154	1,000.0		
20 Industry and mining	44,186.0		44,182.0		44,182.0				353	235
21 Mining and minerals	1,050.0		1,050.0		1,050.0				0	0
Development of Hambaek coalfield		290	550.0	290	550.0					
Test drilling of Hambaek coalfield		291	500.0	291	500.0					

22 Power and communications	15,661.7		15,657.5		15,657.5				353	235
Power	(11,415.0)		(11,415.0)		(11,415.0)				(353)	(235)
Rehabilitation, Yongwol and Tangin-ni thermal powerplants and substations		220	1,460.2	220	1,460.2					
Rehabilitation and construction of overall transmission system		221	2,841.5	221	2,841.5					
Reconditioning of Tangin-ni powerplant		FR 6-15	277.0	PA 6212	277.0	A			228	122
Transformer for existing Yongwol thermal powerplant		223	117.9	223	117.9					
Rehabilitation of Unam powerplant		224	115.0	224	115.0					
Substation, Hambaek coal mine		225	75.0	225	75.0					
Yongwol aerial cableway		FR 6-13	111.0	PA 6208	111.0	A			109	107
Damaged transformer, Hwach'on		227	348.5	227	348.5					
Repairs to transformer and transmission lines							3-60169	35.5		
Do						E	6-60197	313.0		
Rehabilitation, Ch'ongp'yong Dam		228	2,000.0	228	2,000.0					
Coal unloading facilities		FR 6-14	155.0	PA 6209	155.0	A			16	6
Transmission and substation lines		257	200.0	257	200.0	E	6-60004	180.0		
							3-60010	20.0		
Thermal powerplants spare parts		266	500.0	266	500.0	E	6-60014	443.0		
							3-60016	57.0		
Rehabilitation and improvement of Hwach'on Dam and powerplant		323	1,494.0	323	1,494.0	E				
Electric power, communications		335	220.0	335	220.0					
Electric power distribution system, rehabilitation and improvement		336	1,500.0	336	1,500.0					
Communications	(4,246.7)		(4,242.5)		(4,242.5)				0	0
Rehabilitation of telephone central office		200	608.0	200	608.0	A	5-60180	607.9		
Rehabilitation of telegraph and telephone toll centers		201	252.0	201	252.0	A				
Telecommunications cable and open wire lines		202	1,682.0	202	1,682.0					
Rehabilitation, international radio station		204	152.0	204	152.0	A	5-60176	152.0		
Radio test and maintenance center		205	48.0	205	48.0	A	5-60175	48.0		
Radio-weather and press broadcast and monitoring		207	155.0	207	155.0	A	5-60178	155.0		
Rehabilitation of Seoul outside telephone cableplant		256	1,000.0	256	1,000.0		3-60015	550.0		
Voice telephone carrier system		338	242.0	338	242.0	A				
Telephone maintenance equipment		FR 4-106	75.0	PA 6215	75.0	A				
Equipment for communication school		FR 4-109	22.0	PA 6214	22.0	A				
Telecommunications inside plant		FR 5-20	6.5	PA 6222	6.5	A				
23 Manufacturing and processing	27,474.0		27,474.0		27,474.0				0	0
Fertilizer plant, Ch'ungju		FR 4-131 and 4-132	2,000.0	PA 6290	2,000.0	E				
Fertilizer plant		275	19,000.0	275	19,000.0					
Straw pulp plant		292	1,150.0	292	1,121.1					
Pulp section engineer				1-60187	5.5					
Mechanical engineer				1-60188	4.3					
Operation section engineer				1-60189	5.5					
Boiler and power section engineer				1-60190	4.3					
Electrolytic section engineer				1-60191	3.8					
Digestion section engineer				1-60192	5.5					

[1] To be adjusted.

Program detail—Project assistance component—Defense support, fiscal year 1956—Continued

[In thousands of United States dollars]

Code and activity field	Program amount	PPA/FR		Obligations [1]		Procurement code	Implementation activities [2]		Contracts	Arrivals
		No.	Amount	No.	Amount		No.	Amount		
20 Industry and mining—Continued										
230 Manufacturing and processing—Continued										
Caustic soda plant (Korean Agriculture Chemical Co.)		305	751.3	305	735.8					
Organic chemist				1-60182	4.5					
Chemical engineer				1-60183	4.5					
Electrolysis engineer				1-60185	6.5					
Caustic soda plant (Korea Explosive Co.)		306	569.3	306	554.3					
Chemical engineers				1-60184	8.0					
Electrolysis engineer				1-60186	7.0					
Hardboard plant		307	500.0	307	500.0					
Silicon carbide plant		309	170.0	309	170.0					
Special earthware plant		310	461.9	310	461.9					
Pharmaceutical plant (Dae Han Vitamin)		311	50.0	311	50.0					
Rubber hose plant		312	225.5	312	225.5					
Bran oil plant		313	450.0	313	450.0					
Dyeing and finishing for knitted goods		314	250.0	314	250.0					
Wire Rope Manufacturing Co.		315	121.3	315	121.3					
Pharmaceutical plant (Shin-A)		316	52.3	316	52.3					
Pharmaceutical plant (Tae Yong)		317	50.0	317	50.0					
Fishnet-making plant		318	100.5	318	100.5					
Textile parts plant (Cheil Needle Manufacturing Co.)		319	202.0	319	202.0					
Chain manufacturing plant		320	111.5	320	111.5					
Textile parts manufacturing plant (Koryu Ind. Co.)		321	214.3	321	214.3					
Ice plant and freezer		324	100.0	324	100.0					
Pharmaceutical plant (Bum Yang)		325	50.0	325	50.0					
Synthetic fiber plant		328	474.2	328	474.2					
Paper mill		329	420	329	420.0					
30 Transportation	33,266.0		33,267.0		33,263.0				14,313	7,235
31 Highways	1,029.4		[1] 1,030.0		1,026.1				49	49
Asphalt hot mix plant		274	160.0	274	160.0	A	5-60024	160.0		
Highway and bridge construction		278	545.0	278	522.0	D	6-60066	522.0		
Highway and bridge construction and design				1-60049	6.1					
Highway and bridge construction				1-60050	3.9					
Highway and bridge construction and engineering procedure				1-60051	6.5					
Highway administration				1-60131	3.6					

Heavy equipment and spare parts for highway and street construction		279	275.0	279	275.0					
Asphalt		FR 5-6	50.0	[1] PA 6268	49.0	A			49	49
32 Urban transit and traffic engineering	180.0		180		180				0	0
Urban transit, streetcars		232	180	232	180	A	5-60224	135.0		
33 Railways	30,915.6		30,915.6		30,915.6				14,264	7,186
Rolling stock		233	500.0	233	500.0	A	5-60031	500.0		
Rehabilitation, railway transportation		234	320.0	234	320.0	A	5-60092	80.0		
						D	6-60093	80.0		
						D	6-60153	30.0		
						D	6-60161	120.0		
							3-60046	10.0		
Railway construction—Yongwol-Hambaek Line		239	1,500.0	239	1,500.0	D	6-60195	900.0		
							3-60023	150.0	150	
KNR logistical support		240	26,325.4	240	26,285.9					
Coal						A	5-60012	5,300.0	5,247	4,502
Do						A	5-60019	3,600.0	2,960	2,684
Do						A	5-60067	4,000.0	3,447	
Do						A	5-69009	2,460.0	2,460	
Do						A	5-60148	660.0		
Do						A	5-60163	2,285.0		
Lumber and electrical apparatus						A	5-60170	8,000.0		
Coal						A	5-60198	2,285.9		
Diesel and car shop layout				1-60047	6.5					
Car shop management				1-60048	6.5					
Traffic management and control				1-60052	5.5					
Car distribution				1-60053	5.5					
Railway communications				1-60054	6.5					
Diesel locomotive inspections				1-60055	9.0					
Diesel locomotives		273	2,200.0	273	2,200.0	A	5-60030	2,140.0		
							3-60029	60.0		
Extension of KNR to Sameh'ok powerplant		288	50.2	288	50.2					
Railway construction equipment		FR 4-94	20.0	PA 6206	20.0	A				
34 Port facilities and harbor improvement	491.1		491.1		491.1				0	0
Port harbor rehabilitation		261	491.1	261	491.1					
39 All other	650.0		650.1		650.0				0	0
CIMAVI's cargo vessels		FR 5-76	650.0	PA 6300	650.0	A				

[1] To be adjusted.

Program detail—Project assistance component—Defense support, fiscal year 1956—Continued

[In thousands of United States dollars]

Code and activity field	Program amount	PPA/FR		Obligations [1]		Procurement code	Implementation activities [2]		Contracts	Arrivals
		No.	Amount	No.	Amount		No.	Amount		
50 Health and sanitation	2,350.0		2,350.0		2,350.0				11	0
52 Environmental sanitation	1,650.0		1,650.0		1,650.0				11	0
Waterworks rehabilitation		249	850.0	249	839.0	D				
Waterworks training				1-60056	11..				11	
Construction of wells and sanitary facilities		251	800.0	251	800.0	A	5-60208	799.9		
55 Health facilities construction, remodeling, equipment	700.0		700.0		700.0				0	0
Hospital facilities construction and remodeling		252	700.0	252	700.0	A	5-60172	160.0		
						A	5-60173	540.0		
60 Education	3,661.0		3,661.0		3,661.0				0	0
66 Professional and higher education	2,600.0		2,600.0		2,600.0				0	0
Seoul national university operation facilities		259	1,450.0	259	1,450.0	A	4-60091	425.0		
Engineering college						A	5-60194	100.0		
Medical college and hospital						A	5-60207	175.0		
School of nursing						D	6,60219	100.0		
Suwon agricultural college						D	6-60222	650.0		
Seoul national university laboratory equipment		FR 6-16	1,150.0	PA 6213	1,150.0	A				
69 All others	1,060.9		1,060.9		1,060.9				0	0
Classroom construction		263	1,060.9	263	1,060.9	D	5-60095	1,000.9		
70 Public administration	50.0		50.0		50.0				0	0
71 Organization and management of particular ministries or programs	50.0		50.0		50.0				0	0
Office equipment and supplies, MOR		294	50.0	294	50.0	D				
80 Community development, social welfare and housing	8,188.0		8,188.0		8,188.0				2,798	134
82 Social welfare	4,976		4,976		4,976				303	3
Public health relief		250	2,400	250	2,400					
Sanitation supplies						A	5-60204	110.8		
Communicable disease control						A	5-60212	85.6		
Dental supplies						A	5-60214	11.5		
Do						A	5-60215	2.5		

Sanitation supplies						A	5-60216	289.2		
Dental supplies						A	5-60217	5.4		
Do						A	5-60218	2.2		
Vaccines						A	5-60220	62.5		
Chemicals						A	5-60223	21.1		
Public health relief (admin. reserve)			376.0		376.0				3	3
Refugee resettlement		270	500.0	270	500.0	D	6-60045	500.0		
Ocean freight (admin. reserve)			1,400		1,400.0					
Ocean transportation of agricultural extension of AKF			300.0	PA 6902	300.0	E			300	
Housing	412.5		412.5		412.5				0	0
BOQ for OEC		FR 5-172	412.5	PA 6210	412.5	A				
89 All other	2,800.0		2,800.0		2,800.0				2,495	131
Rehabilitation of Government building		254	300.0	254	300.0	D	6-60196	300.0		
Fire control facilities		255	500.0	255	500.0	A	5-60027	500.0	495	
Armed Forces assistance to Korea (AFAK)		262	2,000.0		2,000.0				2,000	131
90 General and miscellaneous	2,450.0		2,450.0		2,450.0				2,281	1,929
92 Information	100.0		100		100.0				0	0
Motion picture equipment and accessories		295	100.0	295	100.0	D	6-60151	100.0		
99 All other	2,350.0		2,350.0		2,350.0				2,281	1,929
Accessorial charges on aid cargoes technical support		FR 6-19	50.0	PA 6875	50.0				2	
technical support		000	2,300.0		2,300.0				2,279	1,929

[1] To be adjusted.

PART II-A

Program detail—project assistance component—defense support—fiscal year 1956

(In thousands of United States dollars)

Code and activity field	Program amount	PPA/FR		Obligations [1]		Procurement code	Implementation activities [2]		Contracts	Arrivals
		No.	Amount	No.	Amount		No.	Amount		
Proposed projects and approved projects to be funded from deobligated funds	8,798.3		8,798.3		8,798.3				459	0
22 Power and communications	555.7		555.7		555.7				373	0
Seoul telephone cable		FR 4-95	555.7	PA 6287	555.7	A			373	
23 Manufacturing and processing	320.0		320.0		320.0				0	0
Grain elevator		332	320.0	332	320.0					
31 Highways	23.0		23.0		23.0				19	0
Highways bridge rehabilitation		FR 5-23	23.0	PA 6292	23.0	D			19	
33 Railways	6,894.1		6,894.1		6,894.1				0	0
KNR logistical support		240	4,714.1	240	4,714.1					
Coal						A	5-60199	2,177.0		
Coal						A	5-60200	124.0		
Coal						A	5-60201	2,472.0		
Railway transportation diesel locomotives		326	2,180.0	326	2,180.0					
34 Port facilities and harbor improvement	127.2		127.2		127.2				65	0
Marine navigation aids		FR 5-88	52.2	PA 6288	52.2	A				
Dredge raymond parts		FR 5-125	75.0	PA 6289	75.0	A			65	
52 Environmental sanitation	800.0		800.0		800.0				0	0
Seoul water distribution system rehabilitation		299	300.0	299	300.0	D				
Seoul waterworks enlargement Goo-I-ri plant		300	500.0	300	500.0	D				
66 Professional and higher eduction	4.0		4.0		4.0				2	0
Seoul National University Suwon Building		FR 5-165	4.0	PA 6291	4.0	D			2	
69 All other	74.3		74.3		74.3				0	0
Classroom construction		263	74.3	263	74.3					

[1] Obligations include ProAg's, PA's and PIO/P's.
[2] Implementation activities include PIO/C and PIO/T for contract services.

PART II–I

Program detail—Non-project assistance component—Defense support—Fiscal year 1956

[In thousands of United States dollars]

Commodity	Program amount	FR		PA No.	Procurement code	Obligations PA value	Contracts	Arrivals
		No.	Amount					
Non-project assistance total	228,422.0		233,105.0			228,422.0	147,027	91,308
Agricultural commodities	56,200.0		56,200.0			56,200.0	30,199	19,682
Sec. 402	52,700.0		52,700.0			52,700.0	28,882	18,682
Raw cotton	30,000.0	6–51	30,000.0	6154	C	10,825.0	10,825	3,429
				6158	C	19,175.0		
Wheat	9,100.0	6–20	4,000.0	6151	C	3,280.0	3,280	3,280
				6925	C	720.0	820	795
		6–48	5,100.0	6153	D	3,760.0	3,760	2,392
				6925	D	1,340.0	1,040	579
Barley	5,100.0	6–47	5,100.0	6152	D	3,650.0	3,650	3,623
				6925	D	1,450.0	1,450	1,450
Raw sugar	5,500.0	6–68	5,500.0	6155	C	2,300.0	1,230	1,207
				6801	C	1,100.0	447	447
				6159	C	2,100.0		
Raw hides	1,000.0	6–28	1,000.0	6156	B	700.0	430	379
				6156	C	300.0	300	66
Tallow	2,000.0	6–25	2,000.0	6157	B	1,000.0	1,000	996
				6157	C	1,000.0	650	39
Other than sec. 402	3,500.0		3,500.0			3,500.0	1,317	1,000
Raw sugar	3,000.0	6–8	1,000.0	6002	C	1,000.0	1,000	1,000
		6–89	2,000.0	6017	B	500.0		
				6021	B	1,500.0		
Molasses	500.0	6–57	500.0	6010	C	500.0	317	
Fuels	28,651.5		28,651.5			28,561.5	19,462	10,724
Petrol, oil and lubricant	24,851.5		24,851.5			24,851.5	18,404	10,724
Petrol, oil and lubricant	24,316.5	6–18	5,000.0	6217	A	5,000.0	4,950	4,950
		6–46	5,000.0	6250	A	5,000.0	5,000	5,000
		6–62	9,316.5	6270	A	9,316.5	7,920	272
		6–80	5,000.0	6311	A	5,000.0		
Paraffin wax	535.0	6–10	535.0	6223	B	535.0	534	502

Program detail—Non-project assistance component—Defense support—Fiscal year 1956—Con.

[In thousands of United States dollars]

Commodity	Program amount	FR		PA No.	Procurement code	Obligations PA value	Contracts	Arrivals
		No.	Amount					
Coal	3,800.0		3,800.0			3,800.0	1,058	0
Coal for Tangin-ni powerplant		6-50	600.0	6263	D	600.0	579	
Coal for general industries		6-53	3,200.0	6266	D	3,200.0	479	
Raw materials and semi-finished products	118,458.4		123,141.4			118,064.2	85,506	57,282
Fertilizer	62,297.0		66,980.0			62,297.0	50,051	43,587
No. 1		6-1	8,611.0	*6001	D	8,611.0	8,611	8,611
Do		6-24	694.0	*6003	A	694.0	694	694
No. 2		6-34	20,000.0	6005	D	19,500.0	19,275	19,105
				6007	D	500.0	499	
No. 3		6-54	17,700.0	6009	D	17,700.0	17,231	12,908
No. 4		6-72	9,975.0	6013	B	9,975.0	3,741	2,269
No. 5		6-92	5,000.0	6019	B	317.0		
		6-94	5,000.0	6018	B	5,000.0		
Other than fertilizer	56,161.4		56,161.4			55,767.2	35,455	13,695
Pesticides	1,747.1	6-32	447.1	6267	A	82.6	58	
		6-52, 6-21		6008	A	543.0	465	6
		6-52	500.0	6286	A	321.5	77	5
		6-66	800.0	6011	B	610.0	217	46
				6281	B	190.0	127	5
Raw rubber	7,000.0	6-23	7,000.0	6228	B	4,000.0	3,659	488
				6228	C	1,000.0	1,000	990
				6303	B	2,000.0		
Paper and paper products	7,265.0							
Printing paper		6-58	2,565.0	6279	B	2,565.0	2,563	1,150
Newsprint		6-59	3,700.0	6280	B	1,700.0	1,666	980
				6301	B	2,000.0		
Paper products		6-83	1,000.0	6309	B	1,000.0		
Pulp	1,850.0	6-3	850.0	6205	C	850.0	850	571
		6-70	1,000.0	6274	B	1,000.0		
General chemicals	2,659.0	6-35	2,659.0					
Industrial chemicals				6241	B	2,459.0	2,329	561
Do				6259	B	400.0		
Phosphate rock				6012	B	50.0		
Linseed oil				6016	B	150.0	150	59
compound	2,500.0	6-26	2,500.0	6237	B	1,000.0	658	110
				6237	C	1,000.0	1,000	350
				6304	B	500.0		

Caustic soda	480.5	6-32	480.5	6254	B	400.0	180	30
				6283	B	300.0	300	154
Dyestuffs	1,250.0	6-27	1,250.0	6238	B	1,250.0	712	346
Icemaking chemicals	130.1	6-2	104.6	6204	A	104.6	19	19
		6-69	25.5	6273	B	25.5	25	17
Abaca	900.0	6-39	900.0	6006	B	600.0	324	153
				6006	C	300.0	300	300
Naval stores	240.0	6-64	240.0	6014	B	240.0	240	68
Synthetic yarn	15,400.5	5-27	750.0	6219	C	750.0	750	750
		6-7	1,500.0	6246	B	750.0	748	515
				6256	B	365.0	363	336
				6253	B	385.0	384	370
		6-38	8,150.5	6244	B	5,750.0	5,681	2,041
				6244	C	2,000.0	1,958	605
		6-87	5,000.0	6310	B	5,000.0		
Worsted yarn	4,544.2	6-42	3,544.2	6242	B	1,750.0	1,747	1,054
				6242	C	1,000.0	1,000	379
		6-82	1,000.0	6308	B	1,000.0		
Wool tops	4,500.0	6-49	2,500.0	6015	B	1,550.0	1,550	
				6015	C	950.0	950	
		6-81	2,000.0	6022	B	2,000.0		
Medical supplies	5,569.0	6-45	5,569.0	6262	B	100.0	60	21
				6262	C	200.0	200	28
				6264	B	2,650.0	2,641	1,090
				6264	C	300.0	299	20
				6251	B	250.0	10	
				6255	B	250.0	69	42
				6302	B	2,000.0		
Abrasives	126.0	6-71	126.0	6272	B	126.0	126	36
Investment salables	24,129.8		24,129.8			24,374.0	11,193	3,176
Industrial machinery	4,000.0	6-30	3,000.0	6234	B	3,000.0	1,840	244
		6-85	1,000.0	6306	B	1,000.0		
Metalworking machinery	100.0	6-61	100.0	6278	B	100.0	29	
Machine tools	200.0	6-43	200.0	6236	B	200.0	64	7
				6260	B	90.0		
				6906	B	10.0		
Iron and steel shapes	2,750.0							
Iron and steel sheets		6-6	500.0	6220	C	500.0	500	262
Others		6-44	2,250.0	6261	B	2,250.0	1,994	183
Non-ferrous metals	1,336.0	6-9	278.0					
Nickel				6225	B	8.0	7	
Aluminum				6227	B	270.0	270	236
		6-37	1,058.0					
Tin ingot				6230	B	229.5	209	149
Aluminum				6232	B	530.0	530	319
Zinc				6233	B	258.5	242	134
Brass wire				6284	B	40.0	26	
Logs and lumber	4,750.0	6-22	1,000.0	6235	C	1,000.0	1,000	93
		6-73	2,000.0	6293	B	2,000.0	293	
		6-74	1,750.0	6296	D	1,750.0		

Program detail—Non-project assistance component—Defense support—Fiscal year 1956—Con.

[In thousands of United States dollars]

Commodity	Program amount	FR		PA No.	Procurement code	Obligations PA value	Contracts	Arrivals
		No.	Amount					
Investment of salables—Continued								
Cement	3,000.0	5-56	310.0	6218	B	310.0	3	3
		6-31	1,000.0	6265	B	1,000.0	925	422
		6-75	337.5	6297	D	337.5		
		6-78	1,352.5	6294	B	1,352.5	381	
Flat glass	3,000.0	6-29	500.0	6239	B	500.0	500	213
		6-76	60.0	6295	D	60.0		
		6-77	1,440.0	6298	B	1,440.0	180	
		6-84	1,000.0	6307	B	1,000.0		
Electrical apparatus	2,000.0	6-56	2,000.0	6271	B	1,000.0	709	91
				6305	B	1,000.0		
Scientific equipment	372.8	6-33	372.8	6245	B	167.0	133	35
				6257	B	130.0	5	
				6903	B	20.0		
				6252	B	150.0		
				6285	B	50.0		
Explosives	977.0	6-4	345.0	*6201	A	345.0	345	345
		6-36	400.0	6240	D	400.0	400	
		6-65	232.0	6282	A	232.0	226	226
Creosote	154.0	6-5	154.0	6202	D	154.0	153	153
Coal tar pitch	750.0	6-67	750.0	6275	B	750.0		
Fisheries supplies	740.0	6-55	740.0	6269	C	740.0	229	61
Vehicles and other equipment	982.0		982.0			1,132.0	667	444
Motor vehicle parts	39.0	6-41	39.0	6243	B	39.0	39	6
Tires and tubes	543.0	6-40	543.0	6203	B	543.0	509	423
				6258	B	85.0		
				6904	B	65.0		
Generators and motors	200.0	6-60	200.0	6277	B	200.0	119	15
Textbooks	200.0	6-91	200.0	6299	B	200.0		

PART II-J

Program detail—technical cooperation—fiscal year 1956

(In thousands of United States dollars)

Code and activity field	Program amount	PPA		Obligations [1]		Procurement code	Implementation [2] activities		Contracts	Arrivals
		No.	Amount	No.	Amount		No.	Value		
Technical cooperation total	5,000.0		5,013.0		4,988.0				19.0	6.0
10 Agriculture and natural resources	827.9		828.7		824.2				5.6	5.6
11 Research, agricultural education and extension	490.0		490.0		490.0				0	0
Farm soil testing services		208	100	208	100					
Agricultural extension development		286	390	286	390					
12 Land and water resources	251.3		251.3		247.6				0	0
Flood control training		106	1.3	1-60028	1.3					
Upper watershed technical assistance		217	250.0	217	246.3					
19 All other	86.6		*87.4		86.6				5.6	5.6
Agriculture participants		219	87.4							
Vaccine production				1-60094	1.2				1.2	1.2
Livestock farming training				1-60128	4.5					
Veterinary training				1-60129	3.5					
Agricultural credit and cooperatives				1-60133	4.5					
Soil conservation				1-60134	6.5					
Forest management				1-60135	13.0					
Soil testing service				1-60136	4.5					
Fertilizer and limestone training				1-60137	9					
Extension training				1-60138	13.5					
Irrigation training				1-60139	18					
Flood control				1-60142	4					
Credit Workshop				1-60150	3.8				3.8	3.8
Seed Development Workshop				1-60159	0.6				0.6	0.6
20 Industry and mining	1,614.5		1,616.3		1,616.3				0.0	0
21 Mining and minerals	(*)		1.8		1.8				0	0
Coal mining operations and management		072	1.8	2-60011	1.8					

See footnotes at end of table, p. 251.
*To be adjusted.

Program detail—technical cooperation—fiscal year 1956—Continued

Code and activity field	Program amount	PPA		Obligations [1]		Procurement code	Implementation [2] activities		Contracts	Arrivals
		No.	Amount	No.	Amount		No.	Value		
20 Industry and mining—Continued										
22 Power and communications	202.0		202.0		202.0				0	0
Power	(99.0)		(99.0)		(99.0)					
Training for ROK electric power system personnel		230	99.0							
Substation transformer repair and rewinding				1-60071	12.0					
Load dispatching				1-60072	12.0					
Power distribution system planning				1-60073	19.5					
Load survey and testing system				1-60074	13.5					
Power metering and testing, relay adjustment				1-60075	18.0					
Boiler plant instrument and gage maintenance & repair				1-60076	6.0					
Oil filtering and testing, transformer maintenance				1-60077	18.0					
Communications	(103.0)		(103.0)		(103.0)					
Telecommunications rate analysis		203	50.0	203	50.0		3-60213	50.0		
Training of ROK telecommunications participants		206	53.0							
Traffic engineering toll—local				1-60059	9.0					
Toll transmission engineering				1-60060	6.5					
Radio engineering				1-60061	6.5					
Toll switchboard traffic management				1-60062	4.5					
Repair shop management				1-60063	9.0					
Business office management and custom relations				1-60064	11.0					
Plant methods and result engineering				1-60065	6.5					
23 Manufacturing and processing	248.0		248.0		248.0				0	0
Korean handicraft and industrial arts		293	248.0	293	248.0					
25 Engineering and construction	990.0		990.0		990.0				0	0
Advisory engineering service		282	990.0	282	990.0					
29 All other	174.5		174.5		174.5				0	0
Manufacturing and processing participants		280	174.5							
Gold, silver, and nonferrous refining				1-60099	4.5					
Diesel engine manufacture				1-60100	6.5					
Production management of small industries				1-60101	27.0					
Commercial chemicals				1-60104	4.5					
Rubber manufacture				1-60106	13.0					
Production of cane sugar				1-60107	4.5					
Manufactures of printing inks				1-60108	6.0					
Inorganic chemicals manufacture				1-60109	4.5					
Industrial ceramic manufacture				1-60111	4.5					
Coal mining				1-60126	22.5					
Small foundry training				1-60141	6.5					

Metal mining				1-60144	9.0					
Chemistry of rubber manufacture				1-60145	4.5					
Machine woodworking				1-60146	4.5					
Small industries business management				1-60147	22.5					
Paper production				1-60149	13.0					
Clothing design and manufacture				1-60155	6.5					
Food processing				1-60166	6.0					
Tire production				1-60167	4.5					
30 Transportation	282.5		288.4		273.3				1.0	0
31 Highways	15.0		15.0		15.0				1.0	0
Highway transportation trainee		236	15.0							
Highway traffic administration				1-60102	6.5					
Bus and truck maintenance and repair				1-60103	8.5					
34 Port facilities and harbor improvement	176.1		*181.4		166.3				0	0
Port harbor rehabilitation		261	181.4	261	150.0					
Harbor construction				1-60037	10.5					
Harbor dredging operations				1-60038	4.8					
Do				1-60164	1.0				1.0	
ROK dredge crew training							3-60090	150.0		
36 Ship operations	34.5		34.5		34.5				0	0
Marine transportation participants		283	34.5							
Ship construction				1-60112	13.0					
Shipping management (commercial)				1-60113	4.5					
Marine navigational aids operations				1-60114	4.5					
Shipping management (Government)				1-60115	4.0					
Stevedoring operations (outport operations)				1-60116	4.0					
Shipyard repair				1-60127	4.5					
37 Air transportation	57.0		*57.5		57.5				0	0
Aviation specialist training		238	11.0							
Maintenance of communications and navigation aid equipment				1-60078	6.5					
Air carrier operations				1-60079	4.5					
Civil aviation technical assistance		267	46.5	2-60026	46.5					
40 Labor	27.0		27.0		27.0				0	0
49 All other	27.0		27.0		27.0				0	0
Labor participants		231	27.0							
Manpower utilization and unemployment services				1-60034	6.0					
Labor and social legislation and enforcement				1-60035	12.0					
Apprenticeship and inservice training				1-60036	9.0					

See footnotes at end of table, p. 251.
* To be adjusted.

Program detail—technical cooperation—fiscal year 1956—Continued

Code and activity field	Program amount	PPA		Obligations [1]		Procurement code	Implementation [2] activities		Contracts	Arrivals
		No.	Amount	No.	Amount		No.	Value		
50 Health and sanitation	46.1		46.1		46.4				10.5	0
59 All other	46.1		46.1		46.4				10.5	0
Public health participants		253	*46.1							
Pharmaceutical control				1-60037	9.0					
Sanitary engineering				1-60038	5.0				5.0	
Hospital design and equipment				1-60039	4.5					
Health laws legislation and enforcement				1-60040	4.5					
Nutritional hygiene				1-60041	5.5					
Sanitary inspection				1-60042	5.0					
Industrial hygiene				1-60043	5.5				5.5	
Mental health				1-60044	6.5					
Tuberculosis control				1-60125	0.6					
Hospital administration				1-60206	0.3					
60 Education	1,963.1		1,963.1		1,961.2				2.1	0
61 Technical education	737.0		737.0		737.0				0	0
Vocational education		265	700.0	265	700.0	A	5-60203	29.4		
						A	5-60210	60.3		
						A	5-60205	18.3		
Technical assistance—ROK Merchant Marine Academy		287	37.0	287	37.0		3-60165	30.0		
66 Professional and higher education	1,222.1		1,222.1		1,222.1				0	0
Seoul National University technical assistance		258	627.1	258	627.1		2-60179	232.0		
							1-60181	317.5		
Teacher training		260	345.0	260	312.5	A	5-60089	6.0		
							3-60022	4.0		
						A	5-60193	18.8		
						A	5-60202	0.3		
						A	5-60211	13.5		
Teacher training participants				1-60080	32.5					
Technical assistance in business administration		284	125.0	284	125.0					
Technical assistance in public administration		296	125.0	296	125.0					
69 All other	4.0		4.0		2.1				2.1	0
Education participants		333	4.0	1-60177	2.1				2.1	

70 Public administration	233.9		238.5		234.2				0	0
79 All other	233.9		238.5		234.2				0	0
Public administration participants		218	238.5							
Economic planning—A				1-60033	6.5					
Immigration				1-60057	9.0					
Radio program management				1-60058	6.5					
Public administration survey team				1-60068	20.4					
Postal technical training				1-60069	12.0					
Imports and exports control				1-60070	9.0					
Parole systems				1-60081	3.5					
Pretrial confinement bail				1-60082	3.5					
Juvenile delinquency				1-60083	3.0					
Penal administration				1-60084	3.5					
Pretrial investigation				1-60085	3.5					
Criminal proceedings				1-60086	3.5					
Budgetary procedures				1-60117	13.0					
Economic statistics				1-60118	13.0					
Economic policy				1-60119	6.5					
Treasury accounts				1-60120	4.5					
Stock market system				1-60121	4.5					
Federal reserve system				1-60122	4.5					
Tax administration				1-60123	19.8					
Fiscal and economic policy				1-60124	6.5					
Fiscal and monetary policy				1-60130	6.5					
Banking management				1-60132	45.5					
Foreign trade administration				1-60143	6.5					
Business news publication and circulation				1-60152	6.5					
Economic planning—B				1-50160	13.0					
90 General and miscellaneous	5.0		5.0		5.0				0	0
99 All other	5.0		5.0		5.0				0	0
Professional and scientific books and periodicals		277	5.0	277	5.0	A	5-60158	5.0		

[1] Obligations include ProAg's, PIO/P's and PIO/T's for United States employed technicians.
[2] Implementation activities include PIO/C and PIO/T for contract services.
* To be adjusted.

PART III-A

Agricultural trade development and assistance act of 1954 (Public law 480) surplus agricultural commodities

[In thousands of United States dollars]

Date of agreement	Commodities	Amount agreed	Authorization to purchase	Arrivals
Grand total		58,800		13,032
Total 1955 agreement		15,000		13,032
May 31, 1955	Raw cotton	9,400	24-01	7,694
	Ocean transportation of raw cotton	600	24-01-OT	490
	Tobacco	4,615	24-02	4,604
	Ocean transportation of tobacco	385	24-02-OT	244
Total 1956 agreement		43,800		0
March 13, 1956	Cotton	7,800		
	Wheat	6,400	24-03	
	Ocean transportation of wheat	1,105	24-03-OT	
	Barley	11,500	24-04	
	Ocean transportation of barley	2,358	24-04-OT	
	Tobacco	2,000		
	Canned pork	8,000		
	Edible fats and oils	3,000		
	Dairy products	1,000		
	Other transportation	637		

EXHIBIT F

KOREAN RECONSTRUCTION BANK

Funds available for lending—by source—status as of June 30, 1956

(In millions of hwan)

A. Funds loaned by the Government:	
1. Direct Government loans	19,494
B. Funds loaned by the Bank of Korea:	
1. Purchase of debentures by the Bank of Korea	2,000
C. Deposit liabilities (private)	3,770
Sub-total: ROK funding sources	25,264
D. Funds on loan from the counterpart fund:	
1. ICA counterpart fund	[1] 8,740
2. CRIK counterpart fund	1,385
3. UNKRA counterpart fund	[2] 2,558
Subtotal: Counterpart loans	12,683
E. Total, funds available for lending	37,982

[1] Includes 3,943 million hwan in loans for the acquisition cost of imported equipment financed by ICA.
[2] Includes 1,175 million hwan in loans for the acquisition cost of imported equipment financed by UNKRA.

FORMOSA

I regret very much that the entire membership of the committee was not able to be with me on my inspection of this island fortress. Truly, our program on Formosa—past, and present, and proposed—must be seen to be believed.

During the period fiscal year 1954 through fiscal year 1956, expenditures have totaled $248.4 million in United States funds. A large proportion of this total was used to purchase commodities which were shipped to Formosa and sold for local currency (counterpart) which in turn was expended on aid projects. Counterpart expenditures during this period came to the equivalent of U. S. $237.9 million. Against this amount, local contributions have aggregated $146.5 million. During the 1957 fiscal year, it is proposed to spend ——— in United States funds plus ——— in counterpart funds. Against this amount, the Government of China will contribute ——— in its own currency. Thus, assuming the implementation of the fiscal year 1957 program as proposed at the time of my visit, expenditures during the period fiscal year 1954 through fiscal year 1957 will aggregate ——— in United States funds plus ——— in counterpart equivalent. Against this amount, the Government of China will have contributed ——— in its own currency.

"Unliquidated" balances (i. e., "unexpended") as of June 30, 1956, aggregated $97.1 million in United States funds, $3.6 million in unobligated balances is included in this total. In addition, there was on hand as of June 30, 1956, $23.4 million of unexpended counterpart funds of which amount $8.6 million was unobligated.

These amounts plus the funds proposed for fiscal year 1957, enabled our mission on Formosa to open the 1957 fiscal year with a total of ——— in United States funds available for expenditure plus ——— in counterpart equivalent. The figure of ——— in United States currencies is the equivalent of a 2-year program, based upon expendi-

tures proposed during the fiscal year 1957. In other words, if expenditures in fiscal year 1957 reach the projected goal of ——— our planners will have on hand something like ——— at the beginning of the 1958 fiscal year without the appropriation by Congress of another nickel.

On Formosa, our economic assistance program is divided into two phases—technical assistance and defense support. Technical assistance during fiscal year 1957 will probably require the expenditure of ——— in United States funds while defense support will aggregate ——— in United States funds. This total of ——— in combined United States defense support and technical assistance expenditures during 1957 fiscal year compares with a total expenditure projected of ———.

I have attached to this report for the committee's attention a 34-page summary of project descriptions for the defense support program plus a 12-page summary of projects to be implemented under the technical assistance program. Reference to this data will show that the United States Government, through the mutual security program, is presently engaged and has for some time been engaged in a comprehensive program designed to balance industry with agriculture on Taiwan. We are building new manufacturing plants, expanding power generation and transmission facilities, rehabilitating and expanding the Nationalist fishing fleet, undertaking a long range program of coal, petroleum, and copper development along with a comprehensive program for exploration of minerals, expanding steel production and surveying the possible necessity for expanding the production of steel and pig iron even further. In addition, we are maintaining a number of miscellaneous programs such as employment placement, job-training, industrial administration, and a number of others. Altogether a total of 113 projects are included within the illustrative fiscal year 1957 defense support program. Listed marginal headings of these are as follows:

Agriculture and natural resources.—15—total United States dollar cost ———. Included in this total are the following items: ——— to procure logging equipment etc.; ——— to procure engines and material for the local construction of four 350-ton tuna fishing boats; ——— for the rehabilitation of cold storage and ice-making facilities to be used in connection with the fishing industry; and ——— to procure 75 tractors to increase mechanization for sugar cane growing and harvesting.

Industry and mining.—This is the largest single phase of our defense support program here. Included are 62 projects, at a total United States dollar cost of ———. The following are some of the more ambitious projects.

Coal mining improvement ———: For the development of workings in several coal mines.

Copper and pyrite development ———: To defray the cost of the purchase of mining, drilling and transportation equipment under the third phase expansion of the Chin-qua-shih mine development program.

Wusheh Dam ———: To be used to defray the cost of contract services by the United States Bureau of Reclamation and to procure equipment necessary for the dam and power generating facility. The completion of this dam will add approximately 35,300 kilowatts of firm power to this system through the additional storage capacity available to the Sun-Moon Lake generating facilities.

Telecommunications expansion ———: For financial support to the Taiwan telecommunications administration and to purchase equipment from worldwide

sources to increase the capacity of urban telephone systems, the very high frequency system on the east coast of Taiwan, and the toll carrier system on the west coast in order to meet the domestic demand for telephone services.

Lung Chien hydro project ———: *To continue construction of this facility* which will ultimately have a capacity of 48,600 kilowatts.

Ku Kwan hydro facility ———: To start procurement of equipment and to defray first construction costs of this project which will be developed initially as a 90,000 kilowatt run-of-river station with peaking pondage. ICA indicates that this project must be started in fiscal year 1957 in order to assist in relieving the acute power shortage projected for 1959 and 1960.

Fiscal year 1957 power transmission and distribution ———: For dollar financing of equipment and materials to be procured on a worldwide basis for this project which is a portion of the Taiwan Power Co. program for the expansion and improvement of the transmission and distribution facilities under its control. (I shall comment on the Taiwan Power Co. later in this report.)

Fiscal year 1957 primary system improvements ———: To defray the costs of procuring 100,000 kilowatt-ampere transformers and equipment and materials necessary to the construction of a new trunk transmission line paralleling an existing 154 kilovolt line along the west coast of Taiwan.

Shen Ao 1st unit Thermal ———: For planning and initial design of a hydroelectric plant and the training of two Taiwan Power Co. engineers in the United States on hydropower project planning and construction. The project, which it is proposed will be supported through the United States aid program in subsequent years, contemplates the establishment of a hydropower station having an ultimate capacity of 120,000 kilowatt-amperes.

Urea plant ———: To continue procurement of equipment and materials, plant construction, and installations of equipment in a urea plant owned by the Taiwan Fertilizer Corp. designed to produce 85,800 metric tons of urea. This plant is expected to be in operation by the end of 1957.

Sulphuric acid plant ———: For continued financing of United States dollar costs of procuring equipment and machinery for the establishment of a sulphuric acid plant with a designed capacity of 275 metric tons per day of 98 percent sulphuric acid, initial procurement of which was financed under the fiscal year 1956 program.

Electric motor and switch manufacturing ———: *To procure machine tools* for manufacturing and testing equipment supplementing the equipment presently installed in the plant of the Ta Tung Engineering Corp. which produces small electrical motors, switches, switch gears and other electrical accessories.

Incandescent lamp manufacturing ———: To procure automatic bulb making machinery, auxiliary equipment and testing apparatus for the manufacture of uniform glass bulbs. When complete, this plant will produce approximately 4.8 million light bulbs per year.

Modernization of mills ———: To procure modern machinery and equipment to replace obsolete equipment in the sugar mills of the Government-owned Taiwan Sugar Corp. In addition, an instrument control and repair team of three training participants will be sent to the United States for 6 months, requiring ——— in United States currency and a counterpart grant of ——— Nationalist Chinese dollars plus ——— Nationalist Chinese dollars to be provided by the Taiwan Sugar Corp.

Bagasse shaving board ———: For a shaving board plant having a capacity of 55 metric tons daily of bagasse board utilizing bagasse as a raw material. This plant is being established under the direction of the Taiwan Sugar Corp. United States dollar financing is being provided under this project for the procurement of necessary equipment from the United States.

Dynamite manufacturing ———: For the procurement on a worldwide basis of equipment for the establishment of a plant manufacturing 1,000 metric tons annually of industrial dynamite.

Acetic acid plant ———: To procure equipment needed in the establishment of an acetic acid plant having a capacity of 5 metric tons per day.

Rubber tire manufacturing ———: This is an initial United States dollar grant to provide equipment for the establishment of a rubber tire manufacturing plant with a capacity of 30,000 automobile, truck, and bus tires annually. Additional financing will be required in fiscal year 1958.

Aluminum plant modernization ———: For the procurement of equipment to improve the efficiency and reduce costs for the Kaohsiung plant of the Taiwan Aluminum Co.

Lithograph printing and platemaking ———: To establish a modern printing plant in Taiwan to supply photoengraving and photolithographic plates to the printing trade and to provide high-grade printing facilities. The Government will sponsor this project but the plant will be turned over to private finance and operation after completion and after a training program has been carried out.

Shop improvement of the Taiwan Machinery Manufacturing Corp. ———: To procure modern machine tools and equipment for plant improvement and expansion for this industry which produces the major portion of heavy machinery manufacturing on Formosa.

Tang Eng Iron Works ———: To procure equipment for this privately owned facility to provide two new substations to meet the additional load requirements directly from its power line.

Jute mill rehabilitation ———: To rehabilitate two jute mills which were transferred to private ownership in 1955. This money will be used to procure replacements for worn-out machinery.

Small industry fund ———: This project, begun in 1954, was designed to make available industrial development loans to a great number and wide variety of small privately owned industries. Delayed payments for United States dollar aid equipment and machinery and local currency loans for plant expansion are extended through three privately owned and managed commercial banks with branches situated in all major cities of Taiwan.

In this connection, during my visit I was informed that these loans are being repaid at a rapid rate. However, I was informed that borrowers are required to pay 6 to 7 percent interest rate on 80 percent of the amount borrowed and 15 percent interest on the remaining 20 percent which is advanced by the banks referred to above. In addition, I was told that the banks charged 1 percent on the total amountt borrowed for merely collecting the installments as they come due. I think such a system is unconscionable. It is a bonanza to the banks, and I recommend most emphatically that our mission take steps to see that more reasonable rates are promulgated.

Water resources survey ———: To finance a comprehensive survey of the water resources of Taiwan.

Steel Industry survey ———: To complete a project begun in the 1956 fiscal year. The ——— will be used as a contingency fund for services of a group of six consultant engineers whose expenses were financed in fiscal year 1956. This survey team will work with the Industrial Development Commission on general overall planning, blast furnace installations, byproduct coke oven, steelmaking processes, and rolling mill installations.

General Construction Corps ———: This is a new project which provides as a counterpart fund grant, local currency for financing the training, equipping, and housing of several thousand combat ineffectives retired from the Chinese Armed Forces who have joined together to form a construction working corps. This construction corps has been working on various water conservation projects throughout Taiwan and is now employed on the East-West Highway. This project will enable the construction corps to be permanently resettled in self-supporting productive employment on Taiwan. United States dollar aid financing is tentatively budgeted for importing construction machinery for use of the construction corps.

This is another phase of the GI bill of rights program which the United States has undertaken to help finance in large part for the Government of Nationalist China. This program involves the resettlement of overage members of Chiang Kai-shek's army. I shall refer to this program later on in my discussion of public administration projects.

Transportation.—Under this phase, 13 projects are to be undertaken at a total United States dollar cost of ———.

East-West Highway construction ———: This is part of a continuing project which provides for United States dollars and counterpart funds to continue and expand construction of a major highway connecting the east and west coast of Taiwan. It was originally begun in the 1956 fiscal year. The highway

involved crosses Taiwan's high central mountain range and opens up vast areas of the island for exploitation as resettlement activities for combat ineffectives in the fields of forestry, farming, livestock raising, mining, etc. The dollars provided will be used to obtain construction machinery and materials for the highway which cannot be obtained locally or in Japan. The counterpart funds will provide financing for resettlement projects for combat ineffectives.

In other words, this is another phase of the GI bill of rights program being extended with the United States assistance to overage soldiers of the Nationalist armies.

Expansion of railroad facilities———: To finance the dollar costs of the first year of a 4-year development plan embarked upon by the Taiwan Railway Administration to meet the needs of their growing economy. Dollars provided during fiscal year 1957 will finance the procurement of five steam locomotives, one wrecking crane and materials for construction of 6,000 tons of freight cars. The 4-year plan aimed at adding 25 steam freight locomotives, 6 switching locomotives, 25,000 tons of freight cars, and 146 passenger cars. Also under the fiscal year 1957 program will come a railway shop expansion including the procurement of machinery and equipment and extension of shop buildings for the expansion of the Taiwan Railway Administration work shops at Taipei and Kaohsiung. In subsequent years we shall also contribute to the building of a railway double track over three sections totaling 21 kilometers which are regarded as bottlenecks.

Keelung Harbor improvement———: To continue improvement of Keelung Harbor's facilities. Dollars will be used to expand the grain elevator from 10,000 to 15,000-ton capacity and to construct 3 new small tug boats.

Coastal ships construction———: On a loan basis to construct one 2,500-ton general cargo ship for banana export to Japan, one 350-ton ferry boat to run between Kaohsiung and Makung and two 50-ton ferries to operate between Taitung-Orchid Island and Green Island.

Civil airways improvement———: To continue the improvement of navigational aids, landing and communication facilities of Taipei International Airport and Tainan and Hengchun NOB and VOR stations, as well as maintenance and overhaul facilities.

Shipyard expansion———: For the procurement of one 35-ton crane for the building berth of Taiwan Shipbuilding Corp. as well as additional arc welding machines, acetylene generating and piping systems and electric apparatus. The underwater section of the No. 2 berth will be extended to permit simultaneous construction of fishing boats and coastal vessels leaving drydock No. 1 available full time for ocean ships' repair. The Government of Nationalist China will provide [2 million] Nationalist Chinese dollars to pay customs duties, installation cost, etc.

Education.—In the field of education one project is contemplated as follows:

Expansion of education facilities for overseas Chinese———: For physical facilities and improvements on the various college and high school campuses which have been made available for the training of overseas Chinese students.

During fiscal year 1957 it is also proposed to spend——— United States dollars in the area of health and sanitation including, among the larger expenses,——— for further work toward the completion of permanent hospital and domiciliary facilities for 19,837 disabled and sick combat ineffectives discharged from the Chinese Armed Forces in June 1955. In addition, there is involved a counterpart fund grant of local currency in the amount of——— equivalent United States dollars for financing the interim medical care and living expenses for these 19,837 persons. This, as is obvious, is another phase of the so-called GI bill of rights program for overage Nationalist Chinese soldiers. Besides this facility, there is also programed——— for the importation of construction materials for building construction and its support facilities such as staff housing as well as for im-

porting medical supplies and equipment for equipping and operating a 1,000-bed general hospital for these soldiers; ——— for materials, and so forth for a 1,500-bed tuberculosis hospital; and ——— for constructing and equipping three clinics being built to provide adequate medical facilities for 10,000 combat ineffectives. All of these programs, as I indicated previously, are part of the so-called Chinese Nationalist GI bill of rights.

In the field of public administration, it is proposed to spend a total of ——— in United States dollars. ——— of this amount will be used to provide dollar aid to assist the Chinese Government in carrying out its retirement program for discharging combat ineffectives from the Chinese Armed Forces and to defray the cost of a contract with George Fry & Associates. This latter firm is to advise the Chinese Government on all phases of its retired servicemen's program, which aims at permanently settling as far as possible in productive, self-supporting employment, the combat ineffectives in the Taiwan civilian economy. This, too, is part and parcel of this GI bill of rights for the Nationalist Chinese.

In the area of community development ——— is proposed to be spent during fiscal year 1957 including ——— to build 9,500 low-cost dwellings for low-income workers during fiscal year 1957 by making construction loans. About 40 percent of the capital required is supplied by counterpart funds. An additional ——— will be spent in the continuation of a project which provides as a counterpart fund grant local currency for constructing, equipping, and operating 6 domiciliary-type homes for 6,000 disabled combat ineffectives retired from the Chinese Armed Forces.

Listed as general miscellaneous projects are the following, aggregating a total proposed expenditure during fiscal year 1957 at ———. Motion picture producing facilities ——— in connection with the continuation of assistance to the Chinese Government in developing its program for improvements in motion picture production facilities for filming documentary subjects including the fields of agriculture, industry, and related areas. Overseas Chinese information, ——— to finance invitational travel for overseas Chinese leaders and journalists and other groups from southeastern Asia; increased travel of Chinese press, civic, technical, and cultural leaders to and in the countries of Asia and assistance in providing United States dollar equipment and reading room material to Chinese Government Information offices throughout southeast Asia. In other words, besides maintaining our own Information Service, we are also subsidizing and helping to maintain the propaganda outlet for the Government of Nationalist China. This becomes obvious when it is noted that ——— will also be spent for overseas broadcast facilities—a project designed to assist the Broadcasting Corporation of China in stepping up and improving broadcasts to overseas Chinese in southeast Asia, through the procuring of shortwave transmitting equipment, and supplying necessary funds for cost of construction and installation.

The last project listed under the heading "General and Miscellaneous" is a ——— local currency item earmarked for Government budgetary support. However, it should be noted, that we are also proposing to expend during fiscal year 1957 ——— in United States currency on the Shihmen Dam. This is a multipurpose project for irrigation, hydroelectric power, flood control and domestic water

supply. This amount is only a start toward an expenditure which will probably total in excess $12.5 million United States dollars for the project. The total cost of the project will be about $42,000.000 of which we will contribute in cash an excess of $12.5 million and much by way of counterpart dollar funds. There is attached to this report a document entitled "Shihman Dam," which outlines the proposal in detail. It will be noted that the cost estimates vary in direct proportion to the scope of the facility, that is, whether it will contain 1 or 2 power units. Further, annual fund requirements—which were begun in fiscal year 1956—are proposed to extend through fiscal year 1961.

I shall not deal with the technical cooperation program in detail except to note that the various projects which we have scheduled for fiscal year 1957 indicate future years will bring increases in our expenditures in the transportation, industrial, mining, and related fields along with a large labor productivity program in future years.

At this point, I quote from my on-the-spot notes:

We first visited the modernized railway shops where locomotives and cars were being repaired. This is quite an extensive facility toward the construction and maintenance of which we have contributed quite a large sum. I noted that hundreds of people were employed. Much repair work is done here. If parts are not on hand, they are made. However the facility is now self-sustaining, and I was told that revenues more than pay for all operations as well as repairs.

We then proceeded to the Sung I textile plant. This plant produces cotton cloth. As I recall, there are 13 such plants on the island. All the cotton required is obtained through ICA and except for our Government making it available the plants would immediately close. We donate the cotton to the Government, and it in turn sells it to the textile mills. The proceeds of these sales are added to the counterpart fund and are used for rehabilitation of the island.

The same situation obtains with practically all the flour mills erected here so far. I saw two of these mills. I also visited the Urea plant and, while it is not completed, I understand it will be ready for operation early next year. I was informed that the United States provided most of the money—either cash for the purchase of machinery or counterpart funds required for the construction of this facility. The local project sponsor furnishes only a comparatively small amount. It is quite a large plant and will supply much needed nitrogen. Of course, our aid planners claim that it will save the Government of Nationalist China many dollars. However, I was told the same story as to the other plants, but our contributions to the foreign-aid program here continue to increase each year and there is apparently no serious effort made to reduce the amount. Of course, this is an expensive process for the United States and we do not obtain any reimbursement.

Next we visited various plants which are owned by the Taiwan Power Co., an organization formed in 1946 to take over all former Japanese facilities. It is owned 90 percent by the Government and controlled by it in all respects.

We visited the Pei Pu powerplant.

Before the war, Formosa produced a peak load of 177,000 kilowatts but this production dwindled to 33,000 when the present Government took over. On its own resources and initiative, Taiwan Power Co. restored the level of production which existed in 1946. Since that time, 190,000 kilowatts were added and by 1953, over 320,000 additional kilowatts were being produced.

It should be noted that this total is not produced from this one plant, it is produced from the entire network of generating facilities toward which I understand the United States is contributing $48 million in cash and $20 million in counterpart funds as against only $16 million by the local Government—most of which comes from the profits made from the sale of power.

Yet, there is in contemplation a huge expansion program in which we are again to participate heavily (see above). During my

discussion with the manager of the Taiwan Power Co. system, he provided me with many details as to how all of Taiwan is now being supplied by electricity. He said that the east coast was connected with the west coast, and that the power produced was generated at a cost which was even less than the cost of power in the United States. His boast was that power can be generated in the Taiwan Power Co. system at 1.2 mills per kilowatt. Of course, I lost no time telling him that if the United States were supplied the necessary money by a rich relative as is the case with Formosa, we could probably cut the cost of power even lower.

Then we visited the Taiwan Ship Co. yard. It is entirely owned by the Government and operated by it. Ships are repaired here and boat-owners are charged for services in just the same manner as if the yard were privately owned and operated. Incidentally, I noticed that there is a splendid harbor here which needs little or no upkeep.

We crossed the harbor to inspect the grain elevator. At the time of our visit a cargo of wheat from the United States was being unloaded. The elevator is most modern and I was told that the United States provided most of the funds for its construction.

We also visited cotton mills and a factory where chinaware is produced. I also inspected the installation which produces electrical equipment such as fans, motors, switches, and so forth (see above). I regretted very much that due to inclement weather I was not able to visit the sugar mills and other facilities on the south end of Formosa. Reference to the above data will indicate that the United States has contributed generously to rehabilitation and now to the expansion of these installations. Much sugar is exported from Formosa to Japan.

During my trip over the island I was very much impressed with the work we are doing in the area of forestry. I was told that we spend about $100,000 per year for pine seedlings, fire-fighting equipment and similar materials. I saw quite a number of seedlings in open nurseries. They are balled and then planted. The process of growing new trees seems slow and appears to be expensive; I question the advisability of expanding this program. Now that we have shown the way the local government should do more on its own.

At the time of my visit there were 810 employees attached to the ICA mission here, counting employees of the Joint Chinese Rural Reconstruction program. This number includes 680 locals and 130 Americans. Of the locals, 492 are technicians employed by the United States, 67 are contract technicians, and 121 are assigned to administrative duties. With respect to the Americans, 57 are United States employed technicians, 51 are contract technicians and 22 are administrative employees. I was astounded to discover that the mission

still employs such a large number of persons. I suspect that a great number of these are keeping busy trying to conceive new projects and otherwise seeking ways and means to increase United States expenditures in Formosa.

Before leaving the economic assistance phase of our mutual security program on Formosa, I believe it is important to call to the committee's attention the fact that there is extreme reluctance—reluctance which at times approximates full neglect—on the part of local government officials to see that operations in the nature of public utilities here fix their rates in such a manner as to properly amortize investments and meet current expenses. When I mentioned this situation, which is extremely flagrant in connection with the Taiwan Power Company, local officials indicated to me that ratemaking was a legislative matter completely within the hands of the legislative assembly. Further, it is difficult if not impossible to impress upon the legislature the necessity for charging a fair rate on utilities. We are here confronted with the same situation which prevails in Korea. Because of political reasons the legislative assembly will not raise utility rates in order to insure a return which will permit the Government of China to properly participate in the expansion of existing utility facilities. It should be made clear to the Government of China that unless it exercises its proper responsibilities in this, as well as in other areas, appropriate action by the United States must be taken. This action would certainly take the form of withholding further United States dollar and/or counterpart contributions until fair and adequate rates are fixed.

Turning now to the United States Information Agency, fiscal year 1957 will bring an increase of $37,000 over funds spent during fiscal year 1956. The staffing pattern will remain the same with respect to Americans, yet the number of locals will increase from 56 to 65. ———. I was informed that the Nationalist Chinese Information Service, despite large scale United States help (see above) has not been effective in its effort to counter Chinese Communist propaganda. Reference to the attached exhibit C headed United States Information Agency will provide the basic background as to our information operations here.

As with other countries, military assistance to Formosa is treated in a separate section of this report. However, it should be noted that during calendar years 1951, 1952, 1953, and 1954 and the fiscal years 1955, 1956, and 1957, the Chinese Government's contributions toward its own defense, expressed as a percentage of the national budget, were, respectively, as follows: 1951, 75.1 percent; 1952, 42.8 percent; 1953, 40.1 percent; 1954, 45.1 percent; 1955, 45.5 percent; 1956, 51.2 percent; and 1957, 49.0 percent (estimated).

EXHIBIT B

(Security classification: Unclassified)

INTERNATIONAL COOPERATION ADMINISTRATION,
September 25, 1956.

From: ICA Taipei.
Subject: Project Descriptions, fiscal year 1957, Defense Support Operational Program.
Address and serial No.: ICA Washington TOICA A-500.

Attached hereto are project descriptions for the whole D. S. program.

Rather than transmit new project descriptions and changes in the BOB submission, the mission has included, for ICA/W's and its own convenience and because of the numerous minor changes, the descriptions for the total program.

BRENT.

Authorizing officer: J. E. Auburn.
Drafted by M. Bebb.
Office: O/RPR.
Date: September 25, 1956.

AGRICULTURE AND NATURAL RESOURCES

12-246 (C) Farm reclamation (RETSER): This continuation project provides as a counterpart fund grant local currency for financing land reclamation surveys, irrigation systems, farm building construction, housing and tools plus living allowances, clothing and administration feeds for 3,690 farm workers and 236 staff including 171 retired officers, all combat ineffectives, resettled on cooperative farms early in 1955 in more than 10 locations throughout Taiwan. These farms are now producing units. Construction work on permanent farm and administration buildings and houses is expected to commence before November 1, 1956. Aid assistance to these farms should make them more productive, opening opportunities for further employment of additional combat ineffectives at a later date. Eventually, all combat ineffectives resettled under this project will have the opportunity to own their own land.

17-056 (C) Ta Shu Shan logging—TFA: US$400,000 is provided to procure diesel yarders and logging trucks, continuing the project begun in fiscal year 1956. US$75,000 is requested for contract services of an American firm to design and procure a modern long-log sawmill, and US$6,000 as a grant for training 2 Taiwan Forestry Administration staffs in logging operations in the United States for a period of 6 months each. Section 402 loan of NT$9,200,000 will be used to construct a new concentration yard with log pond. Completion of the project in fiscal year 1958 will require US$500,000 for procurement of the sawmill equipment.

17-356 (C) Forestry (RETSER): This continuation project provides as a counterpart fund grant local currency for finalizing on the job training, housing, living allowances, clothing and equipment for 2,000 enlisted men and 51 officers, all combat ineffectives discharged from the Chinese armed forces, enabling them to be permanently resettled and productively employed by the Taiwan Forestry Administration in waste wood reclamation and tree planting in Taiwan's extensive forest areas. One thousand and fifty men are already resettled and employed under the fiscal year 1956 project, successful full implementation of which is expected by the end of December 1956 demonstrating opportunities for further, similar employment opportunities for thousands more combat ineffectives if they are available.

18-318 (C) Fishing fleet rehabilitation program: This project is to provide part of the fishing boat construction cost carried over from fiscal year 1956 under the same project title. A fisheries advisor arrived in Taiwan in July 1956, and continuation of services through fiscal year 1957 is also provided for, as well as funds for a training participant with an engineering background to go to the United States to study modern otter trawler operations, deck machinery and gear, fabrication of trawl nets and operation and repair of diesel engines.

18-320 (C) Fish propagation (RETSER): This continuation project provides as a counterpart fund grant local currency for finalizing the digging, improving and stocking of fish ponds, as well as for training and living allowances and tools for 687 combat ineffectives, including 37 officers, discharged from the Chinese armed forces. The project was initiated in fiscal year 1956. Fish propagation from fish ponds in Taiwan provides a sedentary type of productive employment required by a considerable portion of those partially disabled combat ineffectives otherwise difficult to resettle in self sufficiency in Taiwan.

18-321 (C) Rehabilitation of Tachen fishermen: This continuation project provides as a counterpart fund grant local currency funds for completing the resettlement of nearly 1,700 Tachen fishing families in resettlement and reemployment. This project provides for approximately 50 additional fishing families not covered in the fiscal year 1956 project who have now been determined to best be resettled as fishermen. The project also provides for final payment for some 370 fish boats and extra fishing equipment as well as for additional training for all the Tachen fishermen. No further Tachen fishing projects are contemplated for future aid financing.

18-400 (N) Refrigeration plant—China Fisheries Corp.: This project provides for the erection of a refrigeration and ice-making plant in Kaohsiung to be used principally in support of the expanding fisheries program. It will provide facilities to hold fish frozen at sea and to freeze fish landed from ice storage, thereby preventing price depression or spoilage of fish when fish are landed in heavier volume than the market can immediately absorb. Such provisions for stabilization of the industry are basic where a highly perishable product is concerned.

18-401 (N) Tuna long liners: This project is to provide for procurement of engines and material for local construction of 4 tuna long liners of the 350-ton class for loan to private fisheries. Each liner will provide annually 1,000 tons of fish. The Chinese Government has financed the construction of the same number of boats of the same class in 1955. This project will expand the fleet and increase fisheries production to meet the increasing requirement of protein food of the growing population of Taiwan. Local currency is provided for engineering design, local labor and locally available materials and parts. Private recipients will contribute NT$6 million towards total cost.

18-402 (N) Diesel engines—fishing craft: Under this project, provision is made for the purchase of 60 to 80 diesel engines, 22 to 45 horsepower, to replace wornout and defective kerosene engines on small fishing craft. The use of diesel engines will reduce operating costs, increase efficiency, and result in greater returns to the fisherman. Local manufacturers will be favored if supply is available, otherwise procurement will be by barter credit from Japan.

18-403 (N) Cold storage rehabilitation: Cold storage and ice-making facilities on Taiwan are inadequate. The expansion of fisheries and greatly increased fish catch require added facilities to preserve a highly perishable commodity. Freezing and ice-making facilities of 80 tons per day, and cold storage of 1,000 tons, plus rehabilitation of 2,400 tons of cold storage will be provided at three major fishing ports. Private fishery companies will contribute NT$2.5 million.

18-404 (N) Kaohsiung fishing wharf improvement: This project is to provide for the erection and rehabilitation of shore facilities in Kaohsiung to coordinate with increasing deep-sea fisheries activity, including cranes, fish market, cold storage facilities, wharves, and service stations for water and fuel. Kaohsiung is the most important fishing port in Taiwan due to expanding fisheries development.

19-023 (C) Local government agric. support (JCRR): This project will continue to provide minimum funds needed to supplement available Chinese government appropriations, local contributions and JCRR assistance to carry out the fiscal year 1957 phase of the agricultural program.

19-330 (C) Tachen farmers: This continuation project provides as a counterpart fund grant local currency for finalizing the resettlement in Taiwan on their own land 1,630 farming families, former Tachen Islanders, removed to Taiwan from the Tachen Island just before their fall to the Communist in early 1955. This resettlement, which began under the fiscal year 1956 project, is now well

along toward completion with the exception of the phases of land reclamation and development. This continuation finances training and supervision activities for the Tachen farming families as well as land improvement activities. It is expected that entire resettlement of Tachen farmers including their training and agricultural extension will be completed by the end of 1958 while aid assistance tapers off each year.

19-405 (N) Tractors—TSC: To increase mechanization of sugar-cane growing and harvesting, 75 tractors are to be procured for the Taiwan Sugar Corp., who will provide NT$4,300,000 to cover duties, etc.

One training participant from TSC staff will study in the United States farm tools, agricultural machinery, and agricultural engineering, for 1 year.

18-319 (C) Fishing vessel group: Counterpart grant provides continuation until December 31, 1956, of support to this group, who are responsible for administration and follow-up of ICA aid to fishery projects.

Mission fisheries adviser has now under study the possible termination of the group this year, if their functions can now be included within the scope of the Taiwan Fisheries Administration.

INDUSTRY AND MINING

21-007 (C) Coal mining improvement: Under this project a long range development program for selected mines is continued. In this fiscal year work will be started on the development of workings in several mines in addition to continuing development work started in fiscal year 1956 in other mining properties. All properties have recoverable reserves of reasonably large scale. United States dollar funds are being provided for the purchase of machinery and equipment to be installed as development work progresses and local currency loans will be made available from section 402 account to defray a part of the local costs. Overall additional production to be realized from the project is expected to be as much as 1 million tons yearly.

21-025 (C) Solid fuels and minerals exploration: Under this project United States dollar and local currency support from counterpart funds will be provided to defray the cost of financing the services of 1 geologist in the field of metallic and nonmetallic minerals and 1 solid fuels geologist, both from the United States Geological Survey, who will provide technical advice and guidance to the Chinese Government on its program of coal and minerals exploration.

21-026 (C) Coal exploration: Local currency funds are provided from counterpart on a grant basis to finance the continuation of exploration programs in the coalfields of northern Taiwan. The project, initiated in fiscal year 1955, was continued through fiscal year 1956 and has resulted in the development of basic information which has permitted the adjustment of the program as necessary to permit exploration efforts this year to be concentrated in areas considered to be among those having most promising prospects. The coal mine improvement project, 21-007 (C), also has been adjusted to reflect the findings during the earlier fiscal years programs.

21-028 (C) Minerals exploration: This project provides local currency as a counterpart fund grant to continue the support of a minerals exploration program started in fiscal year 1955. Work by Chinese geologists and engineers assigned to Minerals Exploration, Inc., a specially organized agency of the Chinese Government, will be directed toward the discovery and delineation of the limits of ore deposits on the island of Taiwan from which pyrite, limonite, dolomite, clays and heavy minerals may be produced to support the expanding industrial economy. The results of earlier surveys have been utilized in planning work to be undertaken during this fiscal year.

21-029 (C) Petroleum exploration: Under this project local currency financing will be provided in the form of a loan from the 402 account to support the final phase of a petroleum exploration program initiated in fiscal year 1954 but which is being terminated as of this fiscal year on the basis of policy determinations by ICA/W. The funds will be utilized for defraying part of the costs of geologic and seismic surveys, test well drilling and establishing supporting service installations. In addition, United States dollar funds and local currency from counterpart are being provided to support the cost of training one Chinese geologist in the United States and defraying the cost of the services of a petroleum geologist as a technical assistance consultant with the Chinese Petroleum Corp.

21-406 (N) Copper and pyrite development: Under this project the third phase expansion of the Chin-Qua-Shih Mine development program, designed to increase the output of copper and pyrite ores, is financed. United States dollars

will be provided to defray the cost of the purchase of mining, milling, and transport equipment. A local currency loan will be made available from the 402 account to defray a portion of the local costs involved in the installation of equipment and machinery, underground and surface facility construction and underground development work.

22-018 (C) Wusheh Dam hydro: Under the project, continued United States dollar and local currency support from counterpart funds will be provided to defray the cost of contract services by the United States Bureau of Reclamation on this project, first initiated in fiscal year 1952 and scheduled for completion in August 1958. Local currency loans from the 402 account will also be provided to the Taiwan Power Co. to defray the cost of continued construction of the curved gravity dam and ancillary structures. In addition there will be provided sufficient United States dollar funds to complete procurement of imported equipment necessary for the dam and power generating facility. Completion of the dam will add approximately 35,300 kilowatts of firm power to the system through the additional storage capacity available to the Sun-Moon Lake generating facilities.

22-030 (C) Telecommunication expansion: Under this project financial support is provided to the Taiwan Telecommunication Administration to defray the cost of the fiscal year 1957 portion of the administration's 4-year plan for which initial financing was provided in fiscal year 1956. United States dollars will be utilized to purchase equipment from worldwide sources and local currency will be made available from the 402 account to defray the cost of Japan barter account funds for the procurement of equipment from Japan. This fiscal year's projects are designed to increase the capacity of urban telephone systems, the VHF system on the east coast of Taiwan and the toll carrier system on the west coast in order to meet the domestic demand for telephone services. Training of the 2 participants in the United States for 1 year will be supported with United States dollar and counterpart funds.

22-034 (C) Lung Chien hydro: In this fiscal year local currency financing in the form of a loan from the 402 account will be provided to continue construction of components of this hydropower project, initial financing of which was approved in fiscal year 1955. Work will continue on the dam intake structure, pressure tunnel, penstock, powerhouse and supplementary diversion system. A small United States dollar cost item for contract services will also be financed. Ultimate capacity of this installation will be 48,600 kilowatts.

22-037 (C) Nanpu 2d unit thermal: Final contract service requirements will be provided under this project for completion of the 40,000 kilowatt extension of the Nanpu thermal generating plant, initial financing of which was provided under the fiscal year 1955 program. In addition, local currency for project construction and equipment installation will be provided as a loan from the 402 account.

22-230 (C) Fiscal year 1955 power transmission and distribution: Local currency financing in the form of a loan from the 402 account will be provided to the Taiwan Power Co. to defray the cost of installing or erecting materials and equipment procured under the fiscal year 1955 program. The expanding power generating capacity of the company must be supported by a parallel expansion of the transmission and distribution systems to insure that most effective use is made of the new generating capacity.

22-277 (C) Fiscal year 1955 primary system improvement: Local currency funding through a loan from the 402 account is provided to the Taiwan Power Co. to complete construction and installation of facilities, equipment for which was procured initially under fiscal year 1955 program. Construction was initially financed in fiscal year 1956 through local currency loans. The expansion of the primary system capacity is necessary to keep abreast of the expanding generating capacity in the Taiwan power system.

22-301 (C) Fiscal year 1956 primary system improvement: Initial construction costs for two new substations and other facilities under the continuing primary system improvement program of the Taiwan Power Co. will be provided under this project. Equipment procurement was financed under the fiscal year 1956 United States dollar program. Completion is expected in fiscal year 1958 utilizing local currency funds made available as a loan from the 402 account. There will be in fiscal year 1957 in addition to construction funds, United States dollar and local currency support from counterpart for the training of three Taiwan Power Co. engineers in the United States.

89056—57——18

22-302 (C) Fiscal year 1956 power transmission and distribution: Local currency financing in the form of a loan from the 402 account is provided under this project to defray a part of the cost of installing equipment and materials procured under the fiscal year 1956 program. Project completion is scheduled for fiscal year 1958. The project is a part of the overall program for improvement of power transmission and distribution facilities necessary to support the expanded generating capacity within the Taiwan Power Co. system. As an integral part of the project, United States dollars and local currency financing from counterpart is provided to defray the cost of training six Taiwan Power Co. engineers and technicians in the United States.

22-303 (N) Ku Kuan hydro: This project, initially proposed for financing under the 1956 program, was diverted to the fiscal year 1957 program because of fund shortages. It is imperative that this project be started in fiscal year 1957 in order to assist in relieving the acute power shortage projected for 1959 and 1960. United States dollar and local currency financing from the 402 account will be provided to start procurement of equipment and to defray first construction costs of the project which will be developed initially as a 90,000 kilowatt run-of-river station with peaking pondage. United States dollar funding and local currency costs defrayed from counterpart will, as presently programed, provide for the training of 3 Taiwan Power Co. engineers in the United States and support the requirements of 2 power engineers to serve in Taiwan as advisers on the project development and construction.

22-379 (C) Suburban telephone expansion: Under this project local currency financing is provided to the Taiwan Telecommunication Administration from the section 402 account to assist in defraying the cost of installing equipment purchased through the fiscal year 1956 program under the United States dollar account. The program as initially conceived will provide for additional telephone circuits in the several suburban areas in Taiwan which have been undergoing a rapid growth during the past several years.

22-407 (N) Fiscal year 1957 power transmission and distribution: United States dollar financing of equipment and materials to be procured on a worldwide basis and local currency loans from the 402 account to finance procurement of equipment and materials through the Japan barter account will be provided for this project which is a portion of the Taiwan Power Co. program for the expansion and improvement of the transmission and distribution facilities necessary to keep pace with the development of new generating capacity. The financing of equipment installation and facilities construction will be supported through local currency loans in fiscal year 1958.

22-408 (N) Fiscal year 1957 primary system improvement: To carry the increased load and to support the additional capacity of the generating system of the Taiwan Power Co. Financing will be provided in this fiscal year 1957 project under the United States dollar program to defray the cost of procuring transformers aggregating 100,000 kilovolt-amperes. In addition equipment and materials necessary to the construction of a new trunk transmission line paralleling the existing 154 kilovolt line along the west coast of Taiwan will be supported through this project. A limited amount of local currency funding through a loan from the 402 account will be made available as well. This project is a part of the primary system improvement program established by the Taiwan Power Co.

22-409 (N) Power control communication: Under this project, initial United States dollar funding will be provided for the purchase of communication and telemetering equipment for the Taiwan Power Co. to meet the need for more effective control and operation of the expanding power facility network. Without sufficient equipment the ultimate benefit of the expanding power generating and transmitting capacity cannot be made available to the industrial economy of the island. The Taiwan Telecommunications Administration will be cosponsor of this project.

22-410 (N) Chin Shan hydro: United States dollar fundng and local currency support from counterpart will be provided under this project to defray the costs of contract services for planning and initial design of a hydroelectric plant, and the training of two Taiwan Power Co. engineers in the United States on hydropower project planning and construction. The project, which it is proposed will be supported through the United States Aid program in subsequent years, contemplates the establishment of a hydropower station having an ultimate capacity of 120,000 kilowatts in the Ta Chia River drainage. The Ku Kuan and Tien Lung stations, financing for which has been provided under this or earlier fiscal years' programs, are a part of the same power generating complex on the Ta Chia River.

22-372 (C) Shen Ao 1st unit thermal: Under this project, which contemplates the construction of a 75,000 kilowatts thermal generating plant for the Taiwan Power Co., United States dollar funds will be provided to defray the cost of equipment purchased, and local currency financing in the form of a loan from the 402 account will be made available for project construction and equipment installation. In addition United States dollars will be provided to continue contract services by the United States consulting firm and to support the training of two Taiwan Power Co. engineers in the United States. Local currency support for the engineer training will be provided from counterpart.

23-046 (C) Urea plant: United States dollar and local currency financing through a loan from the 402 account is provided under this project to continue procurement of equipment and materials, plant construction, and installation of equipment in a urea plant owned by the Taiwan Fertilizer Corp., designed to produce annually, 85,800 metric tons of urea (44% N.). Initial planning began in 1952 when local currency financing of the initial survey and planning expenses was provided. United States dollar financing and procurement of plant equipment to defray the cost of technical services was provided from fiscal year 1954 to fiscal year 1956. Local currency was made available on a loan basis during these years to defray cost of construction and equipment installation. In addition to funds provided for procurement in fiscal year 1957, United States dollar financing of contract services is completed as well. Plant operation is expected by the end of 1957.

23-047 (C) Hualien nitrochalk plant: Final United States dollar funding is provided for procurement of miscellaneous items of equipment needed to complete this project, construction of which was started in July 1953, designed for the establishment of facilities to manufacture 70,000 metric tons of nitrochalk fertilizer annually (20% N.).

23-050 (C) Nitrophosphate plant TFC: Funds are provided in the form of a loan from the 402 account to meet local currency costs of final local equipment procurement and construction and machinery installation costs for the nitrophosphate fertilizer plant of the Taiwan Fertilizer Corp. United States dollar financing for procurement of equipment was provided from fiscal year 1954 to fiscal year 1956. Loans from counterpart in fiscal year 1955 and the 402 account in fiscal year 1956, were provided to defray a portion of the local construction and installation costs. Plant operation is expected by the end of fiscal year 1957.

23-057 (C) Artificial wood board plant—DP: United States dollar, and local currency financing from counterpart, are provided to defray the cost of training in the United States, of one engineer from this privately owned plant, financed through the aid program, on manufacturing and control techniques necessary to the successful operation of the plant.

23-061 (C) Byproduct coke oven: Under this project United States dollar and local currency financing through a 402 account loan will be provided to meet a portion of the costs of completing the purchase of equipment and constructing a byproduct coke oven plant capable of producing 360 metric tons of coke per day to meet the requirements of the urea fertilizer plant and other industries in Taiwan as well as provide a source of byproducts which may be used as a basis of several chemical industries. The project was initially approved in 1954 and procurement authorization issued but because of policy decisions pending in ICA/W procurement has never been initiated. Decision is expected soon after October 15, 1956.

23-062 (C) PVC manufacturing: This project will provide United States dollar and local currency financing from counterpart to support the training of 2 engineers from the Formosa Plastics Corp., 1 in the United States and 1 in Japan, for a period of 6 months each in techniques involved in the manufacture of PVC in the plant initially financed through the fiscal year 1955 aid program.

23-072 (N) Electric motor and switch manufacture: Under this project United States dollars are provided to defray the cost of procuring machine tools for manufacturing, and testing equipment supplementing equipment presently installed in the plant of the Ta Tung Engineering Corp. as necessary to support the production of small electrical motors, switches, switch gears and other electrical accessories. An addition to the procurement of equipment, provision is made for United States dollar, and local currency financing from counterpart, necessary to defray the cost of training two engineers from the project sponsor's staff in the design and manufacture of electrical motors and accessory electrical equipment. Technical cooperation and assistance is being provided to this private project sponsor through the Westinghouse Electric International Co.

23-236 (C) Paper board manufacture: Under this project, necessary United States dollar, and local currency support from counterpart, are provided to defray the cost of training in Japan of an engineer, from the Kin Dah Pulp and Paper Co. on the study of mechano-chemical and semi-chemical processes for the manufacture of pulp and paper from bagasse and bamboo. The project was initially financed under an ICA aid in fiscal year 1955.

23-304 (N) Incandescent lamp manufacture: Under this project United States dollar financing is provided for the procurement of automatic bulb making machinery and auxiliary equipment and testing apparatus for the manufacture of uniform glass bulbs necessary to the effective operation of electric light globe assembly equipment now installed in the plant of the project sponsor. It is expected that total capacity of the plant upon completion will be approximately 4.8 million bulbs yearly.

23-306 (C) Sulphuric acid plant—KASC: A part of the expansion plan for the Kaohsiung Ammonium Works. Under this is continued financing of United States dollar costs of procuring equipment and machinery for the establishment of a sulphuric acid plant with a designed capacity of 275 metric tons per operating day of 98 percent N_2SO_4, initial procurement for which was financed under the fiscal year 1956 program. Local currency financing will be provided in the form of a loan from the 402 account to defray the cost of building construction and equipment installation. Additional local currency costs projected for fiscal year 1958 have been designated to be financed through a similar loan.

23-308 (C) Nitrophosphate—HNFW: Continuing the development of facilities for the production of mixed fertilizer integrated with the Haulien Nitrochalk Plant of the Hualien Nitrogen Fertilizer Corp., United States dollar financing is provided to cover the cost of freight on United States procured equipment. A local currency loan from the 402 account will help to defray local costs of construction and equipment installation. Initial United States dollar financing for equipment procurement was provided in fiscal year 1956.

23-309 (C) Modernization of mills—TSC: This continuation project requires, in fiscal year 1957, US$262,000 to procure modern machinery and equipment to replace obsolete equipment in the sugar mills of the Government-owned Taiwan Sugar Corp.

An instrument control and repair team of three training participants will be sent to the United States for 6 months, requiring US$9,000 and counterpart grant of NT$62,000, plus NT$62,000 to be provided by TSC.

23-388 (N) Science equipment manufacture: Under this project it is proposed to establish facilities for manufacture of laboratory equipment such as balances, electrical and physical testing apparatus and miscellaneous optical equipment of a quality suitable for use in school laboratories. United States dollars for the procurement of necessary tooling and local currency support from counterpart is provided to defray the cost of construction locally and the installation of machinery. The equipment provided from this manufacturing facility will replace similar items now being imported and will save foreign exchange.

23-411 (N) Bagasse shaving board—TSC: A shaving board plant having a capacity of 55 metric tons daily of bagasse board, utilizing bagasse as a raw material, is being established under the direction of the Taiwan Sugar Corp. United States dollar financing is being provided under this project for the procurement of necessary equipment from the United States. With a chronic shortage of wood for construction in Taiwan, utilization of waste products is economically beneficial to the country.

23-413 (N) Pentachloralphenol manufacture: Under this project local currency funding a Japan barter account procurement of equipment will be financed through a 402 account loan which will provide equipment for the establishment of a pentachloralphenol plant in the An Shun Works of the Taiwan Alkali Corp. with a capacity of about one metric ton per day of pentachloralphenol, an excellent wood preservative. Excess chlorine derived from processes at the Taiwan Alkaline Corp. will be utilized in the manufacture of the pentachloralphenol thus reducing the waste of a valuable byproduct and at the same time reducing the costs now incurred in neutralizing the chlorine prior to disposal.

23-414 (N) Dynamite manufacture: Under this project will be financed the United States dollar costs of the equipment to be procured on a worldwide basis, and through a 402 account loan, the local currency costs of establishing a plant for the manufacture of 1,000 metric tons annually of industrial dynamite.

The contemplated plant will be established in conjunction with the double base powder plant and the single base powder plant both presently managed by the 26th Arsenal CSF through utilizing nitroglycerin available through the double base powder plant. Under the proposed project all 3 plants will be operated under the management of a single nonmilitary corporation with the 2 powder plants being made available on a lease basis.

23-305 (N) Acetic acid plant: Under this project United States dollar financing is provided for the procurement of equipment needed in the establishment of an acetic acid plant having a capacity of 5 metric tons of glacial acetic acid, utilizing as a raw material, calcium carbide. The Taiwan Fertilizer Corp., the project sponsor, proposes to utilize the facilities of their Factory No. 5 (calcium cyanimide) which is to suspend production at the time Plant No. 6 (urea) goes into production. In this way some of the productive facilities at the No. 5 plant, which produces carbide as an initial step in the manufacture of cyanimide, may be utilized in the production of an important industrial raw material.

23-416 (N) Hydrodesulphurization and polymerization—CPC: Local currency financing from a 402 account loan will be provided to support local construction and installation costs on a unifining unit, a polymerization unit and a sulphur recovery unit, procurement of which is being financed through a United States dollar loan to the Chinese Petroleum Corp., the Chinese project sponsor, from the Gulf Oil Corp. The equipment will be instrumental in improving the quality of the refinery products. There will be in addition, financing provided for the training of a Chinese petroleum refining engineer in the United States on the techniques and practices utilized in petroleum refining; both United States dollar and local currency from counterpart are being furnished.

23-417 (N) Rubber tire manufacturing: Initial United States dollar financing is provided for the procurement of equipment for the establishment of a rubber tire manufacturing plant with a capacity of 30,000 automobile, truck, and bus tires annually. The sponsor, the China Rubber Tire Co., financed by the overseas Chinese, is negotiating an agreement with the Lee Tire Corp. of the United States to provide for technical advice in connection with formulae, processes, tire design, tire construction, specifications, and quality control. Additional financing will be required in fiscal year 1958.

23-418 (N) Aluminum plant modernization: To improve efficiency and reduce costs for the Kaohsiung plant of the Taiwan Aluminum Co., procurement of equipment to the value of US$525,000 is provided for (*a*) reconstruction of potline with enlarged anode and vertical studs, (*b*) purchase of two additional units of d. c. rectifiers of 6,000 amperes each, (*c*) installation of new cryolite plant equipment to recover fluorine gas, and (*d*) recovery of byproducts from the red mud (caustic soda, aluminum and iron). A section 402 loan of NT$7,000,000 is required to cover part of local currency costs for local procurement and installation. TAICo is providing NT$7,000,000 to complete this project.

23-399 (N) Lithograph printing and platemaking: This project provides for the establishment of a modern printing plant in Taiwan to supply photoengraving and photolithographic plates to the printing trade, and to provide high-grade printing facilities, such as multicolor reproduction for Taiwan, including the printing of high-quality labels for export industries. US$600,000 is provided to procure color offset presses, vertical platen presses and cylinder lead presses; a section 402 loan of NT$8,000,000 will provide for buildings, installation, etc. Training in the Philippines is provided for two Type AX participants on a grant basis.

The Government will sponsor this project, but the plant will be turned over to private finance and operation after completion and after an adequate training program has been carried out.

23-419 (N) Shop improvement—TMMC: The Taiwan Machinery Manufacturing Corp. produces the major portion of heavy machinery manufactured on the island. United States dollar financing is required to procure modern machine tools and equipment for plant improvement and expansion. New production to the value of NT$10,000,000 per year is estimated to accrue from this expansion. TMMC will provide NT$2,500,000 to complete this project.

One training participant from TMMC will be sent to the United States for 1 year to study refrigeration equipment manufacture.

23-420 (N) Tang Eng Iron Works substation: Aid financing of US$250,000 is requested to procure equipment for this privately owned works, providing 2 new substations to meet the additional load requirements directly from the 66-kilowatt line in Koahsiung. Local currency costs for duties, installation, of NT$3,000,000 are provided by Tang Eng to complete this project.

23—421 (N) Chianan Jute Mill rehabilitation: This 20-year-old Government-owned mill was transferred to private ownership in 1955. In order to improve the quality of products and to reduce production costs, US$105,000 is requested to procure replacements for worn-out machinery.

23—422 (N) Fengyuan Jute Mill rehabilitation: This 20-year-old Government-owned mill was transferred to private ownership in 1955. In order to improve the quality of products and to reduce production costs, US$140,000 is requested to procure replacements for worn-out machinery.

23–065 (C) Taiwan Aluminum Co. expansion: In fiscal year 1955, a 2,500-ton extrusion press was procured for the Taiwan Aluminum Co. Due to delays in procurement and delivery, local currency funds are not required until fiscal year 1957 for installation of this equipment. A section 402 loan of NT$2,300,000 is is provided to cover installation and local procurement; NT$1,000,000 is provided for Japan barter account credits to procure subsidiary equipment from Japan. TAlCo is providing NT$3,000,000 as their share of total cost in fiscal year 1957.

24–077 (C) Small industry fund: This is a continuation of a major project begun in fiscal year 1954 and designed to make available industrial development loans or relativly favorable terms to a great number and wide variety of small privately owned industries. Delayed payments for United States dollar aid equipment and machinery and local currency loans for plant expansion are extended through three privately owned and managed commercial banks with branches situated in all major cities of Taiwan. The banks provide 20 percent of the funds required for each approved loan.

This highly successful program will be continued through fiscal year 1957, and continuation is expected next year. End-use check of about 130 recipients by the mission to date reveals that practically all of the loan funds are being used to further worthwhile projects designed to increase production, decrease costs, or improve quality.

25–282 (C) Water resources survey: This continuation project provides in fiscal year 1957 US$300,000 and counterpart NT$2,940,000 as a grant to support a United States water resources survey team and the Chinese Water Resources Planning Commission. Completion of this project in fiscal year 1958 will require an estimated US$300,000 and NT$3,000,000. The Chinese Government is providing NT$1,700,000 in fiscal year 1957 toward the survey. Contract for the United States team has not yet been finalized.

25–298 (C) Steel industry survey: Financing for this continuation project, started in fiscal year 1956, will be completed this year. US$20,000 is provided as a contingency fund for services of a group of six consultant engineers, financed in fiscal year 1956. The survey team will work with the Industrial Development Commission on (*a*) general overall planning, (*b*) blast furnace installation, (*c*) byproduct coke oven, (*d*) steelmaking processes, and (*e*) rolling mill installation. Contract for the United States team will be finalized shortly, and work begun immediately thereafter.

26–423 (N) Taiwan Trade Fair: Purposes of this project are to give wide publicity to the economic achievements realized under the 4-year plan, to encourage improvement of quality of products, to promote trade and investment, and to coordinate with other Government activities in the economic defenses against the Chinese Communists. It is anticipated to be held from March 1 to April 30, 1957, opposite the Taipei Stadium, and will have an estimated floor space of 8,700 square meters, with an additional 4,000 square meters to be reserved for foreign exhibits. Financing will be from the counterpart fund, with balance of requirements met from Government funds, and from exhibitors.

26–424 (N) Bangkok Trade Fair: The Chinese Government, through encouragement of the mission, has accepted an invitation to participate in the International Trade Fair to be held in Bangkok from December 7 to 22, 1956. Local products, models, photos, charts, and other articles, totaling approximately 1,300 tons in weight are being collected. About 4,000 square meters of space has been allocated without charge to Taiwan for display of its exhibits. The mission will support this with counterpart funds of NT$3 million.

27–311 (C) China Productivity Center: Fiscal year 1957 continues support to the China Productivity Center established in fiscal year 1956. The services of six American technicians for the entire year are provided in the fields of industrial training, small industry, industrial management, industrial engineering, and technical exchange, under the leadership of a Chief, Industrial Productivity Division. A training program for Chinese participants includes 6-month training in the United States for a team of 4 participants in industrial management and a 5-man industrial engineering team.

27-312 (N) Industrial Research Institute: Grant aid of US$100,000 is provided for procurement of laboratory instruments and apparatus for the Union Industrial Research Institute. One training participant will be sent to the United States for 1 year to study research laboratory equipment and operations. No continuation is planned for fiscal year 1958.

28-252 (C) Handicraft training (RETSER): This continuation project provides as a counterpart fund grant local currency for finalizing the establishment and equipping of a handicraft and small industry center to provide training, initial operating expenses, housing, production and warehousing facilities for 2,090 combat ineffectives to be discharged from the Chinese Armed Forces. ICA mission and George Fry contract team small industry experts are advising on the development of this center to insure that its products find a ready market. Planning is nearly completed and building construction will commence in October 1956. Permanent productive employment is envisioned for 2,090 combat ineffectives. A small amount of aid dollar grant funds are provided for the import of trucks for the center.

28-313 (C) Handicraft promotion center: This project continues aid to the center, established in fiscal year 1956, to coordinate and promote greatly expanded activities in this field. A technical cooperation contract with Russel Wright Associates of New York for a year in the amount of US$125,500 has been arranged to provide guidance and back stopping for all the varied activities in Taiwan; design and marketing services are included.

A training program provides for sending 2 Chinese participants to the United States and 4 to Japan and the Philippines to study various aspects of handicraft design, production, and marketing. Local currency grant from counterpart is provided for support of activities of the local handicraft promotion center, and for procurement of the limited amount of handicraft production tools.

28-322 (C) Handicraft training (Tachen): This continuation projects budgets counterpart funds expected to be used for the maintenance and expansion of handicraft projects implemented for 814 Tachen evacuee families in fiscal year 1956. Funds are being set aside at the time for these 814 families and will be disbursed as grants or loans against programs developed by ICA small industry experts. These programs must insure resettlement of the Tachen families in self-supporting employment. The determination has yet to be made whether handicraft work can provide such self-supporting employment, thus some of these funds may be used for resettling these people in industrial employment.

29-080 (C) Industrial Program Administration: The cost of the services of eight consultants and technicians who are to assist the Chinese Government in the administration of the industrial development projects financed through the United States assistance program, is financed through a grant of United States dollars. Services include industrial program planning and administration, industrial economic analysis, industrial training program planning and supervision, industrial project status reporting.

29-257 (N) General Construction Corps (RETSER): This is a new project which provides as a counterpart fund grant local currency for financing the training, equipping, and housing of several thousand combat ineffectives retired from the Chinese Armed Forces, who have joined together to form a construction working corps. This construction corps has been working on various water conservancy projects throughout Taiwan and is now employed on the East-West Highway. This project will enable the construction corps to be permanently resettled in self-supporting productive employment in Taiwan. United States dollar aid financing is tentatively budgeted for importing construction machinery for use of the construction corps.

29-276 (C) Industrial consultation: Funds are provided, as a grant, to defray the cost of services of a pharmaceutical adviser, for 6 months in fiscal year 1957. Due to the very high requirements of foreign exchange annually for imported drugs, the Chinese Government is interested in the possibility of setting up pharmaceutical subdividing and packaging plants in Taiwan. A survey by this adviser should help determine whether this is feasible.

29-432 (N) Employment placement (RESTER): This is a new fiscal year 1957 RETSER project which provides as a counterpart fund grant local currency for establishing an employment placement center with the function of finding permanent employment in Taiwan commerce, industry and public services for combat ineffectives being discharged from the Chinese Armed Forces. It is realized that such employment opportunities may exist in the expanding economy of this island and this project establishes the operating agency to

bring employers and retired servicemen, potential employees together, there being no other such agency providing similar services in Taiwan.

29-433 Job training (RETSER): This is a new fiscal year 1957 RETSER project which provides as a counterpart fund grant local currency for financing basic job training, either on or off the job, required by combat ineffectives being discharged from the Chinese Armed Forces to qualify them for permanent, self-supporting employment within Taiwan's civilian economy. Specific training may be given in order to meet the known needs of specific industries. This project will train and provide the training opportunities needed to help retired servicemen return to productive civilian life.

TRANSPORTATION

31-251 (C) East-West Highway survey (RETSER): This continuation project provides as a counterpart fund grant a small amount of local currency to complete the East-West Highway survey commenced in fiscal year 1956, construction of which will link the east and west coasts of Taiwan facilitating the opening of vast areas of new land for the productive resettlement of combat ineffectives to be discharged from the Chinese Army under the RETSER's program. This survey is now nearly complete and actual construction on the highway has commenced. Based on this survey, it is expected that resettlement projects in the newly investgated areas will soon be developed.

31-314 (C) Municipal road improvement: A counterpart grant is provided to complete this project, begun last year, for the construction of new connecting roads and bridges, and paving of presently unpaved important roads in several major suburban areas near Taipei, as well as suburban roads, to provide better access to suburban industrial areas, expedite military movements and population dispersal and alleviate serious traffic congestion. Municipal governments are providing NT$10,000,000 to complete the total cost.

One TA participant will be sent to America for 1 year's study of road paving techniques, sponsored by the Taipei municipal government, US$5,000 and counterpart NT$41,000 are provided as a grant.

31-315 (C) East-West Highway construction (RETSER): This continuation project providing United States dollars and counterpart for continuing and expanding construction of a major highway connecting the east and west coasts of Taiwan commenced under an fiscal year 1956 RETSER project. This highway traverses Taiwan's high Central Mountain Range and opens up vast areas of the island for exploitation as resettlement activities for combat ineffectives in the fields of forestry, farming, livestock raising, mining, etc. The project also gives labor employment for thousands of combat ineffectives. Imported construction machinery and materials for the highway which cannot be obtained locally or in Japan are provided.

As this project is a vital and major development project for all of Taiwan's economy, it is possible that some of the RETSER funds now tentatively programed may be substituted by general industrial development funds in future fiscal year's.

31-425 (N) East-West Highway development (RETSER): This new project provides as a counterpart fund grant local currency for financing resettlement projects for combat ineffectives to be developed in the areas to be opened by the new East-West Highway. These projects, which will be in the fields of farming, forestry, livestock raising, or mining, are expected to provide permanent, self-supporting, employment and living opportunities for several thousands of combat ineffectives waiting to be retired from the Chinese armed forces.

31-426 (N) Hualien-Taitung Highway: A counterpart grant is provided to complete the Hualien-Taitung Highway, built by the Japanese, except for bridges. Five major railway bridges will be utilized to serve highway traffic. Completion of this link will provide complete round-the-island highway facilities, and promote development of industrial and agricultural activities on the east coast and facilitate military transportation.

33-427 (N) Expansion of railroad facilities: The Taiwan Railway Administration has embarked upon a 4-year (1957-60) development plan to meet increasing requirements of a growing economy and population, and to replace worn-out equipment. This project combines the following three projects:

(a) Procurement of 5 steam locomotives, 1 wrecking crane, and materials for construction of 6,000 tons of freight cars. The 4-year plan aims at adding 25 steam freight locomotives, 6 switching locomotives, 25,000 tons of freight cars, and 146 passenger cars.

(b) Railway shop expansion will provide for procurement of machinery and equipment and extension of shop buildings for expansion of TRA's Taipei and Kaohsiung work shops for local construction of railway freight and passenger cars. No continuation is foreseen for fiscal year 1958.

(c) Railway double track will be built over three sections, totaling 21 kilometers which now represent bottlenecks in the north-south trunk line transportation. In fiscal year 1958 remaining sections, totaling 16 kilometers will be double-tracked.

The fiscal year 1957 aid program also provides for training of four participants in the United States, who will study passenger and freight car construction and maintenance.

34–106 (C) Keelung Harbor improvement: To continue improvement of Keelung Harbor's facilities, US$61,400 is required for (1) expansion of the grain elevator from 10,000 to 15,000 ton capacity and (2) construction of three new small tugs. A section 402 loan of NT$4,700,000 is requested for construction of a grain silo and tug hulls. The Harbor Bureau is providing NT$270,000 to cover duties on imported equipment.

34–430 (N) Kaohsiung industrial harbor construction: The project is a 4-year development plan to (1) dredge the present channels to accommodate ocean-going vessels, (2) reclaim 100 hectares of lagoon by using the dredged mud, and (3) construct revetments, docks, railway and highway connections to the reclaimed areas. After completion, the Kaohsiung Harbor will provide a large area of land for industrial plant sites, in addition to greatly increasing the capacity of the inner harbor.

36–108 (C) Shipping management: The services of Mr. Alan Laidlaw, as shipping management consultant, are continued in fiscal year 1957. Also this project will provide for training in the United States for 6 months one participant from the Ministry of Communications to study maritime administration.

36–415 (N) Coastal ships construction: Aid loan of US$775,000 is requested for construction of one 2,500 dead-weight tons general cargo ship for banana export to Japan, one 350-gross-ton ferry boat to run between Kaohsiung and Makung, and two 50-gross-ton ferries to operate Taitung/Orchid Island/Green Island.

37—109(C) CAA improvement: This project continues the improvement of navigational aids, landing and communication facilities of Taipei International Airport and Tainan and Hengchun NDB and VOK stations, as well as maintenance and overhaul facilities. US$367,000 will be used to procure power plants, transmitting and receiving equipment, maintenance vehicles, antennas, and electric apparatus. From section 402 will be provided NT$4,335,000 for installation and construction costs.

US$76,000, and NT$1,200,000 from counterpart, are provided, as a grant, for continued support of the civil aviation group, a five-man team from USCAA.

The training program will be continued, with the sending of three local personnel of the Chinese CAA to the United States, for a period of 8 months each, to study radio teletype, radar, and airway system planning. US$10,000 and counterpart NT$123,000 are provided, as a grant.

39–352 (C) Transportation: This project was submitted in fiscal year 1956, but was deferred to fiscal year 1957 due to delay in recruitment. Funds are requested to provide the technical services of transportation specialist to assist the Chinese Government in the preparation and implementation of a balanced program for transportation development.

39–431 (N) Shipyard expansion: United States dollar and 402 fund account aid is programed for procurement of one 35-ton crane for the building berth of Taiwan Shipbuilding Corp., as well as additional arc welding machines, acetylene generating and piping system, and electric apparatus. The underwater section of No. 2 building berth will be extended to permit simultaneous construction of fishing boats and coastal vessels, leaving drydock No. 1 available full time for ocean ships repair. TShC will provide NT$2,000,000 for customs duties, installation costs, etc.

HEALTH AND SANITATION

52–127 (C) Kaohsiung water works rehabilitation: To provide additional potable water to the Kaohsiung area and serve as a demonstration to stimulate other communities to improve their water supplies.

54–134 (C) NDMC: This continuing project is to expand the National Defense Medical Center primarily for medical and para-medical education of overseas Chinese students as well as improvement of the quality of medical and associated personnel of the country.

55-248 (C) Hospitalization I—Lepers (RETSER): This continuation project provides as a counterpart fund grant local currency for finalizing the constructing and equipping and operating expenses of hospital facilities for 100 transmissible lepers and 200 neuropsychiatric retired servicemen patients discharged as combat ineffectives from the Chinese Armed Forces, plus resettlement facilities on a leper farm now being established for 200 intransmissible lepers also discharged as combat ineffectives. Hospital facilities provided represent expansion of existing civilian leper and NP hospitals. Construction work is expected to commence on the hospital facilities during October 1956 and on the leper farm in November 1956. The project also provided a nominal grant of United States aid dollars for importing drugs which cannot be locally procured or financed with barter credit.

55-328 (C) Hospitalization interim (RETSER): This continuing project provides as a counterpart fund grant local currency for financing the interim medical care and living expenses for 19,837 disabled and sick combat ineffectives discharged from the Chinese Armed Forces in June 1955. This is interim care and maintenance pending completion of the permanent hospital and domiciliary facilities for these men provided in other RETSER aid projects commenced in fiscal year 1956 and continuing this year. This project will be terminated when permanent hospitalization and domiciliary facilities are completed.

55-359 (C) Hospitalization II—General (RETSER): This project provides as a counterpart fund grant local currency for continuing the construction of a 1,000 bed general hospital being constructed for meeting the health requirements of combat-ineffective veterans discharged from the Chinese armed forces under the RETSER program. This project was implemented in fiscal year 1956 and construction of the hospital is about to commence on a landsite near Taipei. Engineering studies and building plans have been completed. This project also provides considerable United States dollar aid financing for the import of construction materials for building construction and its support facilities such as staff housing as well as for importing medical supplies and equipment for equipping and operating the hospital.

55-360 (C) Hospitalization III—TB (RETSER): This is a continuation project which provides as a counterpart fund grant local currency for financing the constructing, equipping and operating of a 1,500-bed tuberculosis hospital together with its supporting facilities, for combat-ineffective veterans discharged from the Chinese armed forces under the RETSER's program. This project was implemented in fiscal year 1956; engineering studies and basic building plans have been completed and a landsite obtained. Construction is expected to commence during November 1956. The project also provides United States dollar aid for financing the import of construction materials for building the hospital as well as for medical supplies and equipment for equipping and operating the hospital.

55-361 (C) Hospitalization IV—Clinics (RETSER): This continuation project provides as a counterpart fund grant local currency for completing the constructing and equipping as well as operating of three clinics being built to provide adequate medical facilities for approximately 10,000 combat ineffectives retired from the Chinese armed forces now living in convalescent camps. United States dollar financing is also provided for importing medical supplies and equipment for equipping and operating these three clinics.

59-428 (N) Tachen villages health facilities: This new project provides a limited counterpart fund grant of local currency for establishing permanent health facilities in the 20 most remote new Tachen villages occupied by some 2,500 Tachen families who moved to Taiwan at the time of the evacuation of their home islands to the Communists in early 1955. Under this project basic furnishings and equipment is provided, in coordination with the Chinese Government's provision of new personnel, for equipping and operating health rooms in those Tachen villages which are at least 5 miles away from other health facilities. This is a one time project and will not be continued in later years.

EDUCATION

66-228 (C) Expansion of educational facilities for overseas Chinese: The fiscal year 1957 program will represent a logical expansion and extension of this project. As before, the bulk of the financial aid will be spent upon physical facilities and improvements on the various college and high school campuses, but with significant expenditures on technical services and in aid to recruitment of overseas Chinese students.

PUBLIC ADMINISTRATION

71–017 (C) General program planning: This project is to continue provision of the services of experts to the Chinese Government to help development of economic plans and programs, assist in administration of the aid program, and make program reviews and analyses in order that funds provided under the aid program are effectively utilized.

71–278 (C) RETSER program administration: This continuation project provides United States dollar aid as well as a local currency counterpart fund grant to finance the George Fry & Associates contract team services and one ICA/MSM/C RETSER program adviser, for assisting the Chinese Government in carrying out its retirement program for discharging combat ineffectives from the Chinese Armed Forces.

The six American members of George Fry & Associates, augmented by their Chinese support personnel, advise the Chinese Government on all phases of its retired servicemen's program which aims at permanent resettlement, as far as possible in productive, self supporting, employment, of combat ineffectives in the Taiwan's civilian economy.

72–140 (C) CUSA/CTM administration: This project is to continue provision of the services of the experts to the Council for United States Aid, which is the liaison agency of the Chinese Government in Taiwan, and is responsible for effective coordination of activities among the ministries of the Government, assist in supply and procurement of aid goods, and assist in effective implementation of program plans and objectives.

79–354 (C) Classification centers (RETSER): This continuation project provides as a counterpart fund grant local currency for operating under the supervision of George Fry contract team personnel, classification centers established under the fiscal year 1956 project where combat ineffective servicemen, being discharged from the Chinese armed forces, are screened in order to provide guidance for their successful integration into civilian life with or without RETSER program assistance. As of September 15, 1956, about 46,000 combat ineffectives including 4,500 officers, have passed through these classification centers. Of the 4 centers originally established 2 have now been closed, as the number of men to be processed has passed the 50 percent mark. The work of these centers has proved of vital importance to the RETSER program.

COMMUNITY DEVELOPMENT, SOCIAL WELFARE AND HOUSING

81–429 (H) Tachen community development: This is a new project which provides as a counterpart fund grant local currency for financing community development activities in the 38 new Tachen self-help villages built in Taiwan by some 5,100 Tachen Island families who moved to Taiwan at the time their home islands were occupied by the Communists in early 1955. Community development type activities within these villages have been found to be necessary in order to raise the spiritual, educational, and economic level of the Tachen people to that of the local Taiwan people. This project brings community services to the Tachen villages and strives to develop self-government and leadership among the Tachen people themselves while integrating them in the local communities in which they have been settled. Emphasis on the community and Government service activities to be assisted by this project encourages self-help.

82–256 (C) RETSER Home I: This continuation project provides as a counterpart fund grant local currency for constructing, equipping, and operating 6 domiciliary type homes for 6,000 disabled, combat ineffectives retired from the Chinese Armed Forces. Limited amounts of local currency are also used for purchasing barter credit for importing construction materials and equipment for the homes from Japan. Also provided as grants are small amounts of local currency and United States dollars for financing the technical training of participants in modern home management techniques in the United States. Construction of two of these homes will be completed during November 1956 and will commence on the four remaining homes under this project during October. These homes will be permanent establishments requiring for their operation an administrative staff of 32 persons and a general utility force of 60 persons, all to be drawn from among retired servicemen. Thus this project permits the permanent resettlement of a total of 6,552 combat ineffectives.

82–355 (C) RETSER Home II: This continuation project provides local currency as a counterpart fund grant for constructing, equipping, and operating an additional four domiciliary type homes accommodating 4,240 enlisted men and

128 officers being retired as disabled combat ineffectives from the Chinese Army. Construction of these four permanent homes is expected to commence before November 15, 1956.

83-158 (C) Public housing program: Project is to build 9,500 low-cost dwellings for low-income workers during fiscal year 1957 by making construction loans. Counterpart funds comprise about 40 percent capital required. Balance is provided by either the Republic of China or private Chinese sources. The Republic of China donates land for many projects but otherwise no subsidy is involved. Repayment with interest of entire loan is required. Special preference is given to loans involving self-help.

89-331 (C) Small business development—Tachen: This continuation project provides counterpart fund grants and loans of local currency to small businessmen and tradesmen who moved to Taiwan from the Tachen Islands prior to their fall to the Communists in 1955. These grants and loans are being made to augment loans made with funds provided in the fiscal year 1956 project to approximately 1,000 Tachen families engaged in every type of small community business. Some of these families have also joined together to form small businesses such as fishboat building, soybean sauce making, building construction, etc. These small businesses are being assisted with funds which provide capital equipment. This project terminates emergency aid assistance to Tachen small businesses.

GENERAL AND MISCELLANEOUS

92-325 (C) Motion picture production facilities: The purpose of this project is to continue assistance to the Chinese Government in developing its program for improvements in motion picture production facilities for filming documentary subjects, including fields of agriculture, industry, and related areas. This project is to provide for the services of three technicians from the United States of America, whose services were partially financial from fiscal year 1956 funds and for the training of two participants for a period of 8 months each in the United States of America, in this field of work. There is an obvious lack of production techniques for filming subjects which can be used to disseminate effectively and widely the latest information and methods for farming, forestry, mining, and related fields. This training is to help supply the necessary techniques. The project also provides for a limited amount of local and United States procurement of supplies and equipment.

92-397 (N) Overseas Chinese information: This project is to meet the critical need for greater and improved informational services in southeast Asia and among overseas Chinese elsewhere by: (1) Invitational travel for overseas Chinese leaders and journalists, and other groups from southeast Asia, including active seeking-out of international conference to be held in Taiwan. (2) Increased travel of Chinese press, civic, technical and cultural leaders to and in the countries of southeast Asia, (3) Assistance in providing United States dollar equipment and reading room materials for Chinese Government Information Service offices throughout southeast Asia.

92-398 (N) Overseas broadcast facilities: The purpose of this project is to assist the Broadcasting Corporation of China in stepping up and improving broadcasts to overseas Chinese in southeast Asia through procurement of shortwave transmitting equipment, and supplying necessary funds for cost of construction and installation.

99-258 (C) Shihmen Dam: This is a multipurpose project for irrigation, hydropower, flood control, and domestic water supply. $4,470,000 to continue procurement is included in the fiscal year 1957 program as well as $500,000 for contact services and $12,000 for three training participants. A total of $12,400,000 is required for the project, local currency costs are provided by the Chinese Government.

99-371 (C) Government budget support: This continuing project is to provide the Government of the Republic of China general budget support in fiscal year 1957, the amount provided is not to be applied to a specific project or items in the Chinese Government budget, but rather to the general support of the Government.

SHIHMEN DAM PROJECT

	US$	NT$
Cost with 1 power unit	14,937,000	616,398,000

Equivalent to NT$986,536,000 or US$39,810,000.

	US$	NT$
Cost if second power unit is added	16,723,000	719,810,000

Equivalent to NT$1,134,195,000 or US$45,770,000.

Annual fund requirement (approximate):

	US$	NT$ [1]
Fiscal year:		
1956	4,000,000	73,000,000
1957	4,900,000	105,000,000
1958	3,600,000	150,000,000
1959	2,000,000	140,000,000
1960	437,000	110,000,000
1961		38,398,000
Total	14,937,000	616,398,000

[1] To be paid by the Chinese Government from their own revenues.

Of the above cost NT$585,356,000 is allocated as an irrigation cost. Of this amount, it is planned that the beneficiaries from irrigation water will repay to the Chinese Government NT$30,320,000 annually during an amortization period estimated at 23 years, and operation and maintenance costs thereafter. The annual repayment of NT$30,320,000 by the water users is calculated on the basis of their ability to repay and represents the repayment of principal plus 1.5 percent interest during the 23-year period.

EXHIBIT E

TECHNICAL COOPERATION

From: ICA Taipei.
Serial No.: TOICA A-150.

AGRICULTURAL AND NATURAL RESOURCES

11-333 (C) Research, agricultural education and extension (JCRR): Assistance in strengthening the work of the agencies engaged in agricultural research, education and extension. Special emphasis during the year will be devoted to initiating a coordinated system of agricultural extension.

11-381 (N) NTU/UC contract: A team of 9 technicians is to be provided to advise the College of Agriculture of the National Taiwan University in making revisions of its curricula, strengthening its physical facilities and teaching aids, etc., in their respective fields of specialty.

12-234 (C) Land and water resources (JCRR): To assist the provincial Water Conservancy Bureau and associations of water users in improving the irrigation of agricultural lands. Assistance will also be given to improvements in drainage and flood control in those localities where these problems exist.

13-335 (C) Crop and livestock development (JCRR): This project is to help increase the production of various crops and types of livestock to meet the needs of a rapidly increasing population. Emphasis will be placed on improvement in the varieties of crops and breeds of livestock, insect and disease control, improved management practices, etc.

14-336 (C) Agricultural economics, farm organization and agricultural credit (JCRR): To assist in strengthening farmer organizations, especially the

farmer associations (agricultural cooperatives) and the agricultural credit activities of Government/private agencies.

15-100 (C) Food dehydration: Funds are provided as a grant for the training in Japan, of one technician for 6 months, in the line of food dehydration and canning. Sweet potato dehydration and tomato canning projects are being financed by ICA to overcome wastage from present primitive methods of sun drying and seasonal crop spoilage.

15-337 (C) Agricultural marketing and processing (JCRR): To provide technical assistance, equipment and materials to demonstrate improved food processing methods that will reduce losses from spoilage, thereby reducing the marketing costs for producers and consumers.

13-338 (C) Home economics and rural youth (JCRR): To assist in the expansion of rural youth clubs (4-H), which are popular and are making a substantial contribution to the training of farm youth and the adoption of improved farming practices. Emphasis will also be given to homemaking activities of rural families—improved methods of food preparation and preservation, home sanitation, child care, sewing, etc.

17-339 (C) Forestry (JCRR): To assist in the reforestation of cut-over areas, forest management, farm windbreaks, and soil conservation. The forests of Taiwan represent one of its greatest potential resources and much work is needed to develop these resources to the maximum so that eventual self-sufficiency of forest products on a sustained yield basis, consistent with expected population increases, can be attained.

17-376 (C) Development of forest policies and management (JCRR): This project is a continuation of a fiscal year 1956 project in which US$25,000 was provided to secure, through contract employment and/or contract services, the services of four foresters to assist and advise the Chinese Government on the development of improved forest policies and management plans in order to utilise to the greatest extent possible the forest yields of Taiwan.

18-340 (C) Fisheries (JCRR): To provide assistance in the development of fisheries so as to add to the total production and catch of fish which plays an important role in the diet of the people.

19-330 (C) Rehabilitation of Tachen farmers: This project is to provide for the completion of the farming resettlement program of Tachen evacuees; 159 farming families have yet to be resettled.

19-341 (C) All other—Farm tools, agricultural engineering, agricultural machinery (JCRR): To assist in the improvement of farm tools and thus improve the efficiency of man and animal power. Attention will also be given to improved methods of drying paddy rice to minimize spoilage.

19-342 (C) General administration (JCRR): To provide funds for covering the general administrative expenses of JCRR, for the services of four United States technicians and for implementing of miscellaneous subprojects.

19-395 (N) Regional conferences (JCRR): This project is to provide travel costs and maintenance allowances (per diem) to participants in conferences in the Far East, in the field of agriculture and related matters. At least four such conferences are scheduled during the fiscal year.

INDUSTRY AND MINING

22-343 (C) Power and communications (JCRR): This project provides funds for the electrification of 100 villages and installation of transmission lines for telephone service to 25 villages.

27-230 (C) Industrial management: Funds are provided for the training in the United States for a period of 6 months of a team of four industrial executives to be selected from the Taiwan Sugar Corp., Taiwan Fertilizer Co., Taiwan Pineapple Corp., Taiwan Pulp & Paper Corp., and others. The training is intended for promising junior executives to study management techniques in American industrial and chemical firms, including marketing, personnel management, labor relations, cost control, etc.

29-323 (C) General industrial training: This project covers specialized industrial training in various fields for 7 engineers in the United States and 4 engineers in Japan. About half of the sponsors are public and half private industries and, in most cases, costs are shared between ICA and the sponsor. The training includes the fields of electric power, aluminum, paper board, refrigeration, chemicals, and handicrafts.

TRANSPORTATION

31-115 (C) Highway bridge engineering: To provide a course of observation and training in the United States in the fields of highway bridge design and construction and in operation and maintenance of highway construction equipment.

31-324 (C) Highway improvement: This project provides for the technical training of one participant in the United States for a period of 1 year. The Taiwan Highway Bureau will sponsor the trainee in the field of highway bridge design and construction. Cost of the training will be shared equally between ICA and the sponsor.

32-382 (N) City bus administration: To provide a course of observation and training in the United States in modern city bus management and administration, for one participant.

LABOR

49-123 (C) Labor productivity and welfare adviser: This project provides for the services of an expert on labor practices, labor relations, and labor administration. The Chinese Government has requested that the mission continue providing advice on industrial safety practices, industrial and mining labor administration, labor relations, and labor welfare activities.

HEALTH AND SANITATION

51-125 (C) Malaria control: This project provides funds for the final year of a large program started in 1952 as malaria control and was so successful that last year it was decided that eradication, instead of control, could be accomplished. This project should end this year with practical eradication of malaria on Taiwan.

52-128 (C) Improvement of village water supply: This project provides for the construction, extension, and improvement in the public water supply of 14 cities and villages in Taiwan and for the continuation of the waterworks operators training school.

52-139 (C) Improvement of sanitary engineering practices: This project, designed to improve the practice of sanitary engineering in Taiwan, provides for 2 type B consultants, training for 3 type A participants, 2 AX participants to train in Japan, and minimum essential equipment to permit effective training of additional sanitation personnel in locally operated training courses.

52-291 (C) Environmental Sanitation Bureau: This project provides for the local training of sanitarians, acquiring aids for use in the training, and conducting demonstrations in protection and construction of safe wells, etc.

52-392 (N) Small village wells: This project provides assistance to the Chinese Government plan for an islandwide sanitation development program involving water supplies, latrines and graveyards.

54-133 (C) Improvement of nursing practices: Consists of training nurses in the United States and Japan for supervisory and teaching positions in Taiwan; for a nursing consultant and equipment costs for nursing schools.

54-292 (C) Improvement of public health practices: Consists of training local doctors in better administrative practices and improving physical facilities of some public health centers.

54-384 (N) Improvement of medical practices: This project is partially a continuation of improvement of NTU Medical College. Includes 3 participants, 2 United States technicians, and equipment for improving teaching of medical arts.

55-380 (N) Hospital construction and equipment: Provides assistance to the NIU Hospital to install a cobalt deep therapy equipment and a modern telephone and call system, rebuild the war damaged dietary department, and build quarters for interns.

55-393 (N) Trachoma control: This project is designed to assist the PHA and WHO in enlargement of a program of trachoma control which has been carried on by PHA, WHO, and UNICEF since 1952.

55-396 (N) Hospital administration: To provide courses of observation and training in hospital administration, including personnel utilization, hospital management, and related studies.

59-061 (C) Public health officer: Chief of Public Health Office, MSM/C.

59-385 (N) Food and drug control: Project is to assist Department of Health in MOI to improve the food and drug inspection system by building and equipping a testing laboratory.

59-386 (N) Rural health (JCRR): This is, in part, a continuation of the several JCRR health projects listed separately in fiscal years 1955 and 1956. It covers the whole field of rural health work that is being done by JCRR, i. e. to assist in the control of diseases, strengthen the services of the rural health stations, and training of personnel.

EDUCATION

61-012 (C) Improvement of vocational-industrial schools: This project undertakes to assist the vocational industrial schools in becoming an adequate, dependable source of skilled workers of the kinds most urgently required for planned industrial development. Necessary equipment and construction are being provided to demonstrate the improved methods of training.

61-137 (C) Establishment of Industrial-Vocational Department, Taiwan Provincial Normal University: A project to create and set in motion a competent educational unit for the production of two types of urgently needed teachers. Under the terms of the contract between TPNU and Pennsylvania State University, United States technicians are assisting in the inauguration of a training program for the future teachers of vocational industrial and of industrial arts courses.

62-011 (C) Improvement of vocational-agricultural schools: In this continuing project, the vocational agricultural schools of Taiwan are being assisted to develop more effective and modern means of organization and instruction in agriculture.

62-285 (C) Establishment of Vocational Agricultural Teacher Training Department (TCA): This continuing project is to establish and strengthen the Agricultural Education Department, to train vocational-agricultural teachers, to train in-service vocational-agricultural teachers, to supply laboratory equipment and training aids, construction of buildings, and send participants to the United States.

63-286 (C) Improvement of Home Economics Teacher Training Department: This project, designed to prepare competent teachers for academic high schools and home economics vocational schools so that present home economic practices may be improved, will provide 1 type A participant to be trained in the United States, 1 AX participant for training in Japan, and construction of buildings.

65-288 (C) Educational Materials Center: This project, designed to aid in improving teaching methods in elementary and secondary schools, provides for one United States technician, training of participants in the United States and other countries, and construction of buildings at the National Educational Materials Center.

66-009 (C) Improvement of Taiwan College of Engineering: A project to create a permanent source of capable engineering talent for the development of Taiwan's industry, by improving both the facilities and the instructional methods at the Taiwan College of Engineering.

66-228 (C) Expansion of educational facilities for overseas Chinese: The fiscal year 1957 program will represent a logical expansion and extension of this project. As before, the bulk of the financial aid will be spent upon physical facilities and improvements on the various college and high school campuses, but with significant expenditures on technical services and in aid to recruitment of overseas Chinese students.

67-010 (C) Community school demonstration: This project, designed to stimulate the development of community schools, will add 2 new pilot schools and 2 normal schools in fiscal year 1957.

69-139 (C) Education adviser: The mission's education officer, for which this project provides, gives leadership and coordination to the total educational effect of ICA in Taiwan.

69-387 (N) Science equipment: This project is designed to replenish urgently needed science equipment of some colleges and secondary schools and provide in-service training in physics, chemistry and biology to science teachers of vocational-industrial, vocational-agricultural and community schools.

PUBLIC ADMINISTRATION

71-155 (C) Leadership personnel: This project finances training programs in the United States for Chinese personnel of executive caliber in order that they may attend conferences, seminars, and other courses offered in such fields as management problems for executives, executive controls, personnel administration, and related training. Participants in this field can remain away from

their official duties for a limited period of time only, and courses, therefore, are to be concentrated and of such a nature as to broaden the vision of the participant beyond the departmental areas in which he is working and interest him in all of the aspects of management that are essential to successful business operation.

71–289 (C) Public safety: This project is to continue assistance to the Chinese Government in improving police administration.

72–146 (C) ESB–IDC: This project continues budget support for the Industrial Development Commission and the Economic Stabilization Board.

74–150 (C) Budget adviser: This project continues provision of the services of technicians in the field of budget planning, budget controls, and budget administration.

75–151 (C) Economic planning: This project continues provision of the services of experts in the fields of economics and finance.

78–153 (C) Statistics: This project continues assistance to the Chinese Government in improving the compilation of statistics upon which Government policy can be based for formulation of its economic programs, its military plans, and related planning. This project will train three statisticians in the fields of national income statistics, national industrial statistics, and price series and indexes preparation.

79–154 (C) Legal advisory services: This project provides the services of a legal expert and relevant administrative support to assist the Chinese Government in interpretation of aid regulations, help prepare contracts and agreements, advise on the effect of foreign investment laws and regulations, procurement regulations, and, in addition, when requested by the Chinese Government, offer advice and assistance for improvements in local legal practices.

79–389 (N) Stock exchange administration: This project will provide courses of observation and training for one participant in the United States for a period of 1 year in stock exchange administration and related practices.

79–390 (N) Economic Development Institute: This project will provide a course of observation and training for a participant for a period of 12 months in the United States under a specially devised program to be conducted under the auspices of Vanderbilt University. This program is to provide the participant with the fundamentals of economic analysis as related to economic development problems.

COMMUNITY DEVELOPMENT, SOCIAL WELFARE AND HOUSING

82–160 (C) Taiwan Council of America Voluntary Agencies: This project is to provide funds to reimburse the local voluntary agencies for handling costs of imported relief supplies.

82–391 (N) Social Welfare Administration: This project is to provide courses of observation and training in the United States for a participant for a period of 12 months in the field of social welfare administration.

82–349 (C) Land reform (JCRR): This project provides for the continuation of the land reform program in Taiwan, in constructing land record storages, land grading and consolidation, land storage and land program on Kinmen, and survey of effects of land inheritance on land fragmentation after land reform in Taiwan.

GENERAL AND MISCELLANEOUS

91–156 (C) Foreign trade and investment: This project continues provision of the services of 2 experts in foreign trade and investment, and for the training of 2 participants for a period of 6 months each in the United States in this field.

92–001 (C) Information: This project provides the services of 6 experts in the field of information techniques and dissemination and for the training of 5 participants in the United States of America in the field of information. Funds are also to be provided for the purchase of supples, commodities, and equipment necessary for effective implementation of the program.

98–297 (C) Training in atomic energy: This project provides for the training in the United States of four participants in peaceful uses of atomic energy.

99–000 (C) Technical support: The purpose of this project is to provide funds for the purchase of supplies and commodities which are required for administrative support of American technicians on the mission staff, billeting, and related local needs.

99–163 (C) J. G. White contract: This project is to continue assistance to the Chinese Government in planning and implementing its industrial develop-

ment program by providing general engineering and consulting engineering services.

99–229 (C) TA participants pre-departure expenses: This project finances predeparture orientation expenses for participants departing for the United States of America, English refresher training, and miscellaneous costs related to participant training incurred in Taiwan.

99–365 (C) TA Participants (AX) post-departure: This project provides funds to cover sundry expenses not related to one specific project, such as group training or orientation courses in Japan, post-departure mailing of publications, and miscellaneous expenses.

99–394 (N) Capital development training course: This project provides courses of observation and training for short periods of time for eight participants of the upper level of the Chinese Government and private industry. These courses are to deal with problems of formation, mobilization, and utilization of capital, and administrative and financial management.

98–PO2 (C) Nuclear science and engineer training: This project is independently financed by Tsing Hua University and is to continue the training of Mr. Yang Yu-tang, currently in the United States of America as a participant from the 1955 program. Mr. Yang has been accepted as a Resident Research Associate at Argonne National Laboratory for a year's additional training.

EXHIBIT F

CHINA (TAIWAN)

Summary of operations of International Cooperation Administration (formerly Foreign Operations Administration)

[In millions]

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956	Fiscal year 1957 (estimated)	Total
(A) Total expenditures:					
United States funds (counterpart funds generated)	[a] 86.4	74.3	72.0	(Deleted)	(Deleted)
United States funds (no counterpart funds generated)	[b] 2.0	5.5	8.2	(Deleted)	(Deleted)
Counterpart funds (in equivalent United States dollars)	88.4	79.8	80.2	(Deleted)	(Deleted)
	77.9	76.7	83.3	(Deleted)	(Deleted)
Local government contributions in equivalent United States dollars)	[b] 41.2	47.7	57.6	(Deleted)	(Deleted) (Deleted)

	Unobligated	Unliquidated
(B) Balances as of June 30, 1956:		
United States funds	3.6	97.1
Counterpart funds (in equivalent United States dollars)	8.6	23.4
(C) New allocations (tentative) from fiscal year 1957:		
Foreign aid appropriation:		
United States funds	----------	----------
Counterpart funds (in equivalent United States dollars	----------	----------

	Available for obligation	Available for expenditure
(D) Total amounts available for obligation and expenditure in fiscal year 1957:		
United States funds	[d] (Deleted)	[e] (Deleted)
Counterpart funds (in equivalent United States dollars)	(Deleted)	[f] (Deleted)

[a] Common use items included.
[b] Estimated.
[c] Excludes DFS.
[d] Fiscal year 1957 proposed operational program.
[e] Fiscal year 1957 illustrative program plus (B) line 1, unexpended.
[f] Of these funds $23.4 million committed to existing projects; the balance to be utilized for fiscal year 1957.

(E) Number of ICA employees:

	Locals	United States	Total
(a) Technicians:			
1. United States employed	492	57	549
2. Contract employees	67	51	118
(b) Others (administrative)	121	22	143
Total	680	130	810

HONG KONG

The pressing problem facing the British in Hong Kong is the resettlement of refugees fleeing the Red rule in Communist China. Estimates of how many displaced persons are presently residing within the restrictive confines of Hong Kong vary, but it can be safely estimated that between 500,000 and 800,000 refugee Chinese are presently crammed into this small area.

Both the United States Government, under the Far East refugee program, and the British are endeavoring to provide housing and employment for as many of these refugees as possible. The British have constructed a number of apartment buildings. They charge sufficient rental to amortize the cost of the structures and to pay for current expenses. Initially, 2 story buildings were erected, but because of the high cost and shortage of land, subsequent construction has consisted of buildings of 5 to 7 stories. Even so, the accommodations are rather crowded. Nevertheless the contrast between the old, rickety, ramshackle, tenement-type structures, and the spanking new multistory dwellings is astounding.

The United States has also undertaken a construction program here. This program, administered under the Far East refugee program ——— has built a number of one-story buildings. These structures are located on the side of mountains and are by comparison with the older dwellings quite attractive. The mountain is first terraced and the stone thus obtained is used for building materials. According to my information, each unit costs about $200. I visited several of these projects and it was my impression that much good work is being done. A small rental is charged by the British, who take over after we have constructed these dwellings, to defray maintenance costs and the cost of building streets up in the mountain. We are not repaid for expenditures in building as is the case with British-built facilities.

The most commendable feature of this program is the opportunity given the refugees to help themselves. Actually they furnish the labor for the building operation. Some hew stone slabs, while others make brick out of crushed stone. Thus the program not only provides housing, but it is also a means of keeping the refugees occupied.

According to my information, the Far East refugee program spent approximately $1 million in fiscal year 1956, with about $700,000 of

this spent in Hong Kong and Macao, and the remainder on Taiwan. This grand total of $1,062,168 was spent in the following manner:

Transportation	$290, 862
Documentation and counselling	46, 796
Medical and dental	184, 510
Economic aid	57, 124
Vocational training	202, 887
Permanent houses	206, 823
Supplementary food and clothing	41, 761
Temporary shelter	23, 299
Amenities	7, 625
Others	477

Assistance is also rendered by accredited nonprofit international volunteer agencies, such as the Aid Refugee Chinese Intellectuals Inc., the Catholic Foreign Mission Society of America, the Church World Service, the Free China Relief Association (which is the welfare arm of the Nationalist Party Republic of China), the Intergovernmental Committee for European Migration, Lutheran World Federation, National Catholic Welfare Conference of America, and the World Council of Churches. An attached summary, which is marked "Not for Publication" indicates the various contributions made by these organizations.

While in Hong Kong, I also visited the Pope Pius XII handicraft school. This school is conducted by the Maryknoll Fathers and is housed in a granite block building 100 feet long and 25 feet wide. I was told that the granite blocks for the building came from surrounding hills and that they were cut by resettled refugees. I was also told that 70 percent of the labor used in the erection of the school was supplied by the refugees. Actual cost of the building was about $9,000.

The primary purpose of this facility is to train refugee Chinese in handicrafts to qualify them for employment. For example, 150 candidates were selected for the first weaving course. Each one of these candidates represented a family. They were paid 5 Hong Kong dollars per day as an allowance in order to help them live while they learned weaving. Upon graduation, each student is presented with a loom, a table and a chair on a loan basis. From the school they obtain the yarn which is woven into cloth at their cottages. The finished goods are then returned to the school and marketed by a specially trained clerical staff, through local Hong Kong stores.

While there is no doubt that assistance such as construction of new housing and the creation of employment opportunities for the displaced Chinese refugees is of great importance, I did not learn why the British Government is not able to bear this expense without our assistance. Certainly Hong Kong is first and foremost a British responsibility. Therefore, I recommend that consideration be given to shifting the resettlement and rehabilitation program entirely to the British, with the specific understanding that they cooperate with the various international volunteer groups now doing work in Hong Kong. As I pointed out before we receive no aid from the British in any part of Asia, except a small 700 soldier contingent in Korea. Here in Hong Kong, a rich British colony, where the British could undertake the whole job, good old "Uncle Sam" steps in and gives aid. No one must be blamed except ourselves. Our big-hearted representatives see to it that we chip in.

The Information Service here is a mushrooming endeavor. However, there is considerable merit in the contention that Hong Kong offers the best point to channel the Voice of Freedom through the Bamboo Curtain. Certainly, information emanating from Hong Kong will have a more profound effect upon the people of Communist China than that created in Formosa.

The Information Service budget here for fiscal year 1956 was approximately $427,000. During 1957 fiscal year, expenditures will probably aggregate $590,000, an increase of $163,000. In addition to this amount, $28,500 will be used to make an emergency purchase of paper for the magazine "World Today," to produce some extra broadcasts for the Voice of America, and to do some motion picture work on behalf of the USIS mission in Saigon.

———.

For the committee's information, a complete and detailed picture of proposed expenditures during fiscal year 1957 by the United States Information Service is attached.

VIET NAM

It is unfortunate, to say the least, that the International Cooperation Administration has seen fit to classify the tabulation of fiscal data provided me in connection with our operations in this infant republic. Viet Nam, which has a total area of 66,000 square miles and a population of approximately 11 million, has been allocated appropriations aggregating over ——— during the fiscal years 1954, 1955, 1956, and 1957.

Ot the total appropriations of $795.4 million allocated to Viet Nam since the beginning of 1954 fiscal year, approximately $585.9 million have actually been spent. Available for expenditure as of July 1, 1956 (the beginning of the 1957 fiscal year) were $227.4 million in unexpended carryover from prior fiscal years and ——— available under the mutual security appropriation for 1957 fiscal year.

I wish to emphasize that these dollar amounts are over and above counterpart funds which American assistance has generated. As a matter of fact, during the period 1954–57, these generated funds will aggregate ——— with an additional ——— in local currency available for expenditure in fiscal year 1957. During this same period, the Viet Nam Government has made available $36.3 million composed of $28.6 million in local currency and $7.7 million in services.

Although a vast amount of aid has been extended to this beleaguered republic, the accomplishments are far from heartening. ———.

———.

Thus, it appears obvious that our aid effort here, instead of being directed to activities designed to raise living standards, is being used to fill the coffers of the Viet Namese Government.

I landed at Saigon on September 28, 1956, in a drenching rain. One of my first inspections was at a school center maintained by the military where soldiers are taught basic fundamentals of mechanics, such as repairing engines for trucks, jeeps, and tanks. This is 1 of 3 such centers which were built by the French but which are now maintained by us.

From these centers search parties go out into the jungle wilderness to search for the military hardware which was sent to the French dur-

ing its fight against the Communist Viet Minh here. As the committee knows, during the last year of active fighting alone, the United States allocated to France some $785 million in American currency to support its armies and to assist the new military forces of the associated states of Indo-China. It is my understanding that to date over $100 million in abandoned war equipment has been found in Vietnam. This equipment was not credited against future demands of our Southeastern Asia allies, but instead, was sent to various countries in Southeast Asia, including Formosa, as "Lagniappe." During my visit I was told that enough usable war material had been located in Vietnam to take care of all present requirements of this area. Some of the material, particularly ammunition, had considerably deteriorated. Nevertheless, much of the war equipment has been rehabilitated and has been supplied to the army of Vietnam—all of which is over and above the military assistance authorizations provided by specific legislation.

My next stop was the Hung Loc Livestock Station, 1 of 3 to be developed by the United States and Vietnam. It is hoped that these facilities will help implement an efficient long-range policy to attain self-sufficiency for Vietnam and to renovate the agricultural economy of this country which our planners feel is endowed with real possibilities for large livestock development. Reference to the attached material will outline in more detail the size of this proposed facility and its two companion stations.

It is my view that the country has not sufficient technicians to properly man three full-fledged stations, nor the finances. Perhaps the one station will suffice. After all, only fundamentals are taught and climatic conditions will determine the advisability of growing cattle in the lowlands. I fear that cattle and/or animal husbandry cannot be made to thrive throughout the country, but there might be some possibility of success in the mountainous areas where this one station is now located. It would be a waste of money to establish a station in the lowlands and another in a trifle higher land and the third in still higher land than the one I visited is located.

During my stay in Vietnam, I visited several villages including the resettlement projects built to house thousands of refugees from North Vietnam. With respect to the resettlement of these refugees a splendid job has been done. Of course, mistakes have been made in some areas. As an instance, in one area, 30,000 were established and 10,000 of them became dissatisfied and moved away. I repeat, a good job was done and it was heartwarming to see these displaced people pitch in and work with their own hands to better themselves. The funds used for resettling refugees have been well spent, in my judgment.

Another settlement which I had occasion to visit was the Cai San refugee settlement. The refugees in this settlement have dug 14 canals without the aid of machinery. These are located 2 kilometers apart and are about 2 kilometers in length. Along each bank of the canals, a strip of land 100 feet wide by 1 kilometer deep has been assigned to each family. The earth removed in the course of digging the canals was placed on the bank so as to provide a high dry spot on which the homes are built. In December of 1955, much of the land was plowed and disked so that when the rains came in early 1956 rice was planted. It is my understanding that in December of 1956, dur-

ing the dry season, a similar course will be followed, with the result that all of the remaining land will be plowed and then planted.

In this connection, the United States donated over 100 tractors plus a similar number of plows and disk harrows to perform this work. This equipment has become the property of the Government of Vietnam.

As I indicated earlier, I feel that a good job has been done in connection with the resettlement of these refugees and I sincerely hope that the money already set aside will be sufficient to finish the project. From here on out, settlers should be basically left on their own, and by all means, the equipment which we have provided for the disking and plowing operations should be placed in local machine pools to be used by the settlers in the maintenance of their new land.

I am compelled to inform the committee that while the resettlement project appears to be substantially complete, our eager planners are not undertaking to reduce expenditures as the work is completed. For example, although we spent from $38 to $40 million out of last year's budget for resettlement purposes, and although the project is completed, the budget for 1957 has not been reduced by that amount. On the contrary, the amount available was replenished. I was told that this was necessary because roads had to be repaired and others built. Some of the people are insisting upon macadam roadways although they presently have adequate stone roads. They insist that the United States do their roadbuilding for them, and of course our mission is complying. To me that is incredible, and yet it is true. I can see no end to this program if we pursue such a course.

During my stay I visited the National College of Agriculture at Blao, located some 3000 feet up in the southern highlands. This project, which was opened in December of 1955, is a joint project of the Government of Vietnam and the United States operations mission. But, of course, the entire tab is borne by the United States. It is designed to ease the country's urgent need for skilled agricultural technicians. It is hoped that by 1958 the college will be able to accommodate some 500 students.

Two dormitories for a total of 192 students are being built, in addition to 3 masonry buildings, each holding 4 classrooms, 2 laboratories, and 2 offices. A small playing field has been cleared and some $850 in sports equipment has been ordered from the United States. About $70,000 worth of material to equip the new classrooms and dormitories are being shipped from the United States, while from Saigon we are obtaining about $30,000 of goods which are available on the local market. In addition to the erecting and equipping, the United States will also supply the teachers to staff this college of agriculture.

Frankly, I feel that this facility is unnecessary at the present. It is beyond the capacity of the Vietnam Government to maintain and its cost is, by comparison, much too high. For example, according to my information, the total cost of the project will approximate ———. Of this amount, the United States will put up ——— in cash and an additional ——— will be obtained from counterpart. Our planners are trying to do a job overnight. The schools should expand as the economy of the country improves. It would be better to stress elementary and high schools and then start on colleges, if and when the country's economy can provide them.

I also visited a rural hospital for which the United States had provided some of the equipment and built three quonset huts. It is my understanding that this installation, which is headed by Dr. Bienbenido P. Caro from the Philippines, is allegedly maintained and conducted under the auspices of the Junior Chamber of Commerce International Operation Brotherhood. The United States gets no credit for the assistance supplied. As a matter of fact, this project is in line to receive more equipment and additional quarters for doctors and nurses from us, although it has been fostered by the Junior Chamber of Commerce.

Although the objectives sought by this work are doubtlessly laudable, I feel that if it is to be conducted under the auspices of a private organization, the private organization should provide the financial support. On the other hand, if the United States is going to supply assistance, then the people of the United States should receive credit.

The committee will note that among the data attached to this country summary is a volume entitled Special Activities Report, United States Operation Mission to Vietnam, September 1956. This volume outlines in detail the various projects undertaken in agriculture, industry and mining, transportation, labor, health and sanitation, education, public administration, resettlement and rehabilitation, and program support. It also provides an outline of ICA personnel here—personnel which aggregated at the time of my visit a total of 893 persons, of which 225 were Americans and 668 locals.

I also wish to inform the committee that the United States has undertaken a rather large information and propaganda program on behalf of the Government of Vietnam. Quoting from the volume previously referred to in the preceding paragraph, it is found that:

> Training is conducted in the techniques of audio visual presentation and equipment provided to meet the national needs. Vietnamese Government photo lab has been established in Saigon and three branch labs are under installation. Seventy-three audio visual mobile units are in operation throughout the country and 646 community listening centers have been established and are functioning. A national radio chain is being erected to take advantage of the geography and population concentrations of Vietnam. Provincial information headquarters is functioning in each of the 39 provinces as well as in the 212 districts of free Vietnam. More than 1500 information specialists have been trained. Six potential technicians have been qualified and sent to the United States for training and five more are scheduled to leave shortly.

The total cost of this project is estimated at $9,216,630, of which the United States will contribute 1,545,227 in direct dollar aid with the remainder coming from counterpart funds and local government contributions. Of this remainder, counterpart funds in the equivalent of $1,489,418 will be provided. Completion data is estimated at June 1958.

It should further be noted that this program is over and above our own information program, which I shall discuss subsequently. Here we have another indication of the scope of our activities and the extent to which we have shouldered the burden of purely local governmental functions.

For the latest of this program of support to the Vietnamese propaganda effort, I refer the committee to page 6 of the January 4, 1957, issue of "News from Vietnam" published by the Embassy of the Republic of Vietnam, Sheridan Circle, Washington 8, D. C., an article

entitled: "Former Opium Factory To Be Converted Into Motion Picture Laboratory for Vietnamese Government."

This article reads in part:

A former opium manufacturing establishment in Saigon will soon be transferred into a motion picture laboratory for the Vietnamese Government. Plans for remodeling the interior of the building have already been approved by the government as well as the budget for financing the project. The studio will be modern in all respects, completely air conditioned, and have its own automatic auxiliary powerplant, machine shop, snack bar, and comfortable rest areas. The United States Operations Mission has allocated $280,000 for film equipment, supplies, and professional services.

It is estimated that remodeling work will require at least 4 months' time. When completed, this Government will have the largest and most modern motion picture production studio in southeast Asia with a staff of 60 employees.

From the attached data headed "Changes in the USIS Program in Vietnam," the committee will note that proposed obligations for fiscal year 1957 will be $140,000 less than in 1956. However, this decrease in expenditures results from a change in the exchange rate and is not really a reduction in the budget. At this point I quote from the report supplied me:

Throughout fiscal year 1956, USIS paid for all local expenditures in piastres purchased with dollars at the official rate of 35 piastres to $1. Beginning July 2 all United States and other foreign government agencies in Vietnam were granted use of a "limited access free market"—which in practice has meant approximately 74 piastres to the dollar depending on slight daily fluctuations. The "limited access" means that this accommodation is restricted to the legitimate expenses of *diplomatic establishments, tourists, and a few other small categories. All imports and exports, capital transfers, and American and other aid goods are still reckoned at the "official" 35 to 1 rate.* [Emphasis supplied.]

It is obvious, then, that because of this exchange rate concession, those phases of our Information Service which are supported by local currencies can be expanded despite the fact that the actual dollar expenditures may show a slight reduction. However, as to capital goods and other assistance generating local currencies other than the information program, the United States continues to be bound to what is obviously an artificial exchange rate pegged at less than one-half the true rate.

This factor takes on added importance when viewed in connection with the manner in which our aid dollars have been utilized in Vietnam. ———.

It is obvious then that in exchanging our aid dollars for piastres at the central bank of Vietnam, the United States was compelled to accept an artificially fixed rate of 35 piastres to $1 instead of the U. S. I. S. rate of 74 piastres to the dollar. Thus it is clear that for value received (that is the local currencies purchased) the United States actually obtained less than one-half the true value of its dollars when measured by actual market standards. Thus again we are denied full credit for the aid we have extended.

I recommend that a new look be taken at the Information Service program which seeks to increase the size of its library. In the alternative, I would favor and recommend opening a number of smaller branch libraries. I would extend this further to provide small library facilities throughout the rural areas of Vietnam in order to permit the local people to obtain a better picture of what the United States of America is doing for them. As the situation now stands, I fear that the Vietnamese "man in the street" has no comprehension of the sup-

port—fiscal, political, and economic, as well as military—which the United States has extended to his country in its quest for true independence. Space for these branch libraries should be provided by the Vietnamese Government. Only in this way will we be able to effectively combat Communist propaganda.

EXHIBIT B

SPECIAL ACTIVITIES REPORT, UNITED STATES OPERATIONS MISSION TO VIETNAM, SEPTEMBER 1956

The Indochina mission (Cambodia, Laos, Vietnam) was started in the fall of 1951 and continued as one unit until the fall of 1954. The Indochina mission was then split into three missions, Cambodia, Laos, and Vietnam. Operations were so intergrated between the three countries for the period that it was impossible to clearly separate the financial support to an individual country.

A formula was devised, based on estimated imports into country and it was found 71 percent was imported into Vietnam, 21 percent for Cambodia and 8 percent for Laos to establish the following table covering project aid support for the fiscal years of 1951 through 1954.

Direct United States dollar component defense support program for Vietnam fiscal year 1951 through fiscal year 1954

[In thousands of United States dollars, estimated]

Code No.	Field of activity	Fiscal year 1951–54 US$ component	Fiscal year 1951–54 US$ equivalent local currency	Total, fiscal year 1951–1954
10	Agriculture and natural resources	3,919	2,706	6,625
11	Research agricultural education and extension	59	72	131
12	Land and water resources	828	736	1,564
13	Crop and livestock development	1,873	1,036	2,909
14	Agricultural economics, farm organization and agricultural credit	535	691	1,226
17	Forestry	321	99	420
18	Fisheries	303	72	375
19	All other			
20	Industry and mining	579	187	766
21	Mining and minerals	5		5
22	Power and communications	574	67	641
23	Manufacturing and processing		13	13
29	All other		107	107
30	Transportation	8,905	5,530	14,435
31	Highways	5,979	5,314	11,293
33	Railways			
34	Port facilities and harbor improvement	222	215	437
35	Inland waterways	2,303		2,303
36	Ship operations			
37	Air transport	1		1
39	All other	400	1	401
50	Health and sanitation	6,179	2,894	9,073
51	Control of specific diseases	1,743	895	2,638
52	Environmental sanitation	574	902	1,476
53	Health facilities operation of and advisory services to	1,553	354	1,907
54	Health training and education	309	230	539
55	Health facilities, construction remodeling, equipment	2,000	513	2,513
60	Education	312	1,048	1,360
61	Technical education	16	171	187
64	Elementary education		48	48
65	Secondary education		22	22
66	Professional and higher education	85	26	111
67	Fundamental adult and community education	204	489	693
69	All other	7	292	299
70	Public administration	1,397	1,608	3,005

Direct United States dollar component defense support program for Vietnam fiscal year 1951 through fiscal year 1954—Continued

[In thousands of United States dollars, estimated]

Code No.	Field of activity	Fiscal year 1951–54 US$ component	Fiscal year 1951–54 US$ equivalent local currency	Total, fiscal year 1951–1954
71	Organization and management of particular ministries or programs			
72	Governmentwide organization and management			
76	General services		1,608	1,608
77	Organization and administration of institutes or bureaus of public administration			
79	All other	1,397		1,397
80	Community development Social welfare and housing	1,696	4,121	5,817
81	Community development		1,554	1,554
82	Social welfare	1,184	1,169	2,353
83	Housing	512	1,398	1,910
84	Aided self-help housing			
86	Emergency housing			
90	General and miscellaneous		309	309
91	Trade and investment			
92	Information		309	309
99	All other			
	Total category 1/9	22,987	18,403	[1] 41,390

[1] Computed on percentage basis as funds for these fiscal years were for 3 percent.

The following information is furnished for 1955 and 1956 projects:

AGRICULTURE

I. Project No.: 030–11–058. Project title: Agricultural extension and information.

(*a*) *Brief description and justification for project*

1. A decree establishing a Viet Nam Extension Service was signed in May 1955. The *organization* of a staff was immediately undertaken. The present staff on the national level consists of a Director and an Assistant Director and:

A supervisor of the 4–T program
A supervisor in Home Economics program
A supervisor of information
A fiscal officer
4 specialists in subject matter

Since then 17 province Extension offices have been established. And others are in the process of being established. There are now about 24 regularly assigned Extension agents. There are about 16 more agents who are on a training basis and who have not yet been permanently assigned to a province.

2. In field crops many new improved varieties are being tried in rice, wheat, barley, oats, legumes, soybeans, corn and in vegetables, peanuts and sweet potatoes.

In orchard and other crops an effort is being made to reintroduce cacao, pepper and to introduce avocados.

3. 4–T Program: This program, the equivalent of 4–H in the United States now has an enrollment of 2,400 boys and girls. Individual projects at present include the growing of garden vegetables, the raising of baby chicks and baby ducks and rabbits. 4–T clubs are established in 14 provinces of Viet Nam. The first National Rally of 4–T was held at Blao from September 1 to 5 inclusive.

4. Home Economics: Some preliminary work is now underway in several pilot villages in 2 provinces. Eight demonstrations have been conducted in nutrition, sanitation and health and response has been excellent.

5. Information:

(*a*) A monthly magazine "Can Dong Que" is published.

(*b*) Printed and mimeographed leaflets, posters:

A number of leaflets and posters have been printed and others are in process of preparation. This needs enlargement.

6. Emergency program with refugees includes distribution of garden seeds, small animals and nursery stock fruit trees.

7. Accomplishments:

A growing body of men and women in the Vietnamese Extension Service who are beginning to grasp the philosophy of service to country people.

Men and women who are *beginning* to learn that, when necessary, it is dignified and perfectly proper to work with the hands in doing extension work.

(*b*) *State whether project continues or was closed June 1956:* Continues.

II. Grand total cost of project ..... $ 457,750

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only) ..... $ 183,047

IV. Local government contribution (United States dollar equivalent—cash and kind):

(a) Counterpart funds ..... [1] $247,003

(b) National Government:

Cash ..... $ 25,000

Kind ..... $ 2,700

V. Percentage of United States contribution to total cost 39

[1] Included $20,104 from fiscal year 1955, 13–043 and 13–028.

VI. Estimated completion date: June 30, 1962.

VII. If type of project would be privately-operated in the United States indicate whether it is operated by local government or privately. If privately operated, now did private owner finance project: By government.

I. *Project number:* 030–11–065. *Project title:* National Agricultural college and general training

(*a*) *Brief description and justification for project*

This project is designed to build and establish a National Agricultural College for teaching of agriculture, animal husbandry, home economics, and forestry.

The project was started in January 1954 on a tract of 500 hectares of land at Blao, 200 kilometers east of Saigon. This new school, at an elevation of 3,500 feet, provides good soils and climate conditions for work on sub-tropical forests, most of the field crops grown in Vietnam, and animal husbandry. It can provide an excellent center for research work and demonstrations of improved varieties. The simple testing of crops, already developed elsewhere, could greatly improve crop yields and quality in South Vietnam.

Since December 10, 1955, a college director and a faculty of four Vietnamese teachers have been employed. All have college degrees; two have done extensive graduate work. Ninety-five students were enrolled and instruction started on December 23, 1955. Limited facilities—equipment, buildings, and livestock have been provided.

As an interim measure, 27 students are being sent to the University of the Philippines.

This project is to create a National College of Agriculture which can train young men and women for teaching, for services in government, as private farmers, and as farm leaders. In addition, the school will provide a badly needed center for short course training of government workers, schoolteachers, and cooperative and agriculture leaders. It will hasten the adoption of urgently needed improved practices in agriculture and rural living.

(*b*) *State whether project continues or was closed June 1956:* Continues

II. Grand total cost of project $630,075

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only) ..... [1] $185,016
IV. Local government contribution (United States dollar equivalent—cash and kind)
(a) Counterpart funds ..... [2] $395,059
(b) National Government:
Cash $35,000
Kind $15,000
V. Percentage of United States contribution to total cost 29

VI. Estimated completion date: 1960.
VII. If type of project would be privately-operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Not applicable.

[1] Included $18,450 from fiscal year 1955, 11–023.
[2] Included $8,185 from fiscal year 1955, 11–023 and 11–025.

I. *Project number:* 030–11–072. *Project title:* Research in field crop and horticulture.

(a) *Brief description and justification for project*

This project involves the establishment of tropical research station at Gira, South Vietnam, a small silkworm breeding station in Central Vietnam and a sugarcane nursery in South Vietnam to conduct a wide variety of practical research tests and demonstrations on the improvement of tropical fruits and special crops, their multiplication and distribution to farmers; also to produce disease-free silkworms and mulberry planting stock for distribution to silk worm farmers.

This program is justified on the basis of the lack of improved quality tropical fruits as well as a need for more tropical fruit to meet the local demand of the people; also, many silkworm farmers are in need of rehabilitation since this industry was largely destroyed during the postwar years. Financial assistance in supplying farmers with better varieties of tropical fruits, special crops and silkworms will increase their family income and will help improve the general economy of the country.

(b) *State whether project continues or was closed June 1956:* Continues.

II. Grand total cost of project $95,645

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only) $10,900
IV. Local government contribution (United States dollar equivalent—cash and kind):
(a) Counterpart funds $60,745
(b) National Government:
Cash $4,000
Kind $20,000
V. Percentage of United States contribution to total cost 11.4

VI. Estimated completion date: June 30, 1960.
VII. If type of project would be privately-operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: State or Federal operated.

I. Project number: 030–12–041. Irrigation and drainage ministry of public works

(a) *Brief description and justification for project*

This project consists of the rehabilitation of war deteriorated irrigation and drainage systems in Free Vietnam. Realization of the project to present date

has accomplished two purposes: (*a*) to provide political impact for the new government and (*b*) increase food supplies now in deficient supply.

The rehabilitation of the Tuy-Hoa irrigation system consisting of 50,000 acres was completed in 1 year, 1955. The area was liberated in October 1954. This system, modern in every respect consists of a concrete diversion dam of 2,000 foot-width on the Giang River with a large 500-second-foot capacity canals on either side of the river leading to the cropland area. The system has a total of 120 miles of canals, 5 large flumes and or siphons and 12 large canal water control structures.

This agricultural area area because of its high food productivity was the center of an intense military campaign by the French against the Vietminh Communists. With failure in the French landing operation to regain the area, the French retaliated by bombing all of the irrigation structures to completely destroy the irrigation water supply system. Utilizing a force of 5 local contractors the entire system was rebuilt in 1 year to deliver irrigation water for the first crop after liberation of the area from the communists.

The rehabilitation of the Soetrang drainage project consists of the rebuilding of 3 large drainage control structures on 37,400 hectares to keep salt water out of the canals and provide for control of the discharge of excess rainfall waters. Two structures have been completely restored and the remaining structure and the maritime dike are planned for restoration in 1957.

Engineering surveys are complete on the An Trang drainage project which rehabilitation consists of rebuilding the structures and dikes. It consists of 25,000 acres located along the Mekong River. Insecurity due to the religious rebels has delayed this program.

In Central Vietnam, the restoration of a 28,000 acre combined drainage and irrigation program in the Quang Nam area will increase crop production in a food deficient area. The cleaning of canals restores irrigation water supply facilities and in addition the restoration of the farm to market canal movement of farm crops.

While there are drainage and irrigation cropland areas aggregating 1,625,000 acres (650,000 hectares) remaining to be rehabilitated it has been determined that with the completion of the presently planned program to 1959, the rehabilitation of these works should be delayed until the contribution of the government is a substantial part of the total cost.

(*b*) *State whether project continues or was closed June 1956:* Continues

II. Grand total cost of project	$1,951,740
United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).	
III. United States contribution (only)	$78,509
IV. Local government contribution (United States dollar equivalent—cash and kind	
(*a*) Counterpart funds	$1,831,831
(*b*) National Government—	
Cash	$41,400
Kind	0
V. Percentage of United States contribution to total cost $\frac{\text{III}\times 100}{\text{II}}$	4

VI. Estimated completion date: 1959.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project.

I. Project No.: 030–12–046. Project title: Irrigation and drainage (Ministry of Agriculture).

(*a*) *Brief description and justification for project.*

"Water gives value to land." Here in Vietnam exists full gamut of water problems. The job of managing and putting the water supply to work as an agricultural resource is fundamental to the agricultural economy of this country.

This project deals with the restoration of small irrigation, drainage, and protective works serving individual and small groups of farmers, agricultural cooperatives and villages, thereby returning idle land and idle people to work. Secondarily it undertakes the development of new small scale works to provide

supplemental irrigation during the wet season, and to provide off-season irrigation during the dry season, thereby reducing crop failures, and making diversified agriculture possible.

(*b*) *State whether project continues or was closed June 1956:* This is a continuing project

II. Grand total cost of project $879,312

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent), (including local contributions).

III. United States contribution (only) $127,434

IV. Local government contribution (United States dollar equivalent—cash and kind)

(*a*) Counterpart funds $340,346

(*b*) National government—

Cash $291,060

Kind $120,472

V. Percentage of United States contribution to total cost 14.4

VI. Estimated completion date: 1960.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project?: Would not be privately operated in the United States.

I. Project No.: 030-12-089. Project title: Administration, agrarian reform.

(*a*) *Brief description and justification for project.*

In the summer and fall of 1954 following the Geneva accord, the USOM and the Vietnamese Government became convinced of the necessity for firm action regarding land tenure. Two reasons pressed themselves: (1) The need to improve tenant welfare as a demonstration of Government concern with peasant problems; and (2) the need to create an atmosphere which could entice tenants to put abandoned land back into cultivation. With strong mission urging, backed by wholehearted French support, the Vietnamese Government in January and February 1955, passed the two ordinances which form the core of the agrarian reform code. They do not provide for any transfers of land title. The ordinances limit rent to 25 percent of the main crop (vs. a prevailing 50 percent) and limit interest rates and rent on work animals and farming tools. For tenants who will put abandoned land back into cultivation, the law provides reduced rents and 3 years guaranteed occupancy. The Government is given the power to rent abandoned land on behalf of any owned who is absent or fails to cooperate.

For Nguyên Van Thanh, a "typical" tenant in the south, this program carries the deepest personal implication. Thanh struggles to feed his wife and three children on the rice and chickens he can grow on 7 rented acres. He produces 4⅔ tons of rice, of which half is collected by his landlord from Saigon. He must save 1⅔ tons for his family to eat during the coming year, leaving him only ⅔ ton—worth $25——to sell and pay his debts. Under the new ordinance, the rent reduction would give him an additional $40 to spend—perhaps for a bit of sugar or on some black cotton for a new year's outfit. In addition, he may now pay less for his tools and work animal, and reduced interest on his loan.

The Government's program from the first encountered administrative difficulties, but is now administered by 180 field agents of the Department of Agrarian Reform. Since the start was slow, the 1956 planting season is the first one which began after the program was in full operation. By June 30, 1956, there were 411,251 tenant-landlord contracts registered and in force—each one representing reduced rent and a regularized tenancy agreement. More than 40 percent of all tenants now hold contracts. Some 2 million people will have had their disposable incomes increased through the program. Some 750,000 acres of abandoned land have been put back into cultivation under contracts. The program reaches more farmers than any other Vietnamese agricultural activity, and more than any other program, it demonstrates in the village the Government's concern for rural people.

(*b*) *State whether project continues or was closed June 1956:* This program is being continued in fiscal year 1957

II. Ground total cost of project $1,059,454

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. US contribution (only) $145,956

IV. Local government contribution (United States dollar equivalent—cash and kind):

(*a*) Counterpart funds $701,589

(*b*) National Government—Cash [1] $211,909

Kind [2] ..... --------

[1] Vietnamese Government budget fiscal year 1956 expenditures for Department of Agrarian Reform devoted to tenure security program.

[2] Contributions in kind are not evaluated. Saigon housing, etc., is included in the budget cost. Provincial housing is provided by the provincial governments.

V. Percentage of United States contribution to total cost 13.7

VI. Estimated completion date: United States participation should be phased out completely by 1960.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Not applicable.

I. *Project No.:* 030-13-007. *Project title:* Fertilizer distribution.

(*a*) *Brief description and justification for project.*

This project provided for the purchase and sale of chemical fertilizers by the National Fertilizer Committee to farmers throughout Vietnam at subsidized cost of 50 percent during fiscal year 1955 and 33⅓ percent during fiscal year 1956. Approximately 11,500 MT of fertilizers were sold during this period which increased crop yields by 15 to 30 percent on approximately 300,000 farms. This program was justified because fertilizers purchased by private importers and distributed through the commercial trade were inadequate to meet the needs of the farmers. Consequently, this shortage of supply caused black market prices to prevail throughout the Provinces which made it prohibitive for small farmers to buy fertilizers. The Government subsidized fertilizer program enabled thousands of poor farmers to use fertilizers thereby increasing their cash income and raise their standard of living.

(*b*) *State whether project continues or was closed June 1956:* Project will continue until remaining fertilizers are distributed

II. Grand total cost of project $852,936

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only) $221,577

IV. Local government contribution (United States dollar equivalent—cash and kind):

(*a*) Counterpart funds plus revolving funds $602,607

(*b*) National Government—

Cash $28,752

Kind ..... None

V. Percentage of United States contribution to total cost 25.9

VI. Estimated completion date: Dec. 31, 1957.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Privately, by loans and stockholders.

I. Project No.: 030-13-047. Project title: Seed improvement and multiplication.

(*a*) *Brief description and justification for project*

This project provides technical assistance and funds to the local government for the development of improved rice varieties, by hybridization, selection, multiplication, and distribution to cultivators. This work is conducted at the Mytho

Rice Breeding Station, 3 substations and other Government owned or leased lands in 17 provinces in central and south Vietnam; also, to conduct a number of cultural tests and demonstrations on fertilizers, green manure crops, variety testing, milling qualities on rice to show cultivators the best practices to adopt in rice production.

Such a rice improvement program is needed to increase the low rice yields, to increase the family income, and improve the general economy of the country by the use of higher yielding rice varieties and adopting more scientific rice production methods.

(*b*) *State whether project continues or was closed June 1956:* Continues.

II. Grand total cost of project $532,104

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only) $48,115
IV. Local government contribution (United States dollar equivalent—cash and kind):
(*a*) Counterpart funds $196,469
(*b*) National Government—
Cash $115,008
Kind $172,512
V. Percentage of United States contribution to total cost 9

VI. Estimated completion date: June 30, 1956.

VII. If type of project would be privately operated in the United States, indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: State or Federal operated.

I. *Project No.:* 030-13-055. *Project title:* General livestock development and disease control.

(*a*) *Brief description and justification for project*

General Development of Livestock and Poultry and Disease control in Vietnam could be accomplished by the introduction of improved breeding from neighboring countries. Control and eradication of disease among the local animals would minimize loss, increase the number of livestock and poultry by better housing, improved feeding and prompt and immediate care to control of disease, thereby making available to the farmers much needed income, and furnish the needed protein to low income people. This will make the introduction of communism unattractive.

(*b*) *State whether project continues or was closed June 1956:* Project continues

II. Grand total cost of project $1,690,830
United States Dollar Contribution, Counterpart Funds (in United States dollar equivalent), plus National Government Contributions (in United States dollar equivalent).
III. United States contribution (only) $266,409
IV. Local government contribution (United States dollar equivalent—cash and kind):
(*a*) Counterpart funds $414,421
(*b*) National Government—
Cash $750,000
Kind $260,000
V. Percentage of United States contribution to total cost 15.7

VI. Estimated completion date: December 1958.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: It is operated by local government.

I. *Project No.:* 030-14-056. *Project title:* Agriculture credit and cooperatives.

(*a*) *Brief description and justification for project*

This project includes several related agricultural credit activities designed to accomplish the following: (1) To make available temporarily a source of emergency credit to help in the tremendous task of reestablishing, on the land, thousands of farm families who have been forced to leave their homes because of the war. These people were coming to abandon land with no workstock, equipment, or cash to get out a crop. Indeed, they were even without shelter and food. In 1955 and again in 1956, money was provided for emergency loans for

shelter, crop production, farm equipment and workstock. A total of VN$225,000,000 and US$375,000 plus US$900,000 was provided for this purpose; (2) project 056 provided for the establishment of a more permanent type of agricultural credit. From extensive study on this subject, by experts on agricultural credit, a cooperative credit system was recommended for Vietnam. Hence, it is the intent to prove this system on a limited scale but in actual field demonstration. Twenty pilot rice storage cooperatives whose purpose is to provide credit for production loans and in addition, provide warehouse facilities to store paddy have been authorized by this project. VN$35,000,000 have been provided for this purpose up to this date; (3) additional provisions were made in project 056 for the establishment of a National Agricultural Credit Agency under which all related agricultural credit activities could be grouped for a more coordinated and controlled system; (4) project 056 also contained a forest products development plan about which a separate report is being prepared.

(*b*) *State whether project continues or was closed June 1956:* Continues

II. Grand total cost of project	$9,167,138
United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).	
III. United States contribution (only)	[1] $1,474,008
IV. Local government contribution (United States dollar equivalent—cash and kind):	
(a) Counterpart funds	[2] $6,437,961
(b) National Government—	
Cash	$1,255,169
Kind	0
V. Percentage of United States contribution to total cost	16
VI. Estimated completion date: 1960.	

[1] Included $375,000 from fiscal year 1955, 14–003.
[2] Included $60,310 from fiscal year 1955, 14–003.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Likely to be subsidized by Federal Government in United States of America until becoming self sufficient as in the case of the Federal Land Bank and Production Credit Association.

I. Project number: 030–17–052. Project title: Reforestation and Erosion Control.

(*a*) *Brief description and justification for project.*

This is the reforestation and erosion control project of which the purpose is implied in the caption. Its purpose is to help reactivate the Vietnam Forest Service which now has a depleted staff of 47 custodial and technical personnel spread over 247 national forest reserves covering 1,192,120 hectares (2,945,718 acres) plus 5,807,880 hectares (14,345,463 acres) of public domain, occupied by various types of forest, and brush growth, aggregating 7,000,000 hectares (17,290,000 acres) or 41 percent of the total land area.

The objectives in order of priority are:

1. Parting off lands adaptable only to forest growth from potential arable areas for resettlement of refugees and displaced populace resulting from 14 years of war, and administering extensive clearing of land areas.
2. Control of forest fires, without which, natural or artificial regeneration of forest growth is impossible.
3. Plant wind breaks and shelter belts on an estimated 50,000 hectares (123,500 acres) in coastal areas to prevent wind blown sand dunes from covering fields and towns. This former forest growth was destroyed because it screened possible military beachheads during the war years.
4. Extend and rebuild forest access roads for custodial and technical activities. In this, as well as inventory work, aerial photographic mapping is required.
5. Make forest inventory by species, size, age, location, value and plan long range potential development for specialized forest industries such as lumber, pulpwood, veneer and plywood, charcoal, and paper from bamboo, reeds and grass.
6. Artificial reforestation by seeding and planting of blank areas including contour planting on watersheds to prevent erosion from filling reservoirs above dams.

7. Provide out-training for sorely needed key personnel.

8. Control harvest of mature and over-mature timber trees which operation is presently the only source of income through the sale of stumpage.

9. Rehabilitation of Camau swamp area. Aid extension of waterway transportation system in the famous 300,000 hectares (741,000 acres) of mangrove growth in Camau charcoal producing region, vitally important to help market a minimum goal of 40,000 tons (worth $2,000,000.00 Saigon) of high grade charcoal to be produced in the next years output by 650 new ovens. Total Viet Nam output of charcoal in 1955 was 24,000 tons. Aid is necessary to contribute to reforestation and the self supporting economy.

This part of the operation has been materially helped by loans to loggers, and is now a part of the national loan plan. The other Forest Service operations will become progressively more costly as aid is delayed.

(b) *State whether project continues or was closed June 1956.* Project continues.

II. *Grand total cost of project* $368,863

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. *United States contribution (only)* $172,271

IV. *Local government contribution (United States dollar equivalent—cash and kind):*

(a) Counterpart Funds $196,592

(b) National Government—cash ..... $[1]

[1] Not available.

V. Percentage of United States contribution to total cost 46.7

VI. *Estimated completion date:* Fiscal year 1959

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Operated by National Government Agency.

I. *Project No.:* 030–17–068. *Project title:* Loan project for development of forest industries.

(a) *Brief description and justification for project*

The project contemplates that counterpart funds which are for fiscal year 1955 in United States dollar equivalent 223,690.56 were made available to the "Commission Forestiere," an administrative agency set up for the specific purpose, so as to afford a source of credit to forest exploitants, woodworkers and charcoal manufacturers in modernizing harvest of mature and over-mature timber and in increasing production of forest products and thereby decreasing the price of lumber. The loans will bear 1 percent interest per month for production purpose for periods not to exceed 1 year. Loans to purchasers of light equipments such as truck, sawmill, woodworking machines, etc. will bear 6 percent interest p/a for periods up to 2 years. Purchasers of heavy equipment such as crawler tractors with winch and logging arches are on 3 years term contract bearing interest 6 percent p/a. Except the loans for production, all loans are granted on the basis of 75 percent of total value of equipment to be purchased; the remaining 25 percent will be furnished by the borrowers. The loans are secured by a pledge of the borrower's logs, lumber, equipment, etc. Repayment of principal and interest are being made to Vietnam National Treasury "Counterpart Account" through the "Commission Forestiere."

(b) *State whether project continues or was closed June 1956.* Project absorbed in to fiscal year 56 Agricultural Credit and Cooperatives—030–14–506.

II. Grand total cost of project $32,453

United States dollar contribution, counterpart funds (in United States dollars equivalent), plus National Government contributions (in United States dollars equivalent).

III. United States contribution (only) ..... None

IV. Local government contribution (United States dollar equivalent—cash and kind):
(a) Counterpart funds $32,453
(b) National Government—
Cash ..... None
Kind ..... None
V. Percentage of United States contribution to total cost ..... None

VI. Estimated completion date: revolving funds.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project?

I. Project No.: 030-18-053. Project title: Inland fisheries.

(a) Brief description and justification for project

Project involves research and production of varieties of fresh water fish for distribution to farmers to stock privately constructed ponds to increase the food supply and increase the protein content of the diet. Four culture stations have been constructed and the fingerlings are distributed to private producers, hospitals and refugee camps to induce them to raise their own supply which can be accomplished with little monetary outlay. The inadequate transportation system between the coastal areas where salt waterfish are available, prevents the transporting inland of either fresh or processed fish and as a result of the lack of protein the incident of tuberculosis is very high among the poorer farmer class.

(b) State whether project continues or was closed June 1956. Continues.

II. Grand total cost of project $202,716

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. *United States contribution (only)* $19,882

IV. *Local government contribution (United States dollar equivalent—cash and kind)* .....
(a) Counterpart funds $82,834
(b) National Government—
Cash ..... None
Kind $100,000

V. *Percentage of United States contribution to total cost* 9.8

VI. *Estimated completion date:* 1958.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Would be United States National or State Government operated.

I. *Project No.:* 030-18-062. *Project title:* marine fisheries.

(a) Brief description and justification for project.

Project designed to improve methods of fishing, type of equipment used, explore new fishing grounds, improve storage, transportation and quality of marketable fish so as to add food and protein to the Vietnamese diet to assist in the general economic improvement program.

(b) State whether project continues or was closed June 1956: Continues.

II. *Grand total cost to project* $230,215

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. *United States contribution (only)* $115,400

IV. *Local government contribution (United States dollar equivalent—cash and kind):*

(a) Counterpart funds	$86,245
(b) National Government—	
Cash	None
Kind	$28,570
V. *Percentage of United States contribution to total cost*	50

VI. *Estimated completion date:* 1958.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Would be operated by United States Government Fishery Service.

I. *Project No.:* 30-22-077. *Project title: Cholon Automatic Telephone Exchange.*

(*a*) *Brief description and justification for project.*

This project includes dismantling of the 2400 line automatic telephone exchange, Western Electric Company, type 701A in Fort Meade, Md., United States of America, transportation to Cholon, Vietnam and reinstallation in PTT Building in Cholon and also training of Vietnamese personnel in the maintenance and operation of said exchange.

Completion of this project will provide communication for more effective control of the flow of commodities to the port and market areas. The economic benefit of this project will be the increased commerce due to regulated flow of commodities.

This project is on the basis of the loan covering all funds provided in fiscal year 55 and fiscal year 56, including dollar and piastre amounts, on the loan basis for 10 years, repayable to special counterpart revolving fund account in 10 equal annual payments, with reasonable interest rates. Payments to begin one year after complete installation of equipment.

(*b*) *State whether project continues or was closed June 1956:* Continues.

II. *Grand total cost of project*	$282,581

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. *United States contribution (only)*	$221,175
IV. *Local government contribution (United States dollar equivalent—cash and kind):*	
(a) Counterpart funds	$61,406
(b) National Government—Cash	None
Kind	None
V. *Percentage of United States contribution to total cost*	78.3

VI. *Estimated completion date:* November 1957.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Would be privately owned in United States of America (PTT) Telephone and Telegraph services are administered by the Vietnamese Government and revenues attained through services rendered.

I. Project number: 30-22-087. Project title: Telecommunications systems, South Vietnam

(*a*) *Brief description and justification for project*

Prior to the year 1944 Vietnam had a comprehensive long distance telephone and telegraphic system. Most of the long lines were destroyed after World War II under the Japanese occupation and during the recent Indo-Chinese War.

To install a telephone and telegraphic telecommunications equivalent to the minimum telecommunications that existed in South Vietnam in 1943. Two plans were therefore submitted, (1) The installation of physical wire circuits on poles and, (2) Installation of radio very high frequency or microwave telephone and telegraphic circuits. After due examination of these two plans, a decision was reached to install a microwave telecommunications system in South Vietnam which would provide radio telephone and telegraphic service for economic and security demands. Funds were provided for the procurement and contract for installation of seven microwave telecommunications stations. Subsequent project provides for a qualified group of telecommunications engi-

neers to make a broad survey of the telecommunications situation in Vietnam as a prerequisite of the installation of microwave system project and to assist in the development of the telecommunications of this country.

(*b*) *State whether project continues or was closed June 1956:* Continues

II. Grand total cost of project $775,000

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only)	$775,000
IV. Local government contribution (United States dollar equivalent—cash and kind)	None
(a) Counterpart fund	None
(b) National Government	
Cash	None
Kind	None
V. Percentage of United States contribution to total cost	100

VI. Estimated Completion Date: March 1957.

VII. If type of project would be privately operated in the United States dollar indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Would be privately owned in United States of America and State owned in Vietnam.

I. *Project number:* 30-22-108. *Project title:* Electric power.

(*a*) *Brief description and justification for project*

During the past 8 years Vietnam has experienced a rather general and complete destruction of its power facilities. Recognizing the importance of electricity to all phases of national development establishes a general plan for the determination of the immediate and the extended needs of the country in the field of the electric power and thereafter for the cooperative procedure necessary for the procurement, installation, operation and regulation of an adequate and economically feasible system or systems of electrical power in South Vietnam. The prime objective of this project is the current implementation of all elements of a comprehensive project which is conceived and intended to produce the most favorable, self-sustaining economic benefits to the consumer, owner and to the Government of Vietnam. ICA/W will make contract with a qualified engineering firm to make a comprehensive electrical power survey of Vietnam, the work to be performed which includes a survey and report covering existing and projected electric power needs, existing facilities and consumption, organizational problems, rate structures, etc., and which includes recommendations for the specific steps to be undertaken to implement the electric power program for Vietnam. This plan which provides advisory services to fulfill the requirements of USOM and provides the necessary advisory services to a temporary power advisory board to be appointed by the Government of Vietnam.

(*b*) *State whether project continues or was closed June 1956*: Continues

II. Grand total cost of project $132,124

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only)	$132,124
IV. Local government contribution (United States dollar equivalent—cash and kind):	
(*a*) Counterpart funds	None
(*b*) National Government—	
Cash	None
Kind	None
V. Percentage of United States contribution to total cost	100

VI. Estimated completion date: April 14, 1957.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: In United State of America power systems are both privately and publicly owned. CEE is a private company which has several franchises for electric power and water in Vietnam. Extension to the

system since the war have been financed by governmental loans which are being repaid by revenues through services rendered.

I. *Project number*: 30–31–021. *Project title*: Highway and bridges.

(*a*) *Brief description and justification for project*

This project is for reestablishing highway communications south of the 17th parallel on the principal highway system of Vietnam including important and selected farm to market roads. The major items of work consist of engineering, bridge repairs, repairs to drainage system, widening roadbed, raising fills and low sections, grading to design section, scarifying old surfaces, and production and placing of additional aggregate where required. The actual work to be accomplished by use of Vietnamese and American engineers and construction contractors and State forces on a priority basis. In addition to the above items of work the project will demonstrate and train local personnel in proper utilization of modern construction equipment, local material for improving production, increasing quantities, improving quality, and lowering production costs. United States financial assistance is required to supplement the Vietnam budget funds in order to accelerate restoring of normal communications required for security and economic development.

(*b*) *State whether project continues or was closed June 1956*: Project continues

II. Grand total cost of project $12,408,029

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States dollar contribution (only) $6,005,935

IV. Local government contribution (United States dollar equivalent—cash and kind):
- (*a*) Counterpart funds $4,734,394
- (*b*) National Government:
  - Cash $1,667,700
  - Kind ..... None

V. Percentage of United States contribution to total cost 48.4

VI. Estimated completion date: June 1958.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: State or Federal.

I. Project number: 30–33–095. Project title: Vietnam Railway system.

(*a*) *Brief description and justification for project*

After the signing of the Geneva Agreement South Vietnam was left with approximately 1400 kilometers of railway line. The entire railway system, including rail and roadbed, shop facilities, structures, rolling stock and communications had suffered considerable war damage, sabotage, and deterioration. Extensive rehabilitation is necessary to reestablish prewar conditions. The purpose of this project is to make available to the Ministry of Public Works and Communications funds (and MSP and MDAP materials required by and released to the railway) for priority rehabilitation of roadbed and track by using Vietnamese labor and technicians working in cooperation with TCP division engineers, USOM, and with public works engineers of Vietnam for the reestablishment of urgently needed track and roadbed, generally between Ninh Hoa and Hao Son and other sections of the line as determined necessary.

(*b*) *State whether project continues or was closed June 1956:* Continues

II. Grand total cost of project $142,857

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only) ..... None

IV. Local government contribution (United States dollar equivalent—cash and kind):
- (a) Counterpart funds $142,857
- (b) National Government:
  - Cash ..... None
  - Kind ..... None

V. Percentage of United States contribution to total cost.

VI. Estimated completion date: 1958.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Would be privately owned in United States of America—Vietnamese Railway department is within the structure of the government as an autonomous agency.

I. *Project No.:* 030-34-069. *Project title: Saigon port loan.*

(*a*) *Brief description and justification for project.*

The project was originally designed to ameliorate the traffic problems in the Port of Saigon which had developed as a result of World War II and subsequent disorders. Existing installations were to be expanded to meet increased operations; ship berths which had become shoaled were to be deepened; and obsolete mechanical equipment was to be replaced. The Port of Saigon was to provide one-fifth of the capital needed, the United States was to loan the other four-fifths in counterpart funds which was repayable in seven annual payments starting in 1956.

Since the war traffic has now abated the project is presently being directed toward the replacement of worn out and obsolete equipment.

The project will help enable the Port of Saigon to handle the prompt turn about of off shore ships, which is required by ship operators if they are to look favorably upon servicing the port. The nation's economy must depend to a large extent on its international trade. The Port of Saigon is Vietnam's only deep water port. The port is operated well on an independent budget from fees derived from its own activities. The port is, through this project, being given a timely assist.

(*b*) *State whether project continues or was closed June 1956:* Continues.

II. Grand total cost of project	$999,306
United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).	
III. United States contribution (only)	$0
IV. Local government contribution (United States dollar equivalent—*cash and kind*):	
(*a*) Counterpart funds	$570,735
(*b*) National Government—Cash	$428,571
Kind	$0
V. Percentage of United States contribution to total cost	$0

VI. Estimated completion date: June 30, 1957.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Port authorities are local government functions in United States and the port properties are maintained by the owning port authorities. The port set up in Vietnam is very similar.

I. *Project No.:* 030-35-059. *Project title:* Dredging the waterway of South Vietnam.

(a) Brief description and justification for project. The project is directed to the support of dredging operations in Vietnam. The primary purpose of this project is to assist in the rehabilitation of the nations waterways over which most of the agricultural products move to markets. These waterways, in addition to transportation, are used for irrigation and drainage. The waterway system has not been maintained since 1943 and many of the irrigation and drainage features were destroyed as a result of the turmoil since then. Much land has as a result been removed from productivity an increase in crop output in conjunction with expeditious transportation will have far-reaching effects in the nations economy.

The secondary purpose of this project is to provide the Government of Vietnam with equipment together with suitably trained indigenous personnel to operate and maintain it. This equipment is designed to maintain the waterway system once it is reestablished.

(b) State whether project continues or was closed June 1956: Continues.

II. *Grand total cost of project* $1,279,078

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. *United States contribution (only)* $720,999

IV. *Local government contribution (United States dollar equivalent—cash and kind):*

(a) Counterpart funds $558,079

(b) National Government—

Cash ..... None

Kind ..... None

V. *Percentage of United States contribution to total cost* .....

VI. *Estimated completion date:* June 30, 1958

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: In the United States this project would be done by private enterprise under contract to United States government. Unless the government could do the work at less cost with its own equipment and personnel.

I. *Project No.:* 30-36-088. *Project title:* Night beaconing of Saigon River.

(*a*) *Brief description and justification for project.*

This project is designed to restore to Saigon River the buoyage and light systems that existed prior to World War II and subsequent disorders. Navigation aids will be installed on the course of the Saigon River from its entrance at Cap St. Jacques to the Port of Saigon. The restoration of the lighting system will be a major benefit to offshore shipping operations. Vessels arriving at Cap St. Jacques shall be able to proceed into the river at night as well as by day which will result in a considerable saving in time and money.

The Port of Saigon is the only major port in Vietnam.

Since off shore shipping must be encouraged if the nation is to become economically self sufficient, port facilities provided by this project will assist in offering such encouragement.

(*b*) *State whether project continues or was closed June 1956.* Continues.

II. *Grand total cost of project* $143,752

United States dollar contribution, counterpart funds (in United States dollars equivalent), plus National Government contributions (in United States dollars equivalent).

III. *United States contribution (only)* $100,700

IV. *Local government contribution (United States dollar equivalent—cash and kind):*

(*a*) Counterpart funds $28,752

(*b*) National Government—Cash 14,300

Kind ..... ------

V. *Percentage of United States contribution to total cost* 70

VI. *Estimated completion date:* December 1956.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: projects of this type handled by United States Coast Guard.

I. Project No.: 30-37-092. Project title: Improvement and expansion of aviation ground facilities.

(*a*) Brief description and justification for project. Until recently all civil aviation facilities in Vietnam were provided and operated by the French including supervisory, technical, and operating personnel. With the birth of Free Vietnam and withdrawal of the French personnel, an immediate need developed to train inexperienced Vietnamese personnel and to provide technical assistance for renovating and repairing existing equipment to keep the barest minimum of essential services operating for the present and to assist the Vietnamese in procuring new equipment, repair and improve landing surfaces, and improve and expand all facilities to meet accepted international standards prescribed by ICAO. This project started in fiscal year 1955 by providing technical personnel and providing initial funds for the improvement work desperately needed

on landing surfaces and for electronics and other urgently needed equipment. Continuing in fiscal year 1956 additional technical personnel (specialists from United States CAA) were provided as well as additional funds for airport improvement and expansion and improvement of air navigation facilities and communications services. Training programs have been started for Vietnamese civil aviation personnel. Completion of this project is presently estimated July 1, 1959.

(*b*) *State whether project continues or was closed June 1596:* Continues.

II. Grand total cost of project $2,952,447

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only)	$937,337
IV. Local government contribution (United States dollar equivalent—cash and kind):	
(*a*) Counterpart funds	$715,066
(*b*) National Government—	
Cash	$855,758
Kind	$444,286
V. Percentage of United States contribution to total cost	31.7

VI. Estimated completion date: July 1, 1959.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project?: Would be operated in United States by Civil Aeronautics Administration.

I. Project No.: 30–41–132. Project title: labor school.

(*a*) *Brief description and justification for project*

Training of ministry personnel with emphasis on labor inspectors.

Trade union training, emphasis on labor codes, production, free trade union principles.

Lack of trained personnel has hampered normal processing of administrative work.

Labor disturbances have often resulted from misunderstanding of the law or lack of personnel to process cases.

(*b*) *State whether project continues or was closed June 1596:* Continues

II. Grand total cost of project $33,014

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only)	$5,700
IV. Local Government contribution (United States dollar equivalent —cash and kind)	
(a) Counterpart funds	$27,314
(b) National Government—Cash	$------
Kind	$------
V. Percentage of United States contribution to total cost	17.2

VI. Estimated completion date: November 1, 1956.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Local government.

I. *Project No.:* 30–49–133. *Project title:* labor ministry organization.

(*a*) *Brief description and justification for project.*

The establishment of 14 provincial or area labor offices to gather pertinent statistical information, act as an information center to local employers and employees, and furnish a conciliation service for labor disputes.

(*b*) *State whether project continues or was closed June 1956:* Continues.

II. Grand total cost of project $117,950
United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only) $38,000
IV. Local Government contribution (United States dollar equivalent—cash and kind):
(a) Counterpart funds $11,500
(b) National Government—
Kind $68,450
Cash 0
V. Percentage of United States contribution to total cost 32.2
VI. Estimated completion date: November 1, 1956.
VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Local government.

I. *Project No.:* 30–51–029. *Project title:* Malaria control services.
(*a*) *Brief description and justification for project.*
Since the beginning of the malaria program in 1950 to the present, there has been consistent agreement that malaria in Vietnam is the number one health problem. At an early date, therefore, control measures were organized in those areas of the Republic where surveys indicated the problem as being critical. Due to limited available mechanical equipment, trained personnel and for security reasons the program has been limited in scope.
Malaria eradication in the Republic is advisable due to the relation of the disease to the over-all interests of the Republic. Therefore, the program will be expanded to accomplish this purpose.
(*b*) *State whether project continues or was closed June 1956:* Continues.
II. *Grand total cost of project* $812,361
United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).
III. *United States contribution (only)* $314,970
IV. *Local Government contribution (United States dollar equivalent—cash and kind):*
(a) Counterpart funds $411,201
(b) National Government—Cash ..... $-------
Kind ..... $ 86,190
V. *Percentage of United States contribution to total cost* 38.7
VI. *Estimated completion date:* planned through fiscal year 1960.
VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Local government.
I. Project No.: 030–51–032. Project title: Trachoma control services.

(*a*) *Brief description and justification for project.*
This disease of the eye continues to be widespread with the highest prevalence in the northern part of Central Vietnam and in the refugee areas. It was highly prevalent in North Vietnam and many of those evacuated from the north brought the ailment with them. The ten organized teams continued to operate in Central Vietnam much on their own and not well supervised as the Ministry of Health did not have a person assigned to this program but depended on the over burdened provincial medicine chef. Some were handicapped by long delays in the lack of vehicle repairs. Despite difficulties it is reported that approximately 60,000 people received treatment each month. The first aiders and school personnel are being brought more actively into the program. By integration with rural health team responsibilities this project will be phased out. Trachoma control is to receive more preventive emphasis by public health teams and fixed installations.
(*b*) *State whether project continues or was closed June 1956:* Continues but will be integrated into Rural Health Services Project.

II. Grand total cost of project $190,784
United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).
III. United States contribution (only) 30,000

IV. Local Government contribution (United States dollar equivalent—cash and kind):
(a) Counterpart funds 132,032
(b) National Government—
Cash ..... --------
Kind 28,752
V. Percentage of United States contribution to total cost 15.7

VI. Estimated completion date: 1962.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Local government.

I. *Project No.:* 030-51-038. *Project title:* tuberculosis control services.

(a) *Brief description and justification for project.*

Tuberculosis is widespread in Vietnam and has the highest number of reported deaths. The control program is long range and requires a definite and determined approach by the Government. The mission has given support to initiate this program by constructing and equipping a pilot clinic for case finding, ambulatory treatment, and education in preventive measures. Training assistance has been given a Vietnamese doctor in tuberculosis control in Canada and the United States. He has now been appointed director of the clinic which is located on the grounds of the tuberculosis hospital of Saigon-Cholon. Scientific equipment, medications, and supplies have been ordered for the clinic and consultations by division personnel have been periodically given concerning plans and procedures. The Ministry of Health also intends to use this clinic as the focal point for training more personnel with a view of expanding the program to the other areas of Vietnam.

(b) *State whether project continues or was closed June 1956:* Continues.

II. *Grand total cost of project* $237,360

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in equivalent).

III. *United States contribution (only)* $30,000

IV. *Local Government contribution (United States dollar equivalent—cash and kind)*
(a) Counterpart funds $121,104
(b) National Government—Cash ..... $--------
Kind $86,256
V. *Percentage of United States contribution to total cost* 12.6

VI. *Estimated completion date:* 1960.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Local Government.

I. *Project No.:* 30-52-015. *Project title:* Rural water supply.

(a) *Brief description and justification for project.*

Proper concepts of sanitation are practically nonexistent among the majority of the people of Vietnam.

Rural water supplies have been developed in some limited regions of Vietnam. Approximately 2,000 wells have been constructed. Most of the population outside of the urban centers continue to use polluted canals and open hole wells, and in many locations, continue to save rainwater caught during the rainy season. Throughout the delta, salt water is found at relatively shallow depths. Rural water supplies which provide potable water for the rural population are of great importance as a long range health measure.

The major effect of sanitary water supply improvement is lowered incidence of intestinal diseases with increase in man-hours of production and a decreased load on present hospital facilities.

(b) *State whether project continues or was closed June 1956:* Project is continuing

II. *Grand total cost of project* $504,104

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. *United States contribution (only)* $310,365

IV. *Local Government contribution (United States dollar equivalent—cash and kind):*

(a) Counterpart funds $164,987

(b) National Government—

Cash ..... $

Kind $28,752

V. *Percentage of United States contribution to total cost* 61.5

VI. *Estimated completion date:* Fiscal year 1960.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Operated by local government.

I. Project No. 30-52-030; Project title: Disposal of waste.

(*a*) *Brief description and justification for project*

Sanitation is practiced to a limited degree in Vietnam particularly insofar as disposal of human excrement is concerned. Present methods of excreta disposal are responsible for the infestation of humans by intestinal parasites and many enteric diseases are caused by the contamination of water used for drinking.

Concrete privy slabs were prefabricated and distributed to the villages where the people completed the construction of the pit and erection of shelters at their expense.

(*b*) *This project was closed June 1956.*

II. Grand total cost of project $69,947

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions in United States dollar equivalent).

III. United States contribution (only) $13,112

IV. Local government contribution (United States dollar equivalent—Cash and kind):

(*a*) Counterpart funds $56,835

(*b*) National Government—

Cash .....

Kind .....

V. Percentage of United States contribution to total cost 18.7

VI. Estimated completion date: Closed June 30, 1956.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Operated by local government.

I. Project No: 030-53-018. Project title: First aid dispensary.

(a) *Brief description and justification for project*

The establishment of a kit of medicines to treat common illnesses and accidents in the rural areas where there are no physicians. The Vietnam Ministry of Health trains a literate person for 10 days, as a first aider. The village pays the first aider in cash or food, etc. U. S. O. M. provides the first aid kit and replacement supplies and pays the salary of a provincial first aid supervisor.

The first aid station will, in the future, become the base from which the rural health teams will work in the village.

(*b*) *State whether project continues or was closed June 1956:* Project continues as part of new rural health services development project.

II. Grand total cost of project $831,754

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only) $525,000

IV. Local government contribution (United States dollar equivalent—cash and kind):

(*a*) Counterpart funds $191,746

(*b*) National Government—

Cash ..... -------

Kind $115,008

V. Percentage of United States contribution to total cost 63

VI. Estimated completion date: 1962.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Government and privately.

I. Project No.: 030-53-019. Project title: Public Health Administration.

(*a*) *Brief description and justification for project*

Aid has been extended to the Ministry of Health and regional health services to meet the extra administrative requirements by providing funds for additional administrative personnel. More office space was established by construction at the Ministry which provided more space for health education, malaria control services, conference rooms and improved sanitary facilities. The reorganization of the Ministry was given approval by the Government; however, its realization is awaiting additional funds from the national budget for the employment of more personnel. One trainee is in the United States studying for his MPH in Public Health Administration. One former trainee in the United States is the Public Health Administrations liaison officer for all public health programs. The first National Health Conference for Vietnam was held by the Ministry of Health in April at which time comprehensive health programs were discussed. With the National Government reorganization, the regional and provincial level of government are now a part of the national system, and the Ministry of Health has the responsibility for the direction, supervision, and surveillance of the national health services to the village level. The current Ministry of Health Budget for all health services is but 2 percent of the total national budget which is an increase over the preceding year but yet a very low percentage compared to requirements. Therefore aid thru this project is essentail.

(*b*) *State whether project continues or was closed June 1956:* Continues.

II. Grand total cost of project	$2,514,998
United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).	
III. United States contribution (only)	269,148
IV. Local government contribution (United States dollar equivalent—cash and kind):	
(*a*) Counterpart funds	233,200
(*b*) National Government—	
Cash	
Kind	2,012,650
V. Percentage of United States contribution to total cost	10.7

VI. Estimated completion date: 1960.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Government.

I. Project No. 030-54-014. Project title: Health education program development.

(*a*) *Brief description and justification for project*

This project has been effective in establishing throughout Free Vietnam a sound health education program. The program is helping the Vietnamese people to begin to provide effectively for basic health and sanitation needs. A Bureau of Health Education in the Ministry of Health is integrating activities of national, regional and provincial health education workers. There are 73 full time trained provincial health education workers, 3 regional and 2 national health educators. Special training courses, demonstrations, and lectures have been provided for volunteer workers, school principals and teachers, other health workers, and community leaders. This project provides support for all health and sanitation programs within the VN government and USOM and helps to assure that health services are interpreted to the public. The people learn how to function individually and collectively and to apply practical solutions in meeting their health problems. A primary objective is the motivation of the Vietnamese people to help themselves to achieve a better life through improved health practices.

United States financial support is essential. The Ministry of Health does not have sufficient funds to provide complete support for preventive health services at a time that medical care demands large expenditures. However, the reduc-

tion in the cost of medical care will likely be in proportion to the success of preventive medical and public health programs of which health education is a basis part.

(*b*) *State whether project continues or was closed June 1956:* Continues.

II. Grand total cost of project $313,595

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only)	$49,014
IV. Local government contribution (United States dollar equivalent—cash and kind):	
(a) Counterpart funds	$207,438
(b) National Government—	
Cash	--------
Kind	$57,143
V. Percentage of United States contribution to total cost	15.6

VI. Estimated completion date: 1961.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Operated by local government.

I. Project No.: 030-54-027. Project title: Nursing arts course.

(*a*) *Brief description and justification for project.*

This is a long-term project to provide supplementary training for graduate nurses, midwives, and other nursing care personnel. This project was initiated in 1953 for the purpose of giving "graduate nurses" an intensive 3 to 4 months inservice course in the fundamentals of patient cares. It was planned to have four permanent training centers. Two centers are in operation at present—1 in Hue and 1 in Saigon. Groups of 8 to 12 trainees are selected by the Vietnamese Government to take the course at a time, after completion they return to their respective hospitals. It is hoped that the nurses taking these courses will assist in raising the standards of nursing and patient care. Purposes of the course are: (1) Put into practice modern nursing concepts and procedures; (2) teach use and care of modern equipment; (3) introduce preventive health measures; (4) prepare older nurses in positions of authority to accept and work with graduates completing the basic nursing curriculum improved under project 030-54-037; (5) develop nurse instructors and supervisors; (6) establish a pattern of continuing inservice and refresher training.

(*b*) *State whether project continues or was closed June 1596:* Continues

II. Grand total cost of project $190,446

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only)	$14,277
IV. Local government contribution (United States dollar equivalent—cash and kind):	
(*a*) Counterpart funds	$15,775
(*b*) National Government—	
Cash	-------
Kind	$160,394
V. Percentage of United States contribution to total cost	7.4

VI. Estimated completion date: 1960.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project?: Local government.

I. Project No.: 030-54-037. Project title: National Nursing School.

(*a*) *Brief description and justification for project*

It has been impossible to get the exact number of nurses in Vietnam, but it can be assumed that the number of nurses is grossly inadequate to provide essential care for the sick. This project has provided Vietnam with a National Nursing School with 2 units in operation, 1 in Hue, CVN, and 1 in Saigon, SVN

(a third unit at Hanoi, NVN, was terminated when the country was truncated, July 1954). Emphasis has been directed toward and concentrated upon the improvement of basic nursing education, standards, and service. Objectives are: (1) Improved health status of the country through a greater number of better qualified medical care personnel, (2) elevation of nursing and nurses to professional status through increased prenursing education, sound basic training, and progressive legislation, (3) establish permanent professional education institutions through provisions of minimum acceptable facilities, equipment and demonstration material, revision and expansion of existing curriculum, training of a teaching staff, and development of clinical practice areas.

(*b*) *State whether project continues or was closed June 1596:* Continues.

II. Grand total cost of project	$510,816
United States contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).	
III. United States contribution (only)	$107,753
IV. Local Government contribution (United States dollar equivalent—cash and kind):	
(*a*) Counterpart funds	[1] $229,560
(*b*) National Government—	
Cash	--------
Kind	[2] $173,503
V. Percentage of United States contribution to total cost	21

[1] Included $574 from fiscal year 1955–30–54–031.
[2] Included $31,200 from fiscal year 1955–30-54-031.

VI. Estimated completion date: 1960.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Local government and privately.

I. Project No.: 30–54–090. Project title: Health Technician School.

(*a*) *Brief description and justification for project*

Public health and medical care personnel is drastically lacking in Vietnam. The doctor ratio is 1 to 40,000 people. The 6,000 villages in rural areas represent 70 percent of population. Established medical care facilities are located in urban areas. Rural areas need health services. The medical school has been curtailed by transfer from NVN, needs rehabilitation in all respects. The basic problem is to aid in establishing sound institutions as a foundation upon which the Ministry of Health can develop training programs for essential personnel.

The basic objective is to provide accelerated training for medical care personnel which will develop as rapidly as possible a nucleus of people who will aid in developing a comprehensive health and medical care program for the Vietnamese people and to provide more health service personnel for duty in the rural areas and among the low income segment of the population. The project furnished capital costs and the host country is financing the operation.

(*b*) *State whether project continues or was closed June 1956*: Continuing in coordination with the medical education and rural health services projects.

II. Grand total cost of project	$423,153
United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contribution (in United States dollar equivalent).	
III. United States contribution (only)	$ 35,000
IV. Local government contribution (United States dollar equivalent—cash and kind):	
(*a*) Counterpart funds	$273,145
(*b*) National Government—	
Cash	$115,008
Kind	--------
V. Percentage of United States contribution to total cost	8.2

VI. Estimated completion date: Planned through fiscal year 1960.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Operated by local government.

I. Project No.: 30-54-099. Project title: Participants training.

(*a*) *Brief description and justification for project*

The Ministry of Health, Vietnam has requested the USOM to provide training for public health, medical care and related personnel in the United States and/or third countries. This request by the host country has been given repeated approval by the mission and assistance by the Health and Sanitation Division.

This is a national project for training personnel for all health and sanitation programs and is absolutely essential to the improvement of health services and the development of a sound public health program. There is an acute shortage of trained personnel in all categories.

There will be a definite commitment between the Government of Vietnam and participant as to pay while in training and assurance of employment; pay and compulsory period of service to Government must be agreed upon prior to approval. The length of the tour will be flexible so as to meet the specific needs of the participant and his future duties in the Government. The tour of study or observation will vary from 3 to 15 months in the United States or 2 to 4 months in third countries.

(*b*) *State whether project continues or was closed June 1956:* Continues.

II. Grand total cost of project, fiscal year 1956	$108,889
United States dollars contribution, counterpart funds (in United States dollars equivalent), plus National Government contributions (in United States dollars equivalent).	
III. United States contribution (only), fiscal year 1956	$51,385
IV. Local government contribution (United States dollars equivalent—cash and kind):	
(*a*) Counterpart funds, fiscal year 1956	$14,376
(*b*) National Government—	
Cash	------
Kind	$43,128
V. Percentage of United States contribution to total cost	47

VI. Estimated completion date: 1960.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Operated by local government.

I. Project No.: 030-55-017. Project title: Health facilities and rehabilitation.

(*a*) *Brief description and justification for project*

The project provides for rehabilitation of hospital facilities and provision for improvement of hospital utilities, such as water, sewage, etc. It also provides for the construction of dispensaries, health centers and maternities, and for the purchase of hospital equipment and drugs.

As many of the hospitals were completely or partly destroyed during the war years many of the hospitals were wholly or partly taken over by the military and are now being returned to civilian use. All of these hospitals need some repairs and rehabilitation.

The medical care facilities in Veitnam were lacking many of the basic and modern drugs which were considered essential for more efficient and effective medical care: namely antibiotics which were not available locally. This project was designed to import certain antibiotics for treating the most prevalent and debilitating diseases, also to provide vaccines for combating contagious diseases when the need reached a proportion beyond the capabilities of the Government to meet.

(*b*) *State whether project continues or was closed June 1956:* Project continues.

II. Grand total cost of project	$2,642,169
United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).	
III. United States contribution (only)	[1] $277,607

IV. Local government contribution (United States dollar equivalent—cash and kind):
(a) Counterpart funds ..... [2] 405,945
(b) National Government—
Cash ..... [3] $1,700,000
Kind ..... [4] $258,617
V. Percentage of United States contribution to total cost 10.5

[1] Included $45,364 from fiscal year 1955—30-55-061 and $100,000 from fiscal year 1955—30-55-024.
[2] Included $85,985 from fiscal year 1955—30-55-061.
[3] Shifted from fiscal year 1955—30-55-024.
[4] Included $28,600 from fiscal year 1955—30-55-061.

VI. Estimated completion date: 1960.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Government and privately.

I. Project No.: 30-55-066. Project title: Provincial hospital laboratory rehabilitation.

(a) *Brief description and justification for project*

Fiscal years 1955 and 1956. 030-55-066. Provincial hospital laboratory rehabilitation.

Modest renovation of existing laboratories to promote effective application by technicians of the equipment distributed and the technics taught. Continuing project.

(b) *State whether project continues or was closed June 1956:* Continues.

II. Grand total cost of project $73,863
United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).
III. United States contribution (only) $28,021
IV. Local government contribution (United States dollar equivalent—cash and kind):
(a) Counterpart funds $33,767
(b) National Government:
Cash ..... -------
Kind $12,075
V. Percentage of United States contribution of total cost 70

VI. Estimated completion date: 1958.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Government and privately.

I. *Project No.:* 030-55-105. *Project title:* Water systems survey.

(a) *Brief description and justification for project*

This project is for the development of water systems to provide potable water for municipalities in Vietnam. Hospital and community water systems have been adversely affected by war conditions in Vietnam. Populations affected have increased because of the number of people who fled to municipalities because of insecurity in rural districts.

The crowded urban conditions have placed an undue burden on water works. Furthermore, the destruction of physical plants has left some centers without a safe supply or with limited supply.

The object of this program was to provide consultation and economic assistance to enable the Vietnamese Government to carry out a water works program to provide safe, adequate supplies of water to municipal populations.

(b) *State whether project continues or was closed June 1956:* Project is continuing with emphasis being shifted to a loan program.

II. *Grand total cost of project* $295,429

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. *United States contribution (only)*

IV. *Local government contribution (United States dollar equivalent—cash and kind):*

(*a*) Counterpart funds	$129,385
(*b*) National Government—	
Cash	--------
Kind	$166,044

V. *Percentage of United States contribution to total cost* 0

VI. *Estimated completion date:* 1960.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project? Operated by local government.

I. *Project number:* 030-61-033. *Project title:* Equipment for technical schools in Southern and Central Vietnam.

(*a*) *Brief description and justification for project*

This project was designed to furnish equipment to selected technical schools in order to develop the technical education effectiveness of these schools and also to furnish the equipment for the Phu-Tho Technical School which is to become a combination trade school, vocational teacher training school (first in Vietnam) business education school first public school of this type) as well as to include the present radio-electricity, Marine-Navigation and Public Works school.

Phu-Tho combines under a single administrative unit seven former separate small institutions thereby making a substantial reduction in the operational expense. The new school will introduce the first effective trade training program and also pioneer vocational teacher training in Vietnam.

(*b*) *State whether project continues or was closed June 1956:* Continues

II. Grand total cost of project $2,134,400

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only)	$200,409
IV. Local government contribution (United States dollar equivalent—cash and kind):	
(*a*) Counterpart funds	$340,991
(*b*) National Government—	
Cash	$1,593,000
Kind	
V. Percentage of United States contribution to total cost	9.3

VI. Estimated completion date: 1960.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Not applicable.

I. *Project number:* 030-61-110. *Project title:* Construction and equipment for technical school buildings.

(*a*) *Brief description and justification for project*

The existing technical schools are over-crowded and inadequate to train the skilled workers required to effectively raise the economic and industrial standards of Vietnam.

This project provides buildings and equipment to construct new schools of a type and in areas where such schools are necessary. The type of schools being developed are designed for economical operation and the attainment of realistic educational objectives. Vietnam has never had a vocational teacher training program. The Phu-Tho school provided by this project consolidates seven separate schools into a single institution where workers are trained for several areas and levels of work and where vocational teachers can be trained.

(*b*) *Shate whether project continues or was closed June 1956:* Continues.

II. Grand total cost of project $1,072,410

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only) $13,600

IV. Local government contributions (United States dollar equivalent—cash and kind):

(a) Counterpart funds	$401,810
(b) National Government—	
Cash	----------
Kind	$657,000
V. Percentage of United States contribution to total cost	1.2

VI. Estimated completion date: 1959.

VIII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Not applicable.

I. *Project number:* 030–61–112. *Project title:* Equipment for technical courses in the secondary schools, lycees and atelier-ecoles in southern and central Vietnam and the PMS.

(a) *Brief description and justification for project*

This project is designed to establish technical, home economics and handicraft courses in selected schools in Southern and Central Vietnam. One Atelier-Ecole in the PMS is included. The objective is to introduce work experience education into the academic curricula of the secondary classic education schools.

These schools assist in the development of a technically trained citizenry which in turn will have the effect of raising the economic status of the country.

(b) *State whether project continues or was closed June 1956:* Continues

II. Grand total cost of project	$63,500

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only)	$6,000
IV. Local government contribution (United States dollar equivalent—cash and kind):	
(a) Counterpart funds	$57,500
(b) National Government—	
Cash	[1] None
Kind	--------
V. Percentage of United States contribution to total cost	9.5

[1] The National Government contribution for this project will begin in fiscal year 1957 when the schools open in October 1956. Amount not determined at this date.

VI. Estimated completion date: 1960. (This project will be incorporated with 030–61–110 in fiscal year 1957.)

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Not applicable.

I. Project number: 030–61–113. Project title: The development, construction, and equipment for agriculture, homecrafts, and teacher training.

(a) *Brief description and justification for project*

The effort in this project has been to establish a well-integrated program of practical agriculture and homecrafts education and to broaden the traditional academic curriculum which the Vietnamese had inherited from the French. These centers are located contiguous to the community schools and are expected to implement the impact of these schools as social, economic and educational institutions. Bung is located 15 kilometers from Saigon and, because of its proximity to Saigon, is expected to serve as a demonstration school for functionaries of the Ministry of Education. The building is now complete and is being equipped. Two other centers are now being constructed, one at Bemmethuot and the second at Khanh Hoa. Others are planned for Xuan-Loc, Quang-Nam and Bentre.

(b) *State whether project continues or was closed June 1956:* Continues

II. Grand total cost of project	$94,223.00

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only)	$11,100.00

IV. Local government contribution (United States dollar equivalent—cash and kind):

(a) Counterpart funds	$42,294.00
(b) National Government—	
Cash personnel	$32,542.85
Kind land	$8,285.71
V. Percentage of United States contribution to total cost	11.7

VI. Estimated completion date: 1958.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Local government.

I. *Project number:* 030-66-036. *Project title:* Higher school of pedagogy (Chelon)

(a) *Brief description and justification for project*

This project assists the Vietnamese Government in providing teacher training facilities (South of XVII parallel) for teachers of all secondary schools (fifty) and for some college lecturers. The higher school of pedagogy, formerly located in Hanoi, was moved to Saigon in 1954, but the Viet-Minh would not permit its library and equipment to be shipped to Saigon. The school, therefore, needs to be assisted with library books and laboratory equipment.

The school will need to graduate 200 students a year to keep abreast of the needs for secondary teachers and college lecturers. It is the only teaching training school for such teachers in all Vietnam.

(b) *State whether project continues or was closed June 1956:* Continues.

II. Grand total cost of project	$116,060
United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).	
III. United States contribution (only)	$6,060
IV. Local government contribution (United States dollar equivalent—cash and kind):	
(a) Counterpart funds	$10,000
(b) National Government—	
Cash	
Kind	$100,000
V. Percentage of United States contribution to total cost	5

VI. Estimated completion date: 1958.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated. how did private owner finance project? By State government.

I. Project number: 030-66-050. Project title: Lycee Tran Hung Dao, Dalat.

(a) *Brief description and justification for project*

The Republic of Vietnam established this combination elementary-secondary school and home for war orphans in 1953 in a group of French villas which the Government secured at Dalat. A classroom building for higher classes and a kitchen-refectory were provided with American aid. Thereafter the school was equipped, furnished with laboratory equipment and books. The school enrolls some 500 elementary and secondary orphan pupils, about 150 of whom are boarders, maintained by the Vietnamese Government without American aid.

The project has had great significance to the Republic of Vietnam, since it proves the Government will take care of the orphans left by those who served the country to their interest. The Government asked only a minimum of temporary aid for this project after the school orphanage was established and the buildings completed.

(b) *State whether project continues or was closed June 1956:* Closed

II. Grand total cost of project	$421,859

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only)	$3,000
IV. Local government contribution (United States dollar equivalent—cash and kind):	
(a) Counterpart funds	$8,859
(b) National Government—	
Cash	$410,000
Kind	
V. Percentage of United States contribution to total cost	7

VI. Estimated completion date: 1956.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: State Government.

I. *Project number:* 030-66-064. *Project title*: National Normal School

(a) *Brief description and justification for project*

The National Normal School planned in 1953, is the major United States contribution to teacher education in Vietnam. The buildings were planned in two units, but the first unit, hardly finished was caught in the battle of Saigon-Cholon (1953) and had to have minor damages repaired while the second unit was under construction. The school opened its first year in the fall of 1956, will add a second year in the fall of 1957 and a third year in 1958. The school is equipped to handle 1,000-1,200 students.

In view of the shortage of 13,000 elementary school teachers in this new Republic, the building and equipping of the National Normal School was a magnificent American gesture that will be a permanent reminder of America's assistance to education in Vietnam. The Vietnamese Government has always held it as a project of first importance and has respectfully expressed gratefulness for this American contribution which not only provides facilities for teacher education, but is the principal center of the passing along of modern techniques in education. Directly or indirectly this project will affect at least several million Vietnamese children and teachers in the years to come.

(b) *State whether project continues or was closed June 1956:* Continues

II. Grand total cost of project	$648,189

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus national government contributions (in United States dollar equivalent)

III. United States contribution (only)	$82,308
IV. Local government contribution (United States dollar equivalent—cash and kind):	
(a) Counterpart funds	$359,881
(b) National Government—	
Cash	--------
Kind	$200,000
V. Percentage of United States contribution to total cost	12.6

VI. Estimated completion date: January 1, 1958.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: State government.

I. Project No.: 030-66-117. Project title: Rural Normal School, Barmethuot, P. M. S.

(a) *Brief description and justification for project*

This project was established to aid the Vietnam Ministry of Education in the construction and equipping of a rural normal school, designed to prepare teachers for the children of the neglected mountain tribes of the P. M. S. Up to this time, there has never been a teacher training institution to prepare Vietnam and Montagnard teachers for the children of the often scattered tribes who speak a number of different Malayan dialects.

The project has political as well as educational significance, since these children, if they continue to be neglected and uneducated are an easy prey to Communist infiltration. Besides, this is a part of the unifying plan of the Republic, in that it tends to assimilate these separated tribesmen into the life of the new Republic.

From the purely educational viewpoint, the need of teachers in this area is catastrophic. No existing normal school in Vietnam is prepared to train teachers for this special type of work among the aborigine mountaineers.

(b) *State whether project continues or was closed June 1956:* Continues.

II. Grand total cost of project $171,430.00
United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only) ..... ----------

IV. Local government contribution (United States dollar equivalent—cash and kind):
(a) Counterpart funds $86,256.00
(b) National Government—
Cash ..... ----------
Kind $85,174.35

V. Percentage of United States contribution to total cost ..... ----------

VI. Estimated completion date: January 1, 1958.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: State government.

I. Project number: 030-66-118. Project title: Faculties of law and letters (University of Vietnam).

(a) *Brief description and justification for project*

This project offers aid in the construction and equipping of the permanent Schools of Law and Letters of the National University at the downtown campus in Saigon. The project began in fiscal year 1956 with aid for the buildings. It should end in fiscal year 1957 with aid for furnishings and equipment and some exchange professors. Books, except American legal references and English literature, are already provided in the temporary quarters of these schools and the National Library.

The Vietnamese Government places great prestige values on this project as well as on the practical value of developing the new National University of Vietnam, the only university in Vietnam.

(b) *State whether project continues or was closed June 1956:* Continues.

II. Grand total cost of project $278,251
United States dollar contribution, counterpart fund (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only) .....

IV. Local government contribution (United States dollar equivalent—cash and kind):
(a) Counterpart funds $86,256
(b) National Government—
Cash $91,995
Kind $100,000

V. Percentage of United States contributions to total cost ..... --------

VI. Estimated completion date: January 1, 1958.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: State government.

I. Project No.: 303-67-060. Project title: Popular education and community pilot schools.

(a) *Brief description and justification for project.*

The popular education courses were designed to provide adults and others, particularly in war devastated areas with basic education in those phases of living wherein their greatest need lay.

The community pilot schools were designed to demonstrate to other communities the possibilities of operating a school which would assist children in meeting their practical needs, and also to aid through extension work the adults of the community to raise their standard of living.

This program has also sent or is planning to send Vietnamese to the Philippines for training in community school operation.

(b) *State whether project continues or was closed June 1956:* Continues.

II. Grand total cost of project $2,055,989

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only) $43,180

IV. Local government contribution (United States dollar equivalent—cash and kind):

(a) Counterpart funds $968,238

(b) National Government—

Cash $1,104,571

Kind ..... ----------

V. Percentage of United States contribution to total cost 2

VI. Estimated completion date: June 30, 1958.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: State government.

I. Project No.: 030-69-071. Project title: Construction and reconstruction of elementary and secondary schools.

(a) *Brief description and justification for project*

This project is a continuation of project 030-69-071, fiscal year 1955, which proposed to provide elementary and secondary school buildings to alleviate the problem of "unschooled" children in Vietnam. It has been estimated by Michigan State University contract team in Vietnam that there is need for at least 5,000 primary and 60 secondary schools. Because of a lack of schools and teachers, an estimated 1,300,000 school-age chlidren are without the benefit of formal education. Furthermore many existing schools are overcrowded and lack adequate facilities.

(b) *State whether project continues or was closed June 1956:* Continues.

II. Grand total cost of project $2,813,137

United States dollars contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only) $42,792

IV. Local government contribution (United States dollar equivalent—cash and kind):

(a) Counterpart funds $1,044,087

(b) National Government—

Cash ..... ----------

Kind $1,726,258

V. Percentage of United States contribution to total cost 1.5

VI. Estimated completion date: June 30, 1959.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Government.

I. Project No.: 030-69-094. Project title: English language laboratory.

(a) *Brief description and justification for project*

This project was developed to provide intensive English language instruction for (1) officials of the Ministry of the Vietnamese Government, (2) for USOM Vietnamese employees, (3) for the preparation of participants and for Vietnamese teachers of English language.

The demand for English instruction is widespread throughout Vietnam and especially necessary for better communication between Government officials and their American counterparts as well as for USOM employees. The advantages of English language laboratory training are multiplied by the Vietnamese teachers of English in Vietnamese schools. English is rapidly becoming the international language of Vietnam which has many English speaking neighbors, namely Thailand, Philippines, Australia, etc. This project is regarded by the Vietnamese officials as being one of the most helpful kinds of assistance now being offered to the Vietnamese.

(b) *State whether project continues or was closed June 1956:* Continues.

II. Grand total cost of project $111,651
United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).
III United States contribution (only) $55,856
IV. Local government contribution (United States dollar equivalent—cash and kind):
(a) Counterpart funds (none in fiscal year 1955) $12,938
(b) National Government—
Cash $42,857
Kind ..... None
V. Percentage of United States contribution to total cost 50

VI. Estimated completion date: 1958.

VII. If type of project would be privately owned in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project? Government.

I. Project No.: 030-69-123. Project title: Inservice training programs and seminars.

(a) *Brief description and justification for project*

This project is a continuation of project No. 030-69-123 approved under fiscal year 1955 which proposed to hold 7 workshops and 2 seminars to upgrade elementary, secondary, and technical schoolteachers. Elementary and secondary schoolteachers have been introduced to modern American methods of teaching and to democratic processes as well as to practical approaches to the teaching of agriculture and industrial arts. Community school organization, administration and relations were also stressed in one workshop.

(b) *State whether project continues or was closed June 1956:* Continues

II. Grand total cost of project $30,800
United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).
III. United States contribution (only) ..... None
IV. Local government contribution (United States dollar equivalent—cash and kind):
(a) Counterpart funds $7,429
(b) National Government—
Cash $23,371
Kind ..... -------
V. Percentage of United States contribution to total cost 0

VI. Estimated completion date: June 30, 1959.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project? Government.

I. *Project No.:* 030-69-126. *Project title:* educational publications.

(a) *Brief description and justification for project.*

This project was designed, through the financing of a textbook and instructional materials program, to assist the Vietnamese to standardize the curricula of their schools and to develop a coherent approach in different fields of school administration and supervision. The need for textbooks is tragic with practically no textbooks in the hands of pupils in large percentage of elementary schools. Secondary school students fare somewhat better, but even here the shortage of textbooks is astounding.

(b) *State whether project continues or was closed June 1956:* Continues.

II. *Grand total cost of project* $77,364

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollars equivalent).

III. *United States contribution (only)* ..... None
IV. *Local government contribution (United States dollars equivalent—cash and kind)*:
(a) Counterpart funds $18,964
(b) National Government—Cash 58,400
Kind ..... $------
V. *Percentage of United States contribution to total cost* ..... -------
VI. *Estimated completion date:* June 30, 1958.
VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Government.

I. Project No.: 030-77-080. Project title: National Institute of Administration.

(*a*) *Brief description and justification for project*

This project supports costs of a contract under which Michigan State University advises and assists the Vietnamese National Institute of Administration in its academic and inservice training programs, library and research activities. The MSU contract also provides for MSU studies and recommendations regarding administrative improvements in the Office of the President of the Republic, in local administration, and in police service (see project 030-79-120 supporting Civil Police Administration program).

Vietnam urgently needs trained administrative personnel for converting from colonial to national administration and expanding Government services to the extent necessary to assure continued support by the public. Without the assistance provided by this project, it would not be possible for Vietnam to expand its educational facilities rapidly enough to meet this need.

(*b*) *State whether project continues or was closed June 1956:* Continues.

II. Grand total cost of project $3,221,891
United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).
III United States contribution (only) $2,198,007
IV. *Local government contribution* (United States dollar equivalent—cash and kind)
(*a*) Counterpart funds $1,023,884
(*b*) National Government—
Cash ..... ---------
Kind ..... ---------
V. Percentage of United States contribution to total cost 68

VI. Estimated completion date: Apr. 18, 1958.
VII. If type of project would be privately operated in the United States indicated whether it is operated by local government or privately. If privately operated, how did private owner finance project: Government.

I. Project No.: 030-77-140. *Project title:* National Institute of Administration: Funds for construction of buildings.

(*a*) *Brief description and justification for project*

Funds for purchase of original Institute building in Saigon were provided by USOM. The institute has outgrown present plant and the Vietnamese Government has become convinced a larger campus is going to be needed. USOM and MSU group concur that dormitory and more classroom space are necessary, and are highly desirable for expansion of both academic and in-service training programs, urgently needed by Vietnam. The Vietnamese Government will contribute the value of the present institute (part of which will be used to purchase new land), and USOM will release 32,000,000 piastres of counterpart toward construction of a larger building, slightly farther from the congested center of Saigon. Land will be available for subsequent expansion at the new location.

(*b*) *State whether project continues or was closed June 1956:* Continues.

II. Grand total cost of project $371,430

United States dollars contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollars equivalent).

III. United States contribution (only)
IV. Local government contribution (United State dollar equivalent—cash and kind):
(a) Counterpart funds
(b) National Government—
Cash $371,430
Kind
V. Percentage of United States contribution to total cost 0

VI. Estimated completion date: July 1, 1957.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Government.

I. Project No.: 30-78-136. Project title: Institute of Statistics and Economic Studies.

(a) *Brief description and justification for project*

This project began in April 1956, following completion of a UN statistical adviser's initial report and recommendations, and crystallization of the Institute's work program for calendar year 1956. United States dollars were provided for the purpose of purchasing a minimum supply of small office machines (hand and electric calculators) which the Vietnamese Government lacks foreign currency to import. Counterpart is to be used for locally constructed office furniture, printing costs, and to finance special surveys not covered by the Institute's budget, under specific subproject agreements.

Development of basic statistical information on Vietnam is essential to the Vietnam Government and foreign-aid agencies for purposes of practical planning in all areas of Government activity.

(b) *State whether project continues or was closed June 1956*: Continues.

II. Grand total cost of project $70,126

United States contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only) $15,000
IV. Local government contribution (United States dollar equivalent—cash and kind):
(a) Counterpart funds $20,126
(b) National Government:
Cash (1)
Kind (1)
V. Percentage of United States contribution total cost 21.3

[1] Not shown.

VI. Estimated completion date: June 30, 1958.

VII. If type of project would be privately operated in the United States, indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Government.

I. Project No.: 30-79-081. Project title: Travel costs of Vietnamese scholarship students.

(a) *Brief description and justification for project*

This project provides one-way transportation to the United States plus (beginning in fiscal year 1956) a $50 maintenance allowance, to any ietnamese student who has obtained a full scholarship at a United States college or university by his own efforts or through those of the USIS or group sponsorship in the United States. Students must apply through and be recommended by the Vietnamese Department of Education, which considers the utility of the proposed study.

Vietnam urgently needs more college-educated citizens and it is to United States interest to promote American college education for as many of them as possible. Cost of travel to the United States would preclude many Vietnamese citizens from taking advantage of the scholarships they have obtained, if it were not for this project. Eight students were assisted during 1955, 18 during 1956, and it is expected that a proportionately larger number will apply for assistance during fiscal year 1957.

(b) *State whether project continues or was closed June 1956*: Continues.

II. Grand total cost of project $30,599
United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).
III. United States contribution (only) $1,000
IV. Local government contribution (United States dollar equivalent—cash and kind):
(a) Counterpart funds $29,599
(b) National Government:
Cash .....
Kind .....
V. Percentage of United States contribution to total cost 3.2

VI. Estimated completion date: June 30, 1958.
VII. If type of project would be privately operated in the United States, indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Government.

I. *Project No.:* 30-79-082. *Project title:* Training of civil servants abroad.

(a) *Brief description and justification for project*

This project provides primarily for training costs and transportation of Vietnamese Government employees already employed in various fields of Public Administration not covered by other specific projects. Training, whether in the United States or third countries, is designed to make participants more expert in their present line of work, permit them to observe American, or American-type administration, and prepare them to take on greater responsibility in their own government on their return. In emergencies, it is also used to finance training in other specialized areas for which other USOM divisions primarily concerned have not yet established projects which include training activities. (Example, current United States, Canadian, and International Red Cross training for a woman who is expected to become the first full-time administrative staff member of the newly established Vietnamese Red Cross.)

Five Vietnamese civil servants were given training in fiscal year 1955 under this project, 10 in fiscal year 1956. It is believed that the trend will continue. There are a number of small but highly important central administrative agencies of the Vietnamese Government (such as the Office of the President and the Directorate General of Planning) which will not warrant separate USOM projects but for whose personnel it will be urgent to provide training.

(b) *State whether project continues or was closed June 1956:* Continues.

II. Grand total cost of project $66,639
United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).
III. United States contribution (only) $39,050
IV. Local government contribution (United States dollars equivalent—cash and kind):
(a) Counterpart funds $27,589
(b) National Government—
Cash ..... (1)
Kind .....
V. Percentage of United States contribution to total cost 58.5

[1] Participant salaries.

VI. Estimated completion date: 1958.
VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Government.

I. Project No.: 030-79-091: *Project title:* Travel costs for students returning to Vietnam.

(a) *Brief description and justification for project*

This project provides for purchases of one-way transportation for Vietnamese nationals studying in the United States at their own expense who apply for assistance to return to their own country and work for its Government. Ticket purchase authorizations are telegraphed to the students, and they are also given a limited dollar allowance for packing and shipment of professional effects. Em-

ployment is cleared in advance with the appropriate agency of the Vietnamese Government and with the Vietnamese National Committee on Overseas Training.

The project has brought back 10 people, some of whom are moving into key positions in the Government. It is expected to be much more active in the future in view of the recent establishment of more adequate salaries for such technicians.

(*b*) *State whether project continues or was closed June 1956:* Continues.

II. Grand total cost of project	$12,826
United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).	
III. United States contribution (only)	$1,100
IV. Local government contribution (United States dollar equivalent—cash and kind):	
(*a*) Counterpart funds	$11,726
(*b*) National Government—	
Cash	([1])
Kind	-------
V. Percentage of United States contribution to total cost	8.5

[1] The Vietnam Government provides a repatriation bonus (single person $IC10,000, wife, $IC5,000, $IC1,000 for each child) to help these individuals reestablish themselves and their households in Saigon.

VI. Estimated completion date: June 30, 1958.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Government.

I. Project number: 030-82-075. Project title: Regugee resettlement and rehabilitation (fiscal year 1956). Exodus (fiscal year 1955).

(*a*) *Brief description and justification for project*

A. Description: The partition of Vietnam in July 1954 brought about the flight of over 800,000 people from communist dominated North Vietnam. The Government of free Vietnam, faced with the overwhelming problem of assisting the 660,000 civilians who had thus arrived in South Vietnam, appealed to the United States Government for help.

Assistance was granted in two phases: (*a*) fiscal year 1955—Transportation (United States Navy), reecption, medical care, food and shelter.

(*b*) Fiscal year 1956—Permanent resettlement, through economic and technical assistance; development of agriculture, fisheries and industry, to a great extent through distribution of imported tools and equipment.

B. Justification: The Government of free Vietnam did not have the resources nor the technical experience to assume alone financial and technical responsibility for this project. Unless they would receive minimum assistance, the refugees might have created serious political unrest at a moment when the fate of free Vietnam was in the balance, not to mention the human suffering to which the people of the United States could not have remained indifferent.

(*b*) *State whether project continues or was closed June 1956. Project continues, without request for additional funds in fiscal year 1957.*

II. Grand total cost of project	$73,180,060

United states dollar contribution, counterpart funds (in United States dollars equivalent), plus National Government contribution (in United States dollars equivalent).

III. United States contribution (only) ..... [1] $24,376,583

IV. Local government contribution (United States dollars equivalent—cash and kind):

(a) Counterpart funds $36,497,277

(b) National Government—

Cash ..... [2] $11,856,200

Kind ..... None

V. Percentage of United States contribution to total cost 33.3

[1] Includes cost of Navy transport—($7,500,000).

[2] Not included in original project, but spent by Vietnam Government in fiscal year 1955.

VI. Estimated completion date: 1957.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project.

I. Project number: 030-82-109. Project title: Special activities in secondary education for resettlement and rehabilitation.

(a) *Brief description and justification for project*

It is the purpose of this project to construct four centers for refugee boys and girls of secondary school age where vocational as well as academic skills will be acquired. These are being located in (a) Saigon, (b) Thuduc, (c) Tan An, and (d) Bung. About 1,050 students are involved in this program, which will also stress good health habits. It is believed, too, that this program will assist in the fight against juvenile delinquency.

(b) *State whether project continues or was closed June 1956:* Continues

II. Grand total cost of project $310,149

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only) $14,145

IV. Local government contribution (United States dollar equivalent—cash and kind):

(a) Counterpart funds $14,376

(b) National Government—

Cash ..... None

Kind $281,628

V. Percentage of United States contribution to total cost 4.56

VI. Estimated completion date: June 30, 1957.

VII. If type of project would be privately-operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Government.

I. Project No.: 030-92-006. Project title: Information and propaganda.

(a) *Brief description and justification for project*

This project was begun in 1951. It assists the Government of Vietnam to establish the mass communications program essential to national survival. Training is conducted in the techniques of audiovisual presentation and equipment provided to meet the national needs. A Vietnamese Government photo

lab has been established in Saigon and three branch labs are under installation. Seventy-three audiovisual mobile units are in operation throughout the country and 646 community listening centers have been established and are functioning. A national radio chain is being erected to take advantage of the geography and population concentrations of Vietnam. The first link is operating at Nha-Trang and a new central transmitter site is almost ready on the outskirts of Saigon. A provincial information headquarters is functioning in each of the 39 provinces as well as in the 212 districts of free Vietnam. More than 1,500 information specialists have been trained. Six potential technicians have been qualified and sent to the United States for training; five more are scheduled to leave shortly.

(*b*) *State whether project continues or was closed June 1956:* Continues

II. Grand total cost of project $9,216,630

United States dollar contribution, counterpart funds (in United States dollar equivalent), plus National Government contributions (in United States dollar equivalent).

III. United States contribution (only) $1,545,227

IV. Local government contribution (United States dollar equivalent—cash and kind):

(*a*) Counterpart funds $1,489,418

(*b*) National Government—

Cash $6,098,558

Kind $83,427

(Vietnamese Government furnishes all buildings.)

V. Percentage of United States contribution to total cost 16.7

VI. Estimated completion date: June 1958.

VII. If type of project would be privately operated in the United States indicate whether it is operated by local government or privately. If privately operated, how did private owner finance project: Would not be privately operated.

4. Number of ICA employees

	Locals		United States		Total	
	Administrative funds	Program funds	Administrative funds	Program funds	Administrative funds	Program funds
(*a*) Technicians:						
1. United States employed	56	529	37	135	93	664
2. Contract employees				8		8
(*b*) Others: Michigan State University group		83		[1] 45		128
Total	56	612	37	188	93	800

[1] 32—Direct hire.
13—Subcontract

CAMBODIA

Once again we are confronted with unnecessarily large amounts of unexpended funds. Reference to the attached data as pertains to Cambodia will show that during fiscal years 1955 and 1956, a total of $61.3 million was actually spent in Cambodia under our nonmilitary assistance program. At the termination of the 1956 fiscal year, our unexpended balances approximated $42.5 million, of which amount $279,000 were unobligated. Appropriations for fiscal year 1957 for Cambodia aggregate ——— which, when added to the unexpended carryover of ——— indicates that something like ——— million will be available for expenditure during fiscal year 1957. However, against this amount, the mission has programed for expenditure only ———. If Congress did not appropriate another penny for expenditure in Cambodia during the 1958 fiscal year, the mission here will have available for expenditure approximately ———.

I also call the committee's attention to the fact that during the 1955 and 1956 fiscal years, approximately $12 million were expended by way of cash grants to the Government of Cambodia to generate local currency. In general, this process involves our exchanging appropriated dollars through the local banking system for local currencies and then using these local currencies for aid purposes. This procedure has serious drawbacks. Because of an unrealistic exchange rate, it leads to what in my opinion is nothing less than the misuse of appropriated aid dollars. Actually the United States is not receiving full value for its aid dollars when this procedure is followed. Doubtless much of our cash finds its way into the hands of the few in exchange for inflated local currency.

There will be no discussion in this report on our military assistance program. As indicated in the introduction to these country reports, a separate section of this overall report will deal with military assistance programs in the various areas insofar as dollar amounts are concerned. This is necessary because the information provided at the grassroots level was very sketchy. The scant amount of specific information obtained originated at the Washington level and I hope to obtain a full picture there.

In Cambodia there exists a situation similar to that prevailing in South Vietnam. It is beyond the scope of this report to discuss 1956 programs in detail. However, for the committee's use, attachment 1C consists of project proposals and approval summaries for each and every project undertaken for priorfi scal years. (Attachment 1C is classified.)

Concerning technical cooperation, attachment 2A explains in some detail the purposes for which technical assistance funds are to be spent during fiscal year 1957. I specifically direct the committee's attention to proposals to expend considerable funds for development of irrigation and drainage systems, aid in establishing a bureau of reclamation (——— including both dollar currency and counterpart), power site survey (——— and ——— in counterpart equivalent), development of credit for small industry (——— in counterpart equivalent) ——— and a number of others.

It is apparent that the technical assistance program here is not being used to extend grass roots enlightment to the people, but rather to find ways and means of maintaining a large economic assistance program for the future. For example, reference to page 21 of the attachment indicate that the total resources survey is to be undertaken, for which ——— in counterpart equivalent will be spent during the 1957 fiscal year. The purpose of this program is to survey all of Cambodia's resources to determine by research, census, or physical inspection the total resources of Cambodia available for economic development. In this same category, there can be found on pages 23 and 24, under the general heading "Improvement of Mass Communications," proposals involving the expenditure of ——— in counterpart equivalent during the 1957 fiscal year. Reference to the details of this program reveal that among the so-called "technical assistance commodities" to be procured are 12 audio visual mobile units, 4 marine engines and four sets of basic mobile and audio visual equipment. This equipment is to be installed in government procured

halls to reach otherwise inaccessible masses of people. Obviously the purpose of this "technical assistance" program is to expand the propaganda organs of the government of Cambodia. I doubt seriously that either Congress or the American people had such enterprise in mind when the program of technical aid—point 4—was conceived. In addition, the explanatory material provided in connection with this project indicates that it is being undertaken despite opposition from the Cambodian Ministry of Information. I quote from page 26:

"Before all else in the field of mass communications and information assistance in Cambodia, the first problem to overcome is a lack of recognition—within the Ministry of Information itself—of the nature and role of audio visual production to support the economic development efforts of the government as a whole. On the highest levels knowledge in the field of information did not go beyond direct political and personal propaganda. Coupled with this, of course, is a lack of technicians and an inadequate national budget.

"Concrete beginnings have been made in this extra job of educating personnel of the ministry. As a result of this and of the failure to recruit the total of four United States technicians requested for fiscal year 1956—the following year looms as the crucial year in implementing a direct-aid commodity picture that now totals nearly half a million dollars."

If this were not enough, information outlined on page 27 indicates what other propagandizing activities have been undertaken under the guise of technical assistance. These include:

(1) An ICA financed printing plant.

(2) Two hundred and fifty radio receivers plus 150 generators have been distributed throughout Cambodia.

(3) One 1,000 watt transmitter has been installed.

(4) Five audio visual mobile units have been delivered, with two of these not in operation for lack of technically trained personnel.

(5) A government photographic laboratory has been constructed, equipped and put into operation.

On page 28 of attachment 2A, it is indicated that ——— American dollars plus ——— in counterpart equivalent will be spent to provide the services of 14 American experts and secretarial personnel to the missions program office and finance and trade division. Thus, it appears that despite the fact that we have presently employed in Cambodia 63 Americans plus 102 locals, it is proposed to further increase the number of Americans by 14 plus secretarial personnel. Again, I remind the committee that this "project" is not carried as an administrative expense but rather, apparently, is listed as "technical assistance."

Turning now to defense support for fiscal year 1957 (see attachment 2B) a similar situation presents itself.

A number of projects in this area require close scrutiny and should be reevaluated, particularly the development of irrigation and drainage systems, rural power development, river navigation improvement, the repair and rehabilitation of airfields, and others. Specifically, I direct the committee's attention to the following:

The construction of a new highway from Phnom Penh to Kompong Som which will probably cost some ——— of which ——— is scheduled for expenditure during 1957. This highway, which will

be built to American standards, will involve the shipment of 500 tons of equipment to Cambodia, plus large quantities of asphalt, cement, bridge iron, etc. The highway is proposed to be completed in fiscal year 1958. In addition, we have undertaken and will no doubt complete, a program of highway and bridge repair, rehabilitation and construction, on which will be spent ——— United States dollars in fiscal year 1957 plus ——— in counterpart equivalent. Needless to say, both of these projects will involve continued maintenance. As a matter of fact, in the briefing material supplied me, our officials state: "The mission feels that it should withdraw from the field of maintenance of highways and bridges, but realizes this change must be gradual." How gradual it is not said, but it is obvious that a considerable amount of money will be required for maintenance for an indefinite time.

Attached, as an exhibit, is a letter date October 10, 1956, which has as its subject the status of the dredge program in Cambodia. This letter explains in full the genesis of this operation and prospects for ordering an American withdrawal. Suffice to say at this time, these prospects are dim indeed. I quote from my field notes:

> I again asked about the dredging operations about which I complained last year. At that time there were three dredges on the job involved in filling privately owned land at our expense. I was informed that the situation with respect to this dredging had been changed. However, upon investigation, I discovered that the United States is still picking up the tab. The government has assessed riparian land owners, and it is proposed that they will pay for the benefits to their land over a period of 5 or 6 years. In the meantime, we continue to advance the money through counterpart funds. In other words, the United States still pays and the government of Cambodia will later attempt to collect and, where successful, money so obtained will be used to replenish the counterpart account.
>
> I feel that this is unconscionable, to say the least.

The situation is such that a new Cambodian Government agency called "Office of Dredges" has been created and has taken over the responsibility for continuing the dredging program. However, the 1957 operating budget totals ——— of which only ——— are guaranteed by the royal Government of Cambodia and ——— will be loaned to the Office of Dredges from counterpart accounts. The remaining — —— riels will be made up of an equivalent amount of American dollars which will be used to procure spare parts, fuel, and to continue training.

Reference to the last paragraph of this letter indicates that "We made a strenuous effort to reduce our aid to technical assistance only. We found the dredge authority unfamiliar with the nature of their responsibility and actually frightened with the political ramifications of tax assessment and collection. They have never heard of an assessment roll and it seems that there is actually no word in the Cambodian language for the English word "assess". We have convinced them that this is a part of the Democratic process and they should try it. Consequently we are continuing aid and hope for results."

———.

Unless the beneficiaries of our assistance are impressed with the necessity of carrying a fair share of the burden, then our mutual security program is just so much money down the drain.

The Government of Cambodia has recently embraced the so-called five principles of peaceful coexistence, and has consummated trade

and economic assistance agreements with Communist China. Our planners in Cambodia apparently feel that the United States must engage in all-out competition with the government of the so-called Peoples Chinese Republic. If this is so, then it becomes obvious that our program in Cambodia will not even maintain a semblance of supplying the basic needs of the people. On the contrary, it will evolve into a propaganda effort designed to see which government can spend the most and achieve, at least superficially, the most progress.

For a review of information service activities, I direct the committee's attention to the attached memorandum from John M. Anspacher, Public Affairs Officer, USIS/Cambodia. This memorandum indicates that the fiscal year 1957 program for Cambodia has been increased by $107,000—that is, to $407,000 from $300,000 in fiscal year 1956. The increase will be used to provide staff housing rentals, rental and maintenance of a new library, expanded Chinese programs through various media, budgetary support for 14 provincial Cambodian-American cultural centers, a book translation program, and one new position.

With reference to the film and library programs, I recommend that they both be immediately reevaluated. For example, I visited the USOM/USIS film center at Phnom Penh. This facility is housed in a residence which is owned by a rich banker. We pay $1,000 in American currency per month for rental on this facility. Actually, USOM pays the rent, and USIS in return makes 12 films for USOM.

With respect to the library, we again rent a residence at approximately $1,000 in American currency per month. While the facility appears to be well organized and is used by a number of Cambodians, it would appear that an expenditure of something like $24,000 per year in rentals for these two magnificent pieces of property is wasteful, to say the least. I therefore recommend that the library and film center be housed in one building which should be supplied by the Government of Cambodia.

It should also be noted that the United States has rented an office building which houses the Embassy, USIS, USOM, and military attachés. The rents are out of all proportion. [———] [———] I recommend that the Government of Cambodia be prevailed upon to provide suitable facilities for these units at cost. This should not be difficult to achieve inasmuch as the Government of the United States is dealing on quite generous terms with the Government of Cambodia.

ATTACHMENT 1-A

CAMBODIA

Summary of operations of International Cooperation Administration (formerly Foreign Operations Administration)—Questionnaire submitted by Senator Allen J. Ellender (Democrat, Louisiana), July 1956

[Thousand United States dollars]

	Fiscal year 1954 [1]	Fiscal year 1955	Fiscal year 1956	Estimated fiscal year 1957	Total
(A) Total expenditures:					
United States funds (counterpart funds generated)		[2] 17,156	[2] 29,145	(Deleted)	(Deleted)
United States funds (no counterpart funds generated)		2,822	12,196	(Deleted)	(Deleted)
Total		19,978	41,341	(Deleted)	(Deleted)
Counterpart funds (in equivalent United States dollars)		15,339	25,162	(Deleted)	(Deleted)
Local government contributions in equivalent United States dollars		(4)	2,856	(Deleted)	(Deleted)

	Unobligated	Unexpended
(B) Balances as of June 30, 1956:		
United States funds	[5] 279	[5] 42,849
Counterpart funds (in equivalent United States dollars)	2,000	5,801
(C) New allocations (tentative) from fiscal year 1957: Foreign-aid appropriation:		
United States funds	(Deleted)	
Counterpart funds (in equivalent United States dollars)	(Deleted)	

	Available for obligation	Available for expenditure
(D) Total amounts available for obligation and expenditure in fiscal year 1957:		
United States funds	(Deleted)	(Deleted)
Counterpart funds (in equivalent United States dollars) estimated as of Aug. 31, 1956	(Deleted)	(Deleted)

[1] No data for fiscal year 1954. Program administered by USOM/Saigon for all Indochina.
[2] 1955 and 1956 each include 6 million in cash grants to generate local currency.
[3] Includes balance 1955-56 programs and 13,400 of fiscal year 1957 program.
[4] No record.
[5] Taken from latest country functional report of June 30, 1956.

1. Itemized list of all nonmilitary foreign aid projects (including technical assistance projects), from beginning of programs through fiscal year 1956. Include the following:

(*a*) Brief description and justification of each project.

(*b*) Total cost of project.

(*c*) United States contribution.

(*d*) Local government contribution:

(i) from country budget (in equivalent United States dollars)

(ii) from counterpart funds (in equivalent United States dollars)

(*e*) Percent United Statesc ontribution to total cost.

(*f*) Estimated completion date.

(*g*) If type of project which in United States would be privately operated, indicate whether local government operated or privately operated. If privately operated, how did private owner finance project?

Reply

Attachment 1–A lists all nonmilitary foreign aid projects from the beginning of programs through fiscal year 1957. The symbol *x* distinguishes fiscal year 1957 projects from previous projects.

Attachments 1–B (PPA's for fiscal year 1955) and 1–C (PPA's for fiscal year 1956) provide data requested in (*a*) through (*f*). USOM/Phnom Penh does not have the information prior to fiscal year 1955 which may be obtained from USOM/Saigon.

Question (*g*) is answered in attachment 1–A as follows:

GO identifies projects which would be privately operated in the United States and which are Government operated in Cambodia for one or more of these reasons: (1) the lack in the private sector of technical skills, of ability to provide services, of experience, and of facilities; (2) the lack of private capital; (3) the absence of an industrial base; and (4) wartime emergency.

PO refers to projects which would be privately operated in the United States and which are privately operated in Cambodia.

Unmarked projects represent projects which in the United States are:

(1) Privately operated but subsidized by Federal or local governments;

(2) Either privately or government operated; or

(3) Government operated, generally as a public service; and which in Cambodia are generally as a public service:

(1) Government operated, or

(2) Government financed in whole or in part.

2. Copy of fiscal year 1957 proposed country program, as submitted to Washington in justification of proposed fiscal year 1957 allocations, including detailed description of each proposed project.

Reply

See attachment 2–A (attachment 1 of TOICA A–68), and attachment 2–B (attachment 2 of TOICA A–68).

3. List of projects proposed for fiscal year 1957, under allocations from fiscal year 1957 appropriations.

Reply

See attachment 3–A (technical cooperation, fiscal year 1957 operational program) and attachment 3–B (defense support, fiscal year 1957 operational program).

4. Number of ICA employees.

Reply

	Locals	United States	Total
As of July 31, 1956:			
(*a*) Technicians:			
1. United States employed		29	29
2. Contract employees	8	13	21
(*b*) Others	94	21	115
Total	102	63	165

Foreign military-aid program

(A) Furnish for each fiscal year, from the start of the program to and including fiscal year 1957, the following information:

(1) Amounts spent for hardware (including direct United States shipments and offshore procurement).

Reply

MAAG/Cambodia does not have estimates which may be obtained from OASD/ISA (Office Assistant Secretary Defense/Internal Security Agency).

(2) Amounts spent for direct forces support.

Reply

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956	Fiscal year 1957
DFS*	(a)	29.0	29.2	23.7

*Includes local currency for military support generated through DS program.
[a]Indochina program. No separate Cambodia program.

(3) Percent of host country's budget used for military purposes: [1]

Reply:

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956	Fiscal year 1957
	(a)	*Percent* [b] 36	*Percent* [c] 17	(d)

[a] Indochina program. No separate Cambodia program.
[b] Includes military furnished by foreign countries.
[c] Excludes military furnished by foreign countries.
[d]Unknown.

Attachment 2-A Program

Far East and Pacific—Fiscal Year 1957 Operational Program—Cambodia—Technical Coop. Sector—Project Descriptions and Work Plans

10. AGRICULTURE AND NATURAL RESOURCES

Project No.: 42-11-207
Project title: Development of agricultural education and extension institutions (C)
Cost in 1,000 United States dollars:
Dollars: 135
Counterpart: 171

Project description

A project to upgrade and expand agricultural educational institutions and to establish the organization necessary to disseminate agricultural information to individual farmers. This project is a consolidation of 3 fiscal year 1956 projects, Nos. 046, 099, and 207.

Fiscal year 1957 work plan

Services of two technical experts, Messrs. Easom and Fontenot, will be provided. One participant will be sent to the United States, while

[1] Indicate whether amount allocated for military purposes is for strictly military purposes, or includes pensions, counterpart funds, etc. If latter, indicate approximate proportion.

18 participants will make short observation tours to observe agricultural education and extension organizations in neighboring far eastern nations. It is hoped to negotiate the first phase of a contract with an American agricultural college to assist the RKG in developing 1 strong agricultural college by combining the facilities of 2 existing schools, training a teaching and administrative staff, and improving the quality of instruction according to the needs of the country. In contrast to previous years, emphasis during fiscal year 1957 will be placed upon technical assistance with a small amount of United States dollars used to purchase educational materials and equipment. Counterpart funds will be used to support United States technicians with housing, local personnel, and transportation, to provide international transportation for participants, and for physically improving existing agricultural educational institutions.

Project history

Starting in 1952, assistance in the form of direct dollar aid amounting to approximately $45,000 for teaching and demonstration materials, agricultural supplies and equipment have been provided for the 2 agricultural schools. Counterpart in the amount of slightly over $320,000 was allocated for construction and improvement of facilities, for the purchase of supplies and equipment available locally, and for student scholarships. No technical assistance was provided until August 1955 when the agricultural extension adviser joined the staff followed by the vocational agriculture training adviser in February 1956. An agricultural extension project was developed during fiscal year 1956 and an initial allocation of counterpart in the amount of $4,200 was made for demonstration materials.

Progress to date

The physical plants and facilities for teaching have been improved as a result of the aid provided but there has been little improvement in the quality of instruction in the absence of technical assistance. The directors of the two schools have no full time teaching staffs and depend entirely upon government technicians who are assigned from time to time to teach certain subjects. Since the need is for technical assistance to improve and combine the facilities of the two schools into an institution capable of training the technicians required for the government services, it is proposed to obtain this assistance through an American College contract. The initial agricultural extension project was approved in March 1956 after which an extension director was appointed by the RKG and steps taken to organize the program.

Project No.: 42-12-054
Project title: Development of irrigation and drainage systems (G)
Cost in 1,000 United States dollars:
Dollars: 55
Counterpart: 31

Project description

This project provides the technical assistance for completion of the Barai occidental irrigation project, rehabilitation of the Prey Nop dike system, the Lom Chang irrigation project, Prey Chhor reservoir and irrigation system, Bat Bakor irrigation system, Bovel irrigation project, personnel to make studies of proposed irrigation projects, and the training program for Cambodian operators and mechanics for

heavy equipment through the facilities of the heavy equipment repair shop. Financing of the actual irrigation construction is included in the DS program.

Fiscal year 1957 work plan

(1) *Barai occidental irrigation project near Siem Reap:* Full scale work will be resumed on this continuing project with earth moving machines as soon as flood waters recede after the rainy season. It is estimated that by November 1956 a greatly accelerated work program can be initiated utilizing the new equipment expected by that time and the old equipment overhauled at the heavy equipment repair shop. All available machinery and personnel will be concentrated on this project to complete it on schedule by July 1, 1957.

(2) *Bovel irrigation project near Battambang:* Repair work will continue on this project by hand labor within the limit of funds available from fiscal year 1955. Studies and designs of this project will be carried on during fiscal year 1957 in order to be ready to begin full-scale construction work in fiscal year 1958.

(3) *Prey Nop dike system near Prey Nop:* Repair and reconstruction of dike and water control structures will continue by hand labor on this project, (dikes prevent sea water from entering agricultural area).

(4) *Lom Chang irrigation project near Takeo:* This is a new subproject comprising repair and enlargement of the dike and construction of a concrete and steel control gate which will be accomplished by hand labor.

(5) *Prey Chhor irrigation system near KompongCham:* A new project comprising repair and extension of the dam of the reservoir and construction of concrete and steel control structures which will be accomplished by hand labor.

(6) *Bat Bokor irrigation system near Takeo:* A new project comprising construction of a new outlet gate and canal which will be accomplished by hand labor.

(7) *Studies of various proposed irrigation projects:* These will be accomplished by Cambodian technical personnel with assistance from the American contract technicians of project 42–12–218 when they become available.

(8) *Training of Cambodian heavy equipment operators and mechanics through facilities of the heavy equipment repair shop (Batchelder contract):* This subproject provides through contract with Batchelder equipment of Manila for the proper operation, maintenance and overhaul of heavy earth-moving equipment and the training of Cambodians to take over these functions from the contractor's Filipino technicians.

Project history

The Barai occidental project and the Choeung prey dike system project were started in fiscal year 1952 under the direction of USOM Saigon. In February 1955 USOM Cambodia assumed responsibility for these projects and the Colmatage project begun in fiscal year 1952 and 1953. Training of tractor operators and maintenance of heavy equipment in the field was provided for by the Johnson contract employing Filipino technicians. This group arrived in March 1953 and were replaced by the Batchelder contract group in July 1956. Work was started on the Bovel irrigation project near Battambang in fiscal

year 1955 with hand labor in order to give relief to drought victims and accomplish necessary repairs. The work is continuing on a limited scale until funds are exhausted. Work was started in fiscal year 1956 on the Prey Nop dike system with funds provided by the Cambodian Government. An advance was granted to continue the work in fiscal year 1956. The other subprojects listed are financed for the first time by ICA funds in 1957 or are being studied for possible future financing.

Progress to date

Progress on the construction features of the Barai occidental irrigation project involving earth-moving has been much slower than desired due to the limited number of machines available. All equipment was concentrated on this project in fiscal year 1956 but no facilities were available for overhaul of worn out equipment and new equipment ordered did not arrive in fiscal year 1956 as requested. Very good progress was made with the machines available and on the construction of water control structure, dams and bridges, however, and it is estimated that the project is 75 percent complete.

Repair work on the Prey Nop project is approximately 10 percent complete.

Other projects listed are not yet started.

Over 150 colmatage canals have been constructed under this program.

Significant data

The Choeung Prey project was not cleared or approved by the Cambodian Department of Agriculture prior to starting work in 1951. Subsequent investigation indicated these soils to be less productive than the soils of other areas such as Bovel (Battambang) and Barai (Siem Reap) and the project was therefore given a low priority. Construction of Casier No. 3 was halted at 15 percent completion. Casiers 1 and 2 were restored to operation by reconstruction of the likes with hand labor. The experience at Choeung Prey emphasizes the importance of a basic survey (planned under project 42–12–218) before undertaking irrigation projects.

Project No.: 42–12–218
Project title: Aid in establishing a bureau of reclamation (N)
Cost in 1,000 United States dollars
Dollars: 60
Counterpart: 50

Project description

This project provides for the first phase of a survey of land and water resources of Cambodia to be accomplished by a group of soil specialists and hydraulic engineers from the United States Departments of Agriculture and Interior financed by means of a contract with ICA. The studies are required to provide the basic information necessary for planning land utilization, crop improvement and irrigation programs for the economic development of the country. There are no local personnel qualified to make a survey and it is therefore necessary that foreign experts be brought in to train Cambodian technicians. Technicians trained will be used as the nucleus of a planned bureau similar to a small scale Bureau of Reclamation.

Fiscal year 1957 work plan

A contract with the United States Departments of Agriculture and Interior, or employment of experts on a reimbursable basis, to provide a team for making the survey and for training Cambodian counterparts is proposed. First priority will be stream gaging and irrigation planning which will require 2 or 3 engineers. These will be followed by soil survey and other technicians who will be required for completing the studies. It is expected that the work will be completed and a basic bureau established within 2 years.

Project history

The RKG has recognized the need for a survey of agricultural land and water resources and has given high priority to such studies in their 2-year plan. They propose to employ foreign technicians and have requested that Americans be assigned to assist with the organization of an Irrigation and Drainage Service (Bureau of Reclamation) within their Department of Agriculture.

Progress to date

This project has not previously been proposed for ICA financing, and there has been no implementation except planning.

Project No.: 42–13–126
Project title: Crop development (C)
Cost in 1,000 United States dollars
Dollars: 55
Counterpart: 98

Project description

A project to improve the quality and yields of the most important crops and to promote diversification by encouraging the production of new crops, including forages for animal feed. This is a combination of fiscal year 1956 projects 13–091 and 13–126.

Fiscal year 1957 work plan

The work plan for fiscal year 1957 consists of providing economic information (position papers) on crops considered for introduction, organizing 2 conferences with agronomic and horticultural consultants for Cambodian agricultural leaders on crop improvement and diversification, sending 2 participants to the United States for study and 10 to nearby countries for study tours, and continuing technical assistance to the genetic station and corn hybridization projects. Under these projects the farmer cooperators who multiply improved seeds are increasing their production each year to provide larger quantities for distribution. Field trials and demonstrations of plant protection, fertilization, improved varieties, and new crops will be established. Fertilizer, pesticides, and other demonstration materials will be provided. Counterpart will be allocated to support a United States technician with housing, local personnel, and transportation, to provide international transportation for participants, and to further improve the genetic station facilities. Demonstration seeds, fertilizers, and improved techniques will be distributed through the education project entitled rural development through education.

Project history

Development of corn hybrids was started following the return of a Cambodian technician from the United States in 1948. In 1952

USOM assistance in the form of agricultural equipment and supplies, and counterpart to cover local currency costs of the project, was provided. The following year assistance in the form of equipment, supplies, and counterpart was allocated to the genetic station and multiplication farm. No specialist was added to the staff. During the fiscal year 1956 greater emphasis was placed on getting farmer participation in the seed multiplication phase of the program. Approximately $50,000 for agricultural equipment and supplies and $200,000 in counterpart funds have been provided since 1952.

Progress to date

Progress was slow during the first few years while the program was being organized and seed stocks were being selected. By 1956, however, sufficient hybrid corn seed was available to plant 5,000 hectares and seeds to plant 10,000 hectares in 1957 are being grown. The multiplication of improved rice seed was originally confined to the Veal Trea seed farm of 700 hectares, but during recent years farmer cooperators are participating in the program and there were over 5,000 such cooperators in 1956. Sufficient selected seed is produced to supply practically all farmers who grow rice for market in Battambang Province. Vegetable variety tests have been conducted for a number of years and one superior variety of tomato has been developed and given wide distribution. During future years greater emphasis is to be placed upon the introduction and promotion of other adopted crops, including forage for the diversification of the agricultural economy and wider distribution of improved seeds in the provinces.

Project No.: 42–13–141
Project title: Livestock improvement (C)
Cost in 1,000 United States dollars
Dollars: 105
Counterpart: 153

Project description

A project to improve livestock and increase the production of cattle, swine and poultry by expanding the growing of forage crops, demonstrating improved feeding, breeding and sanitary practices and controlling disease by means of vaccinations.

Fiscal year 1957 work plan

Because of the lack of competent Cambodian personnel, emphasis during fiscal year 1957 will be placed on training and on technical assistance. The plan provides for training four students in the Philippines, for observation and study tours to the Philippines and Thailand for 17 participants and for training of 3 participants in the United States. A small number of purebred swine and poultry will be imported for distribution and upgrading of local breeds in the provinces. Provision is also made for improvements to three livestock stations and for procurement of foot and mouth disease vaccines not available locally. Forage crop introductions and the development of demonstrations which were started during fiscal year 1956 will be continued throughout the country.

Project history

The USOM livestock program which was first initiated in 1952, was primarily limited to the purchase of vaccines with some assistance for

organizing mobile vaccination teams. No technical assistance was provided until February 1956, when an animal production advisor joined the USOM staff. During fiscal year 1956, about 30 different forage plants were introduced and several field trials and demonstrations were started. A start was also made toward planning and organizing a more comprehensive program for fiscal year 1957.

Progress to date

As indicated above, the program until the present has consisted primarily of disease control by means of vaccinations. Most of the vaccines were purchased from Pasteur Institute at Nhatrang, Vietnam, until fiscal year 1956, when supplies began to become available from Pasteur Institute, Phnom Penh. Although animal diseases including rinderpest have been kept under control, eradication of the latter disease was not accomplished because of the use of vaccines giving only short immunity. Pasteur Institute, Phnom Penh has been provided with supplies and equipment for the production of lapinized vaccines and when this equipment has been installed, the program for eradication of rinderpest should become effective. Since a United States technician was not available prior to fiscal year 1956 and a livestock program had not been developed, no progress was made in either upgrading or increasing the livestock population.

Project No.: 42–14–118
Project title: Development of cooperatives and production credit (N)
Cost in 1,000 United States dollars
Dollars: 15
Counterpart: 114

Project description

A project to assist the RKG in organizing a nationwide system of cooperatives and production credit facilities.

Fiscal year 1957 work plan

Technical assistance will be provided by one expert to be recruited to aid in planning and organizing a nationwide system of cooperatives and production-credit facilities. Five participants will study cooperative and credit facilities in the Philippines. Direct aid in the form of trucks for hauling produce and burlap sacks will be provided. Counterpart funds will be used to pay the cost of transportation for participants and for cooperative storage facilities.

Project history

Assistance was provided to the "Office du Credit Populaire" starting in 1952 with the organization of the Prey Chhor Rice Mill Cooperative followed by equipment for the Tobacco Cooperative, a grain dryer for the Corn Cooperative and the organization of a second Pilot Rice Mill Cooperative. Allocations of counterpart funds which eventually totalled 30 million riels, as capital available for production loans were started in 1953. During the period from the beginning of 1952 to the end of 1955, aid in the amount of $400,000 was provided and approximately $1,256,000 in counterpart funds were allocated to supplement capital and to improve milling and storage facilities. No technical assistance was provided until July 1956 when the agricultural extension advisor started working part time with the "Office du Credit Populaire" in planning improved cooperative organizations and methods.

Progress to date

At the end of June 1956, the capital available for production loans amounted to about 75 million riels of which USOM had contributed 30 million riels and the number of loans outstanding stood at 38,000. Since cooperative facilities are limited to four organizations with a total membership of only about 14,000, a few borrowers from the agricultural banks are members of a cooperative. The objective of the fiscal year 1957 program is to develop a nationwide system of cooperatives which will provide credit, milling, storage and marketing facilities for all farmers who wish to participate.

Project No.: 42–17–214
Project title: Forest-resources development (C)
Cost in 1,000 United States dollars
Dollars: 30
Counterpart: 43

Project description

A project to furnish technical assistance in the development of sound administrative and forest-management practices which will stimulate production and utilization of the timber resources of the country.

Fiscal year 1957 work plan

The services of one technical expert, Mr. Sands, will be provided. Five participants will make short tours of the Philippines, Thailand, and Malaya to observe timber-production and wood-manufacturing industries. Preliminary investigations will be made to determine the best method for accomplishing a complete forest inventory. Technical assistance will be given in the improvement of sawmilling and logging practices. Investigations will be made regarding securing export markets for forest products such as lumber and high-quality veneer logs. Technical assistance will be furnished private industries wishing to engage in lumber or allied products production. Arbor Day observance will be encouraged to the fullest extent possible by providing fire-prevention and conservation-practice material such as posters, handout literature, and through visual demonstrations. Preliminary investigations will be made of the Grand Lac area to determine the relation of forestry practices to the propagation of native fish.

Project history

Lacking the services of a forestry technician, little has been done prior to this time in the development of production of forest products. The only USOM assistance has been the installation of a pilot (circular type) sawmill in 1952 and the training of an operating crew. A forest-resources adviser was obtained by the mission in June 1956.

Progress to date

Progress has been limited because of the lack of the services of a forestry technician to devote full time to working with counterpart foresters in planning a sound program for development of the country's timber resources. The pilot sawmill operations to date have disclosed that the band-saw type of sawmill is undoubtedly more efficient to operate in the production of larger and heavier native hard-

woods. For this reason a study will be made of the use of the circular sawmill in the production of pine lumber.

Project No.: 42–19–000
Project title: Technical support (agriculture) (C)
Cost in 1,000 United States dollars
Dollars: 40
Counterpart: 45

Project description

A project to provide direction, coordination, and administrative support to the agricultural program.

Fiscal year 1957 work plan

To provide a chief of division, an administrative assistant, and a secretary for the Agriculture Division.

Progress to date

At present only the chief of division is on duty. Lack of clerical personnel has hampered the operations of the division and necessitated the technicians spending an inordinate amount of time in performing clerical work.

20. INDUSTRY AND MINING

Project No.: 42–21–190
Project title: Mineral development (C)
Cost in 1,000 United States dollars
Dollars: 30
Counterpart: 72

Project description

A project designed to provide the services of an export geologist to the RKG to assist in planning and carrying out geological surveys and exploitation of mineral resources, and to train Cambodians in prospecting methods.

Fiscal year 1957 work plan

It is planned to continue the services of Mr. de Chatelet who will work with the Bureau of Mines and Crafts. This bureau of the RKG is 1 year old and requires assistance in all phases of its operations. A drilling rig will be provided and tests made of possible deposits of phosphates, coal, gold, and related sulphides. Two participants will be sent to the United States to study prospecting techniques.

Project history

This project was begun in 1955 with the arrival of the geologist and establishment of the Bureau of Mines and Crafts. The technician has completed a preliminary mineral survey of 3 of the 6 provinces of Cambodia and has spent 6 weeks in Laos making a general mineral survey.

Progress to date

Results indicate there is a paucity of minerals in the area. However, much area is still unsurveyed and the discovery of one deposit of valuable minerals would more than justify the small amount of aid extended.

Additional data

It appears desirable to continue aid to this project in order to preclude other aid donors engaging in this activity.

Project No.: 42-22-220
Project title: Power site survey (N)
Cost in 1,000 United States dollars
Dollars: 20
Counterpart: 2

Project description

A project to provide the services of an American expert to survey a rapid site on the Mekong to determine if the installation of a hydroelectric plant at economical cost is possible.

Fiscal year 1957 work plan

Negotiate an individual contract with a competent power engineer to spend approximately 6 months in Cambodia inspecting rapid sites and conducting feasibility studies.

Project No.: 42-26-215
Project title: Development of credit for small industry (N)
Cost in 1,000 United States dollars
Dollars: 15
Counterpart: 19

Project description

A project designed to provide the services of a technical expert to aid the Cambodian Government in establishing and operating a small industrial loan fund designed to provide private entrepreneurs with local currency capital for medium terms at reasonable interest rates. This fund will meet the need for industrial credit of small enterprises which can produce consumer goods presently imported or manufacture simple products for export, thus saving or creating foreign exchange. A fund of 50 million riels is to be established as part of the DS program to provide original capital for a revolving fund. It is hoped that the RKG will guarantee the maintenance of this fund by guaranteeing loans.

Fiscal year 1957 work plan

It is planned to recruit a United States technician experienced in small-loan operations either with similar projects in other countries or with a smalltown bank. Funds are provided for 8 months' salary and allowances in dollars and counterpart for his support through the TA trust fund.

The technician is to select and escort four RKG officials from Cambodian central and/or commercial banks to Manila and Taipei to observe ICA supported small-industrial loan operations in those cities. Dollars for per diem and counterpart rials for international transportation are programed.

Details of the loan agency organization and operations are to be worked out with the RKG during fiscal year 1957. The loan fund will be established during latter part of fiscal year 1957 under rules and regulations agreed upon by RKG and USOM profiting from the experience of USOM's Manila and Taipei in this regard.

The loan advisor organizationally will be a part of the Finance and Trade Division.

Progress to date

Discussions have been held in USOM and letter to RKG prepared proposing this project. The present secretary of AEA is slated to head a loan agency established by RKG for this purpose.

Additional details

It is believed that the need for such a project is apparent. The plan meets the recommendations of the session's group and comes within the purview of RKG's long-range developmental plans.

Project No.: 42–29–000
Project title: Technical support (industry and mining) (C)
Cost in 1,000 United States dollars:
Dollars: 15
Counterpart: 18

Project description

To provide the services of two American secretaries to the Mining Advisor and Small Loan Fund Advisor.

Fiscal year 1957 work plan

It is proposed to recruit the secretaries. Funds are provided for salaries, travel, and local support on the assumption that each will be on duty an average of 6 months. These personnel will be consolidated with other support personnel on one PPA to be coded 42–99–000.

30. TRANSPORTATION

Project No.: 42–39–000
Project title: Technical support (transportation) (C)
Cost in 1,000 United States dollars:
Dollars: 75
Counterpart: 90

Project description

To provide the services of a Chief, Public Works Division, two public works advisors, a bridge engineer, an office engineer, and a secretary to give direction and TA to the DS construction program in the field of public works.

Fiscal year 1957 work plan

To recruit and enter on duty the bridge engineer and office engineer.

50. HEALTH AND SANITATION

Project No.: 42–54–201
Project title: Health and sanitation training (C)
Cost in 1,000 United States dollars:
Dollars: 25
Counterpart: 8

Project description

To provide training for RKG health service personnel through training in the United States.

89056—57——23

Fiscal year 1957 work plan

To select and dispatch to the United States for approximately 1 year's training, 2 nurses, 1 doctor, and 1 sanitary engineer. In the event personnel with adequate training cannot be found or English training given, attempts will be made to mark out a training program in French-speaking areas of Canada.

Project No.: 42-59-000
Project title: Technical support (health and sanitation) (C)
Cost in 1,000 United States dollars:
Dollars: 40
Counterpart: 45

Project description

To provide the services of a sanitary engineer, a health educator and a program assistant for direction of the health program and to render TA to the DS projects in this field.

Fiscal year 1957 work plan

To recruit a health educator. The health educator will be assigned to field operations to check on pit privy and sanitary well operations and to educate the population, in coordination with the mass communications and rural development through education projects in the need for and methods of obtaining basic sanitation.

60. EDUCATION

Project No.: 42-61-216
Project title: Vocational industrial education for economic development (C)
Cost in 1,000 United States Dollars:
Dollars: 75
Counterpart: 411

Project description

This project is designed to educate Cambodians through use of technicians and contract personnel in skills required to enable the country to make the transition from a nontechnically developed agricultural economy to a modern agricultural and industrial life. This project will develop programs for the training of practicing artisans or groups of artisans now producing handicrafts suitable for exportation or increased local usage; the orientation of youths of school age toward vocational skills, the training of youths of secondary level and adults in the skill of handicrafts, cottage industry, small industry, and the maintenance of modern machinery. The fundamental objective is the development of an adequate system of vocational industrial or technical education. This project proposal is a synthesis and adaptation of: (1) the Russell Wright Associates "Recommendations for Development of Cottage Industry and Small Industry in Cambodia:", (2) the Cambodian Ministry of Education plan for assisting the College Technique and the Ecole des Beaux Arts and Metier to reorganize and expand training in skills required for basic economic development activities and revitalization of Cambodian cottage industry, provide for the training of vocational industrial and artisan teachers at primary and secondary school levels, and to establish experimental trade and craft schools in each of the 14 provinces; (3) the RKG program for the

development of small industries and artisan activity as outlined under section I, Production, Chapitre VI-Mines, Industries et Artisant in the *Plan d'Equipement Biennial* and (4) the need for coordination in assistance to technical skill training being provided to Cambodian Education, Public Works, and Agricultural Engineering Services.

Fiscal year 1957 work plan

The plan for fiscal year 1957 provides for two United States technicians (industrial design education specialist and technical education specialist) for duty one-half year. These specialists would examine both the college technique and the ecole des beaux arts to see what is involved in reorganization of these training institutions so that they might contribute substantially to solving the problem of the lack of various types of skilled workers. Following the survey, the technicians would develop a curriculum for a technical and vocational division of a future Cambodian technical institute. As the program of the technical institute becomes organized, approximately 4 months from the beginning of the project year, the necessary equipment for demonstration and training is to be ordered; and, concurrently, arrangements will be made for the processing of 15 participants; 10 for 1 year, and 5 for 6 months in the Asian region. While the trainees are away, construction of facilities needed for an expanded college technique and ecole des beaux arts program of a Cambodian technical institute, and for provincial trade schools will be underway.

Project history

Interest in technical education has been increasing with more emphasis being given to specific technical manual skills that countrv needs in the use of modern machines. USOM assistance in this project prior to fiscal year 1956 consisted of provision of limited basic training equipment for the college technique and the ecole des beaux arts, short-time consultants, and observational study training tours for the staffs of these institutions in the Philippines and Japan. At the close of fiscal year 1956 a sum of US$300,000 was approved for this project with US$150,000 being allocated for contract services so that ICA could arrange for a contract with Russel Wright Associates for services, training personnel, and equipment for development of handicraft products in Cambodia for export, and US$150,000 for meeting the initial requirement for the development of technical education (at least 2 years) through provision of technical assistance, and demonstration equipment for a Cambodian technical institute, and for a village improvement center.

Progress to date

With minimal assistance provided prior to the close of fiscal year 1956, when US$300,000 was approved, both the college technique and the ecole des beaux arts showed progress. Enrollment increased from 114 students to 249, and the staffs of the schools that had an opportunity to observe abroad, showed evidence of having benefited through adaptation of things learned to their own school situations. The mission awaits the contract and United States training personnel to begin making real progress.

Evaluation of results

The project has been continuously seriously handicapped by lack of adequate technical assistance.

Project No.: 42-69-217
Project title: Rural development through education (C)
Cost in 1,000 United States dollars:
Dollars: 385
Counterpart: 1,636

Project description

This project seeks to influence changes in thinking, increase skills, and improve living by means of education through a program organized around the needs, resources, and potentials of the rural Cambodian community, the demonstration of a more functional type of education providing results immediately applicable with tangible direct benefits to the population.

The project is organized around the development of a specific geographic area into a training ground. The entire institutional structure and the human and natural resources of the selected province become the integrated vehicle for training educators and educationists rapidly and thoroughly. The geographic area in Kandal province within which are found the developing rural education demonstration and training center, the Tonle Bati Fundamental Education Training Center, and a proposed village improvement center and the families, the pagodas, the schools, the farms constituting the total web of life is to be the training site. The community becomes the school; the area becomes the training ground. Based upon the five socioeconomic and cultural regions of Cambodia, points of adaptation or centers of activity, largely demonstrational in nature, will be developed in the provinces. These provincial points or centers of adaptation will be in direct contact and related to the training ground.

In brief, the project consists of four interrelated facets: rural socioeconomic education surveys; school-community education activities (training); school development; village improvement (demonstration). The base of the work is the survey and the training of people to carry it out, and how to use the facts once acquired. Intelligent use of the facts will provide the base for facet II (school-community education activities (training) which will include the formal training of fundamental education leaders, the teacher training activities of the rural education demonstration and training center (USC contract), the summer teacher workshops, the formation of action research teams (per province—3) and the training "leader-teachers" (2 per province) in each of the following fields: arts and grafts, home and family life, school and community recreation; and specialized education teachers (business or commercial education, agricultural education, etc). The training ground with its complex of educational facilities becomes the training site. This is to be supplemented by training in the United States particularly in the Asian region. The school development phase, particularly in the Kandal province becomes the vehicle through use of every existing elementary school in the project area. The formula will be one of progressively developing the existing elementary schools into model community-centered elementary schools using teacher trainees and human resources such as the associations

for the development of education within the existing fabric of the institution, family, community, temples, markets, artisan and agriculture activity, for the accomplishment of the goal of improvement of school facilities. As an extension of this effort to the provincial points of adaptation, one model community school and an educational conference center are to be developed in each of the provinces. Complementary to this will be the provision of classroom equipment and instructional aids for selected schools. The activity of facet III leads into phase IV—Village improvement (demonstration). In the project area (Kandal) demonstration families will be selected and also at this point the proposed village improvement center, which would be a center of studies and demonstration in new types of simple production to meet the needs that the advancement of rural life brings with it—comes into the picture.

Fiscal year 1957 work plan

The first stage is the establishment of an educational planning-action project implementation committee consisting of the USOM Education Division staff, the UNESCO Fundamental Education staff, the Unitarian Service Contract Staff, the Cambodian Ministery of Education, representatives of other USOM technical divisions and their counterparts with education and training functions affecting rural population, and the representatives of other international agencies with responsibilities related to rural improvement. In anticipation of getting the fiscal year 1957 program underway soonests, this committee has already been established. It will continue to function throughout the project year.

Phase II, the development of a specific defined geographic area into a training ground and the development of the provincial points of adaptation, is already underway. The facilities of the rural education demonstration and training center are under construction and should be completed by January. The Tonle Bati Fundamental Education Center is functioning. The village improvement center planning is underway. The site will be selected in August, and construction should begin by October. Though all the physical facilities for training have not been completed, the use of the area as a training site has begun. The development of the provincial centers of adaptation (construction of facilities) has begun with the completion of 7 provincial educational centers, and with selection of sites for the first 4 provincial model community centered schools. These facilities, and the 10 others previewed so as to have one per province, will be completed by December. As noted, the emphasis of phase II is to be upon the readying of facilities for training.

Phase III, the organizing of the program for training activities, has already begun. The technical personnel referred to under stage I are at work. The services of three United States technicians are available (field education supervisor, community organization specialist, and school and community craft specialist) and are to provide services for the full project year. To be recruited, with an expectation that they are to be available for duty for one-half year, are the following United States technicians: Educational research analyst, elementary specialist, and a supervising writer. In addition, as program needs require, three short-time consultants are provided.

The organizing of the program for the various aspects of the training activities will require probably the full period of the months of September through December. Specific training tasks to be accomplished include: Training of staff for technical bureaus in Ministry of Education, training of provincial school supervisors, training of new teachers, training of fundamental education leaders, action research teams (3 per province), arts and crafts (2 per province), home and family life trainees (2 per province), and school and community recreation workers (2 per province), and specialized teachers for agriculture, commercial courses, etc. This will involve sending 14 participants to the United States for 1 year and 36 participants to Asian countries for 4 to 6 months' training and observation.

In January, preparation will begin for demonstration activities within the training ground area and in the areas of adaption.

Funds are provided for the third tranche of the Unitarian Service Committee contract.

Project history

This project originally consisted of several projects of teacher training, teacher upgrading, the training of fundamental education leaders, the preparation of textbooks, and school improvement. In fiscal year 1957 these diverse efforts are to be combined into a single multipurpose program to provide an overall concentrated effort to the educational task in its entirety with a view of fiscal year 1957 being the first impact year for United States assistance to Cambodian educational development.

Progress to date

Since the beginning of United States assistance to Cambodian educational development, the Cambodian Government has increased the national budget for education from 127,873,672 rials to 332,445,500 rials. 3,460 teachers have been trained; 3,800 teachers have participated in educational workshops; school enrollment increased from 220,817 students to 338,705 students. Fundamental education centers have started in 10 provinces and 79 education leaders have been trained; 68 Cambodian educators have been trained abroad. The Ministry of Education has begun its reorganization, and reforms of the educational system have become national policy. Program of teacher workshops and conferences have become well established.

Evaluation of results

In terms of the exigencies of the situation the program has been particularly successful. The nature of the circumstances in helping the Cambodian Government achieve its objectives has meant that greater emphasis has been placed on quantitative rather than qualitative results. With these goals achieved, emphasis now is to be on the qualitative side.

Project No.: 42-69-000
Project title: Technical Support (Education) (C)
Cost in 10,000 United States dollars:
Dollars: 45
Counterpart: 54

Project description

To provide the services of a division chief, an administrative assistant, and a secretary to the Education Division.

Fiscal year 1957 work plan

The division chief and secretary are on duty. Administrative assistant position was approved in PPA 42-99-000 for fiscal year 1956. No candidate nominated. Plan to have on duty at least 6 months of fiscal year 1957. Positions will be consolidated with other technical support jobs on PPA 42-99-000.

(Deleted.)

Project No.: 42-72-224
Project title: Total resources survey (N)
Cost in 1,000 United States dollars
Dollars: 100
Counterpart: 100

Project description

To plan, institute, and carry out a general survey of Cambodian economic resources, physical and human, as a basis for future economic development planning.

Fiscal year 1957 work plan

It is planned to employ a group (initially five experts) to conduct, assisted by local personnel, a resources survey of Cambodia, to determine by research, census, or physical inspection the total resources of Cambodia available for economic development. The initial group would determine data currently available, itemize missing data, and plan the collection and publication of such data. For example, no accurate count of Cambodian population exists. Estimates vary widely. It is necessary to have a fairly accurate estimate of population, and to know how many professional people such as engineers, doctors, nurses; and technicians of various types are on hand to aid in development work in order to prepare an intelligent operational program.

Planned programs, both military and economic, involve considerable construction to be undertaken by local contractors. Yet at present, the number of local contractors of various types and their capacity in terms of equipment and trained men is unknown. Therefore, it cannot be determined if planned construction programs are realistic in terms of manpower nor in terms of available lumber production, building stone production, tile production, etc.

It is planned that this group will work closely with the USOM Economic Adviser, requested in Project 42-99-000, and the RKG in planning details and carrying out the survey.

Additional comments

This project is a beginning toward meeting certain recommendations of the Session's Report and the desires of the RKG.

Project No.: 42-75-219
Project title: Improvement of Government finance (N)
Cost in 1,000 United States dollars
Dollars: 65
Counterpart: 56

Project description

To improve the fiscal operations of the RKG and permit it to assume recurring operational and maintenance expenses by providing initially the services of experts in tax and customs administration and government budgeting.

Fiscal year 1957 work plan

To convince the RKG of the need for this type of assistance and to obtain permission for the experts to work with RKG officials. It is hoped to achieve this by talking to the new Finance Minister and by providing him or his assistant with a trip to the United States with stopover in the Philippines to observe the results of American aid in this field. Following acceptance of this aid, it is planned to recruit the advisors and begin a project which will be expanded with the RKG ability to absorb the training and assistance. The AEA has agreed to the project in principle.

Additional comments

This is the most important area in which technical assistance is needed. Without the ability to collect revenue, budget it intelligently, and control expenditures there is no hope of the RKG maintaining even minimal government services or of ever reducing United States aid.

80. COMMUNITY DEVELOPMENT, SOCIAL WELFARE AND HOUSING

Project No.: 42–84–168
Project title: Town planning and housing (C)
Cost in 1,000 in dollars
Dollars: 60
Counterpart: 91

Project description

This is a project designed to develop effective town planning and encouragement of low-cost housing construction by the Cambodian Government by means of extending technical assistance to the town planning and housing authority (TPHA) and by observation and demonstration of low-cost housing projects.

Fiscal year 1957 work plan

The services of an architect advisor will be continued. One architect and town planner to work directly with TPHA will be recruited from a Canadian or Swiss university, and placed under contract. The 11 members of TPHA will be taken on an escorted educational tour of low cost self-help housing projects in Hong Kong, Tokyo, Singapore and Manila. Training aids—books, periodicals and drafting-room supplies will be furnished TPHA. Self-help village and urban-housing projects will be implementing in five regions (Siem Reap, Kompong Speu, Kampot, Pursat, Kompong Thom). Counterpart funds will be provided to supply demonstration construction materials for village projects, training materials, and locally available equipment. Technical assistance will be provided to TPHA in providing for fire control in town planning. The RKG will contribute land for

buildings, salaries for participants, and financing for the construction of 3,500 dwellings to be constructed on the self-help principle.

Project history

The TPHA was created in February 1956 as a result of RKG interest in town planning and low-cost housing as an aid to production. The first housing legislation which requires revision (but it is a start in the right direction) was passed in May 1956. In fiscal year 1956 the RKG built 300 low-cost houses in Phnom Penh and aided self-help projects in Kompong Speu and Battambang. Construction was planned and is soon to start on low-cost housing for 1,500 people in Siem Reap utilizing TA and 18 earth-block machines furnished by United States aid but financed entirely from the national budget. During fiscal year 1956, 30 rammed earth-block machines were distributed to 12 provinces for use in constructing low-cost schools and residential housing. Research carried out at an ICA financed experimental station has developed prototype houses which are now used as models for self-help projects in Kompong Speu, Kandal and Siem Reap.

Progress to date

A substantial start has been made in acquainting the RKG with governmental responsibility for providing low-cost housing to low-income groups. This is evidenced by the creation of TPHA and the enactment of legislation designed to encourage housing projects. The RKG 2-year plan gives high priority to town planning and low-cost housing development as an aid to production and for the development of social consciousness. The social impact as a result of this activity is apparent. TPHA will be made into a permanent agency and long-range housing programs will be planned. The RKG has recognized that building activity will stimulate the entire economy and result in increased production.

90. GENERAL AND MISCELLANEOUS

Project No.: 42–92–110
Project title: Improvement of mass communications (C)
Cost in 1,000 United States dollars:
Dollars: 220
Counterpart: 177

Project description

This is a project designed to develop—in many instances to establish—the Cambodian Government's facilities for communicating with the people.

It is a project that supports the economic development program wherever the program requires a means of informing or teaching people. Examples: (1) an illustrated pamphlet that tells what the government, with American assistance, is doing to help the country; (2) a poster that warns against the dangers of unclean water; (3) a flip chart that trains village extension workers in the training of others; (4) a newspaper article that explains to importers how to apply for dollar-financed import licenses.

This project involves:

1. Procurement of audio-visual equipment.
2. Training of personnel in mass communications techniques.
3. Technical assistance in the production of posters, pamphlets,

films, radio programs, exhibits and the other materials required by mass-impact projects for economic and social betterment.

Fiscal year 1957 work plan

For fiscal year 1957, this project involves the expenditures of $220,000 and the local currency equivalent of $177,000 from counterpart, with a government contribution estimated at the equivalent of $200,000.

Although the general course charted for this project is one of diminution and phasing-out in the commodity field and increased emphasis on technical assistance, four new factors have gone into the increased cost over fiscal year 1956.

1. The reduction in fiscal year 1956 obligations resulting from the failure to obtain United States experts as airpar'd in advance of fiscal year 1956.
2. The programing of increased technical assistance in fiscal year 1957.
3. The new need for audio-visual mobile units necessitated by the increasing production of printed, spoken and filmed materials for the improvement of rural conditions.
4. The need for increased information and mass communications activity necessitated by the appearance on the scene of Iron Curtain TA's.

Thus, the following allotment of United States funds is proposed (in thousands):

Commodities	140
Type A participants (2)	13
Type AX participants (20)	12
United States technicians (5)	45
Contract technicians (1)	10

Commodity assistance in fiscal year 1957 involves:

1. Twelve audio-visual mobile units. These supplement the 3 already in use, giving 1 to each province and 1 for training, demonstration and use in Phnom Penh and its environs.
2. Four marine engines and four sets of basic mobile audio-visual equipment to be installed in government-procured boat hulls to reach otherwise inaccessible masses of people.
3. Equipment for expansion of ICA-financed photo-offset printing plant.
4. Final radio transmission and reception equipment commensurate with broadened radio transmission program through increased technical assistance.

Since there is a danger that this equipment may be used for purposes detrimental to United States policy it is proposed to retain title in USOM or USIS.

Participant training continues emphasis on observation and study in neighboring southeast Asia countries. (20 third country; 2 to United States.) Specifically, the United States training is in the specially designed 1-year basic audio-visual leadership training course contracted by ICA/W. Third country training is for 5 printing technicians to receive on-the-job training at the United States regional production center in Manila; 8 technical-elevel employees to observe and study general techniques as practiced in Japan and the Philippines; 1 to study field operation of mobile units; 3 to study radio pro-

graming and transmission techniques in Vietnam or Japan; 3 to study advanced still and motion picture photography in the Philippines and Malaya.

United States employed technicians:

Audio-visual officer.
Deputy audio-visual officer (and press-publications adviser).
Audio-visual adviser (films and radio).
Field utilization specialist.
(Secretary).

Contract services covers the establishment of a radio maintenance section, training its employees and carrying out this maintenance program throughout the country for 285 ICA-purchased sets, as well as 1,000 Colombo plan sets.

Project history

The project has a background weighted on the commodity procurement side. This situation resulted mainly from the difficulty of furnishing effective technical assistance to Cambodia from Saigon, where the earlier consolidated Indochina program was centered. At the same time, emphasis in those fiscal years of 1951 through 1954 was on wartime Vietnam. Technical assistance could be, at best, only intermittent.

Over the 4 fiscal years that preceded the arrival of a full-time audio-visual officer, a total of nine projects were launched in this field. More than $350,000 worth of audio-visual commodities and services were programed.

For fiscal year 1956 all activity in this field—commodities, United States and contract technicians and participant training—was consolidated into one project: Improvement of Mass Communications. Emphasis was to be on technical assistance. The total of this one project was $200,000. Approximately $125,000 of that total was obligated—the remainder representing four unfilled United States technician airpars and the cancellation of about half of the anticipated participant training for that year.

In the final days of fiscal year 1955, an additional project was initiated to put into operation as soon as possible the photo-offset printing plant built and equipped under fiscal year 1952 projects. This implementing project was printing plant training (42-92-055), providing for a 6 months' contract with a Japanese firm for the training services of five printing technicians.

Progress to date and evaluation

Before all else in the field of mass communications and information assistance in Cambodia, the first problem to be overcome is a lack of recognition—within the Ministry of Information itself—of the nature and role of audio-visual production to support the economic development efforts of other ministries, of the Government as a whole. On the highest levels, knowledge in the field of information did not go beyond direct political and personal propaganda. Coupled with this, of course, is a lack of technicians and an inadequate national budget.

Concrete beginnings have been made in this extra job of educating personnel of the Ministry. As a result of this—and of the failure to recruit the total of four United States technicians requested for fiscal year 1956—the following year looms as the crucial year in imple-

menting a direct-aid commodity picture that now totals nearly half a million dollars.

These are the concrete signs of other progress in this continuing project:

(1) The ICA-financed printing plant in full operation. The number of basic impressions completed in the 6-month Japanese training period reaches into the millions.

(2) The first publications to support economic development have been produced at this plant—conceived by United States technicians and their counterparts and specifically requested for printing by the ministries involved. Approximately 45 such jobs are in various stages of production.

(3) For the first time in history, the Ministry of Information has called a workshop for its provincial information representatives and has called on USOM for assistance in conducting the workshop.

(4) Two hundred and fifty radio receivers and one hundred and fifty generators have been distributed throughout the country.

(5) The Ministry has agreed to, and expects momentarily, the services under contract of an Indian radio facilities technician for the establishment and operation of the vital radio maintenance program.

(6) One kilowatt transmitter installed.

(7) Five audio-visual mobile units delivered. Two not in operation for lack of many-phased technical assistance.

(8) Government photographic laboratory constructed, equipped, and put into operation.

(9) Two USOM-subject films produced, two others in process, through joint USOM–USIS motion picture shop.

(10) Peripheral training in various audio-visual techniques conducted for personnel of Ministry of Health and of Education.

(11) Five key officials of Ministry of Information sent on four-country southeast Asia study tour of information facilities to show them what they, too, can do with limited knowledge and facilities.

(12) Technical assistance, through local personnel, provided to Ministry of Information in electronics maintenance and operation.

(13) Established first Ministry distribution of USOM-produced educational and informational materials, which later—with the advent of TAS—will be produced by the Ministry.

Realistically viewed, these accomplishments are in themselves only beginnings. Their importance lies in that they are symptomatic of an awakening within the Ministry of Information and, hopefully, within other Government sectors—an awakening to the fact that economic development projects—aimed, as they are, at masses of rural people—cannot succeed without the means of effectively reaching the minds of those people.

Project No.: 42–99–000

Project title: Technical support (program activities) (C)

Cost in 1,000 United States dollars:

Dollars: 240

Counterpart: 170

Project description

This project is designed to provide the services of 14 American experts and secretarial personnel to the Mission's Program Office and Finance and Trade Division, and the services of an economic adviser who will serve the dual function as economic adviser to the RKG and to the Mission's director, and to provide these personnel and other program personnel listed in each major field of activity with operating supplies, local personnel, housing, distribution, et cetera. These personnel are not chargeable directly to any specific project or major field of activity but perform program activities and services across the board. Their services are properly chargeable to program funds since the RKG is incapable of planning or implementing an economic program and more than 50 percent of the time training RKG personnel.

Fiscal year 1957 work plan

United States dollar funds in the amount of $100,000 will be used to purchase essential office equipment, a truck with a water tank trailer for transportation of potable water to USOM personnel, and for the purchase of essential program vehicles. Counterpart funds are exclusively for providing housing and transportation to the Americans, for the payment of a portion of office space and utilities and for the hire of local personnel to support American technicians.

In fiscal year 1957, it is planned to continue the services of the following personnel currently on duty:

A. Program Office:
   1. Economic program analyst (Cook).
   2. Secretary (Catani).

B. Finance and Trade Division:
   1. Finance and trade adviser (Monk).
   2. Finance and trade officer (Browne).
   3. Secretary (Boyle).

It is planned to recruit and enter on duty the following personnel:

A. Program Office:
   1. Program planning officer (Geber requested).
   2. Program operations officer (Sales requested).
   3. Supply and requirements officer (Walter Baker transfer requested).
   4. Training officer (Jaurotsky transfer requested).
   5. Program assistant (Lifson Airpar'd).

B. Finance and Trade:
   1. Economic analyst (Kline proposed).
   2. Junior economist.

C. Office of the Director:
   1. Senior economic adviser.

Project history

In fiscal year 1956 PPA 42–99–000 was approved in the amount of $469,000 and £1,500,000. Commodities provided were ordered but many of the personnel approved were not recruited. The session's group who evaluated USOM Cambodia activities in May 1956, indicated that lack of program staff and supporting personnel was one of the principal reasons for lack of a well-coordinated, concentrated, efficiently operating program. As a result of this evaluation and

changes in the composition of the program, it is now planned to revise the staff and effort will be expended during the year to recruit personnel listed above as a minimum for efficient program operations.

UNITED STATES OPERATIONS MISSION TO CAMBODIA

PHNOM PENH, CAMBODIA

SEPTEMBER 28, 1956.

Subject: USOM aid program in Cambodia fiscal year 1955 and fiscal year 1956.

General: Attached is the summary of the 1955 program and the summary of the 1956 program showing the credits allocated to the USOM/Cambodia for aid to the Cambodian economy. The aid figures are broken down into direct dollar aid and counterpart aid. The riels for the counterpart aid are created by the importation of essential products and their sale by the Cambodian Government which deposits the riel equivalent of the dollar exchange furnished by the United States Government in a special account here in Cambodia. From this, it is of course clear that aid is basically a dollar financing operation. The sums indicated in these programs, of course, will not be entirely spent at the end of fiscal year 1956 (June 30, 1956) and appreciable amounts remain to be spent. Recommendations for financing an aid program for the fiscal year 1957 have been submitted to ICA/W and their decision should be received very shortly.

Agriculture and natural resources: The principal projects under this heading have been the rehabilitation and enlargement of the irrigation system at Bari Occidental and Choeung Prey, aid to the agricultural school at Prek Leap, aid to Pasteur Institute (production of rindepest vaccines), technical advice, and selected seeds furnished to the Cambodian Government for the improvement of the rice and corn crops including the hybridization of corn. These projects have involved the supply of large quantities of equipment and training of Cambodians as operators and maintenance men. The assistance to the Pasteur Institute has been in connection with projection against diseases. We have cooperated in the past as far as possible in improving the agricultural education system and hope to make further progress in this important field in the future. Projects which have been recommended for continuation are:

1. Development of agricultural education and extension institutions;
2. Development of irrigation and drainage systems;
3. Aid in the establishing of a bureau of reclamation;
4. Livestock improvement;
5. Development of cooperatives, production credit, and forest resources.

In all of these fields we have and will endeavor to give as much technical assistance as possible including sending Cambodians to observe agricultural developments in nearby Asian countries and the United States.

Industry and mining: Projects to date have been limited to mineral resources surveys. Projects in view for 1957 are a power-site survey and development of a loan fund for small industry.

Transportation: The large sums programed under this heading are principally engaged for the construction of the new highway from Phnom Penh to Kompong Som, the total cost of which is estimated to reach $15 million. The general survey has already been completed, detailed surveys are well under way, and construction will start on the Kompong Som end of the road by the 1st of December 1956 at the very latest. Five hundred tons of equipment are due to arrive here on November 1; the first contingent of the contractor's employees is expected to arrive during the month of October. In addition to the Port Road, we have supplied large quantities of asphalt for road repairs, large amounts of road equipment, cement, bridge iron, et cetera. The mission has financed the improvement of some 15 road bridges in addition to 24 Eiffel-type bridges now being installed on the Kampot-Ream road. Also included in the transportation program is the supply of the four dredges now working in Phnom Penh on river dredging and land fill. The mission has also aided in the construction, repair, and rehabilitation of several small airfields including the airfield at Siem Reap. Continuing projects will be the completion of the Phnom Penh-Kompong Som Highway which is scheduled to be in use over its entire length by the end of the 1957–58 dry season. The mission feels that it should withdraw from the field of maintenance of highways and bridges, but realizes this change must be gradual. The dredging operation has been set up as an autonomous agency of the Cambodian Government which, it is hoped, will soon be self-supporting. A reconnaissance survey has been made of the Mekong River and given satisfactory conditions, the mission is prepared to faithfully consider aid in improving navigation on this river.

Health and sanitation: Aid granted under this heading has included the construction and equipping of medical school, aid in financing the construction of the Bonze Hospital and equipment for the hospital, improvements at the Preah Ket Nealea Hospital in Phnom Penh including furnishing of an operation theater. In cooperation with WHO and UNICEF, programs in control of contagious diseases, malaria control, BCG vaccination, and health instruction have been maintained. Another part of the health and sanitation program has been the improvement of city water supply and the drilling of several hundred wells in villages and the supply of pit privies. Unfortunately we have become involved in the past in considerable amount of budgetary support in the Cambodian health department which we feel they should finance themselves. Except for this financing of Cambodian Government budget expense, it is planned to continue the major health programs with emphasis on the complete elimination of malaria. The general trend of our health program will be toward health education to be implemented through the Education du Base program as much as possible.

Education: This program has included several projects in teacher training, training of fundamental education leaders, preparation of textbooks and school improvement. We have received excellent cooperation from the Cambodian Government who are very interested in the reorientation of the present educational system toward much

stronger emphasis on the dignity of labor and instruction in the basic practical arts and sciences. In the past, the emphasis has been toward academic perfection leading to Government white-collar jobs. The new orientation is very definitely toward agriculture and business.

In addition to general aid in education, we have in the past supplied a considerable amount of equipment for the technical schools and shall continue this project in its training aspect. In addition, we have enlisted the assistance of Russell Wright Associates in an education program to place the Cambodian handicraft workers in a better position to market their products worldwide. We are also endeavoring to aid development of their educational system by rural socioeconomic educational surveys, school-community educational activities, training-school development, and village development through demonstration. This program is also aided by our town planning and housing group which will in 1957 be integrated into the Education Division.

In all educational work, we have had the excellent support of the UNESCO group in Cambodia. We have also arranged a contract with the Unitarian service to help in teacher training and particularly in strengthening the primary and secondary teaching curriculum. Our whole effort so far and our plans for the future are for improvements in the primary and secondary levels of education. We feel that the question of advanced education can be expected to develop itself given a solid primary and secondary base.

Public administration: We have made little progress in this field to date. We also hope to provide the Cambodian Government with technicians to help them in improving their tax structure, particularly with the aim of increasing efficiency of collections and establishing a fair and sound tax base. We also hope to have the Cambodian Government accept expert help in the field of customs organization and collection, a population survey, and a total resources survey. Information in these latter two fields is woefully lacking and a great handicap to us in assessing areas in which economic development is most feasible. Our general aim in this field is to aid the Cambodians to become economically and financially independent rather than to depend largely upon American, French, British, Indian, and Colombo plain aid to meet their budgetary requirements.

Community development, social welfare, and housing: We have aided the Cambodian Government in establishing a Community Development and Housing Secretariat. We have aided the Government in the development and building of low-cost houses and participated in self-help projects in Kompong Speu and Battambang. We have provided the Government with 30 machines for manufacturing building blocks from pressed earth. These have been put to excellent use in low-cost housing projects and also in the erection of provincial schools. Effort in this field is being more strongly coordinated with our program in education.

General and miscellaneous: Expenditures under this heading cover aid to the Cambodian Government in improving mass communication, the development of posters, booklets, and films to support the

agricultural and educational programs, and to better acquaint the common people with the accomplishments and aims of American aid. This program is worked in close collaboration with the information program of the United States Information Service.

Summary of fiscal year 1955 program, September 24, 1956

[Thousands of United States dollars]

Major field of activity	ICA contribution		
	Total [1]	Direct	Counterpart [2]
Total	[3] 13,200	2,864	10,336
10. Agriculture and natural resources	3,075	475	2,600
20. Industry and mining	266		266
30. Transportation	5,125	1,025	4,100
40. Labor			
50. Health and sanitation	1,007	177	830
60. Education	933	193	740
70. Public administration	1,540	780	760
80. Community development, social welfare, and housing	290		290
90. General and miscellaneous	964	214	750

[1] Data on Government contributions to project assistance may be obtained from Saigon which administered the fiscal year 1955 program.
[2] Breakdown of counterpart represents approximate amounts programed.
[3] Total funds are treated as DS. No distinction between TC (technical cooperation) and DS (defense support) funding and projects was made until fiscal year 1956.

TABLE 1.—*Summary of fiscal year 1956 operational program*

[Thousands of United States dollars]

Major activity field	Total	Cambodian Government contribution	ICA contribution				
			Total	Type aid		Type fund	
				Direct	Counterpart	Technical cooperation [1]	Defense support [1]
Total	25,456	2,856	[2] 22,599	[3] 12,096	10,504	5,636	16,963
10	1,954	138	1,816	919	898	719	1,087
20	219	50	169	125	44	58	111
30	16,108	1,164	14,944	9,270	5,674	1,735	13,209
50	2,632	971	1,661	618	1,043	100	1,561
60	2,607	281	2,326	598	1,728	1,784	542
70	389	(4)	389	91	298	181	208
80	376	57	319	50	269	86	233
90	1,169	194	974	424	550	974	
(Info)	(668)	(194)	(474)	(162)	(311)	(474)	
(TS)	(501)	(0)	(501)	(262)	(239)	(500)	

[1] Includes dollars and counterpart.
[2] Includes total cost, United States technicians.
[3] Defense support, $10,255,000; and technical cooperation, $1,840,682, in contrast to programed, $10,255,000 and $2 million.
[4] Not available.

NOTE.—Major activity fields:
10. Agriculture and natural resources.
20. Industry and mining.
30. Transportation and public works.
50. Health and sanitation.
60. Education.
70. Public administration.
80. Community development, social welfare, and housing.
90. General and miscellaneous, includes improvement of mass communication and technical support of program.

ATTACHMENT 2-B

PROJECT DESCRIPTIONS, DEFENSE SUPPORT—CAMBODIA, FISCAL YEAR 1957

10. AGRICULTURE AND NATURAL RESOURCES

Project No. 42-12-054.
Title: Development of irrigation and drainage systems (C).
Cost in thousands of United States dollars:
United States: 25.
CPT: 600.

Project description.—This is the defense support component of the same project described under TC.

Fiscal year 1957 work plan.—It is planned to provide the services of a heavy equipment maintenance advisor, $10,000 of equipment parts, and $600,000 of counterpart to pay labor and other operation costs on the irrigation projects described in the TC program. The project will be continued at about the same level in fiscal year 1958 when most of the projects will be completed.

20. INDUSTRY AND MINING

Project No. 42-22-092.
Title: Rural power development (C).
Cost in thousands of United States dollars:
United States: 80.
CPT: None.

Project description.—This is a project for improving the industrial potential and living standards of Cambodia by increasing power production and extending existing distribution systems.

Fiscal year 1957 work plan.—Technical assistance will be provided by the staff included in the TC project. Seven electric generating units will be procured, shipped to Cambodia, and distributed as follows: One 100-kilowatt and two 50-kilowatt units will be set aside as reserves; four 35-kilowatt units will be installed at Kompong Chang, Kompong Speu, Stung-Treng, and Prey Veng. Kompong Speu will develop considerable demand during and after construction of Port Highway as it will be a roadhead during construction and an important center thereafter; 2,000 meters of 12 square millimeter insulated cable and 500 meters of 25 square millimeter insulated cable will be furnished.

Project history.—This is a continuation of prior similar projects. In fiscal year 1955 and fiscal year 1956, 50 and 100 kilovolt-ampere generating units were furnished as early phases of this activity. They were installed in selected towns to augment existing facilities in some instances, and as original installations in others.

Progress to date.—Preliminary planning was completed prior to the middle of May and a Plan d'Action, dated May 23, 1956, has been presented to the USOM for final approval as an initial step in processing.

Evaluation of results.—Beginning phases of planning and basic common ground of agreement with RKG officials is an accomplished fact. Further progress to the implementation stage now awaits only ICA/W concurrence, and Cambodian signature of the Pro-Ag, which will be prepared at the proper time. Public Works has had instances of complete power failure while a generator is serviced. To avoid this, one standby 50 and one 100 kilovolt-ampere generator was requested to support all of Cambodia.

Additional details.—This activity will be phased out as of the close of the fiscal year, since the ultimate purpose of this project category will have been attained consistent with Cambodian needs and industrial growth to date. Gen-

erators already furnished to towns and villages are revenue-producing and these revenues should cover further extension of the system.

Project No. 42-26-215.
Title: Small industry loan fund (N).
Cost in thousands of United States dollars:
United States __.
CPT: 1,500.

Project description.—This project provides the capital required for the establishment and operation of a small industry loan fund described in the TC program.

Fiscal year 1957 work plan.—The fund will be set up after arrival of the TA requested in the TC program, agreement on policy and procedures with RKG, and receipt of loan applications.

30. TRANPORTATION AND PUBLIC WORKS

Project No. 42-31-001.
Title: Port Highway (C).
Cost in thousands of United States dollars:
United States: 8,000.
CPT: 1,000.

Project description.—This is a dual-purpose continuing project: (1) Construction of a modern highway built to American specifications and standards from Pnompenh to the deepwater port of Kompong Som for the purpose of affording permanent access to the sea; (2) repair of bridges on Route 3 between Kampot and Ream in order to provide a road of access between Kompong Som and Pnompenh via Kampot while work on the modern, more direct route is in progress. This is the largest project of the ICA/Cambodia Mission. Technical assistance will be provided by the staff included in the TC project and by contract engineers.

Fiscal year 1957 work plan.—The layout, survey, and preparation of plans and for specifications for the road is now under contract with the Michael Baker Corp. This company will continue as construction engineers during the construction phase. A construction contract will be negotiated with an American general contractor. Progress reports and other survey and worksite data are to be furnished in accordance with contractual provisions. The overall plan calls for a three-phased activity: 1. Preliminary reconstruction survey; 2. Layout, surveying and preparation of construction plans; 3. Actual construction work.

Project history and progress to date.—This project was developed in 1954 on the basis of recommendations made by the Cambodian Government to the effect that an opening to the sea and a modern seaport represented the greatest economic, defense, and social need of the country. The French Economic Aid Mission agreed to construct a deep-water port at Kompong Som, and American aid agreed to construct a highway linking the seaport with the capital. The repair and rebuilding of route 3 bridges was adopted as a desirable feature permitting early access to the port site. The firm of Brown & Blauvolt entered into contract with ICA late in 1954, and completed the preliminary reconnaissance survey in the spring of 1955. The resulting survey report was studied and a contract was negotiated and entered into between the Michael Baker Corp. and the RKG late in 1955. Michael Baker personnel arrived in Cambodia in February 1956 and immediately began operations on phase 2 of the project (layout, surveying, and preparations of final plans). Necessary program documents (Plans d'Action, PPA's, PIO/C's) have been processed, and phase 1 and phase 2 of the work have been implemented. Concerning phase 3, a plan d'action for fiscal year 1957 has been prepared and the way is clear for transaction of the balance of the processing documents. A purchase contract was negotiated and entered into between the Etablissements Eiffel and the RKG for procurement of steel bridge units and accessories in June 1956, and a construction contract was entered into between the Ong Pu Koun Construction Co. and the RKG that same month, both for rehabilitation of bridges on route 3. Koun's construction started in July 1956 and clearing of bridge sites and demolition and salvage work is underway. Steel superstructures are en route to Phnom Penh, and thus phase 3 (construction) is actually underway.

Evaluation of results.—Up to the present time all planning and implementation for which this mission is responsible, have been on schedule. Prior to the Koun starting date in July of this year, RKG public works initiated repair of roadway

in the month of May 1956, under an agreement with this mission as specified in the project agreement. There is no reason to doubt, at this time, that construction of the main highway can reach completion by the target date. It is estimated that two dry seasons are required. In order for this to be realized, the necessary contract negotiations will have to be accomplished in time for the American contractor to be on site by October 1956. The sole disquieting factor, to date, has been delay in ICA/W in making the necessary arrangements. The auxiliary construction (route 3 and bridges) is already under contract and underway, and proceeding according to schedule. If the American construction contractor can arrive in Cambodia in the fall of 1956 and start on time, he will be able to count on the two dry seasons required. The result, according to current planning, would be a completion date of April 1958. If delays prevent arrival of construction contractor for dry season of 1956–57, completion of construction will be retarded by 1 year.

Project number: 42-31-089
Title: Highway and bridge repair, rehabilitation and construction (C)
Cost in thousands of United States dollars:

United States	510
CPT	1,000

Project description.—This is a project to continue the road repair and improvement program and, as a logical adjunct to road improvement, repair and reconstruct bridges that are now either unserviceable or limited in load capacity, with the main objective of launching a practical public-works program and promoting an efficient surface transportation facility within the country.

Fiscal year 1957 work plan.—Technical assistance will be provided by the staff included in the TC program. Roads throughout the country will be repaired, and improved sections needing base repair, resurfacing, and raising of grades (in low wet sections), and asphalt and equipment will be furnished to Cambodia for repair on other sections of road throughout the country. Road-construction equipment to be brought into the country under this project will complete requirements for continuing this type of work up to completion of the port road (1958), at which time the port road equipment will be turned over to the RKG. Such equipment, added to equipment furnished under the present project, should carry the RKG over a road-improvement program lasting many years. Approximately 2,000 kilometers of asphalt surface will be repaired under this 1957 project, and backfills of bridge approaches will be rehabilitated on route 3 from Kampot to Prey Nop. Bridge improvement and construction will be limited to a group of 4 meter culverts or bridges at locations on routes 3, 5, and 6, several 10-meter (average) bridges and one 45-meter span on route 6 in Battambang Province. Reinforcing and bracing, with decking where needed, will be accomplished on 22 bridges on route 3 (Phnom-Penh-Kampot) to accommodate through traffic. Five hundred metric tons of cement and 900 metric tons of steel reinforcing rod will be imported for the above purpose. USOM technicians will be engaged in indoctrinating local engineers and contractors in proper mixing control of concrete aggregates. The aim will be to teach RKG technicians how to build better, stronger, and cheaper concrete bridges.

Project history.—This is a continuation of two prior projects originated in 1954. The bridge construction and improvement activity formerly came under the project No. 42-31-176, and was instituted for the purpose of restoring bridge facilities damaged during the war. Road repair and improvement was necessitated by damages, heavy use, and neglect, which were also the result of the war. The two projects were first launched in 1954, by USOM/Saigon. Actual work on 1954 money continued through 1955. The 2 projects continued in 1956, and are now being amalgamated into 1 project in the interest of administrative efficiency.

Progress to date.—Plans d'Action have been submitted to this mission by the RKG on each activity. It is intended to bring the two plans together under the combined project. These plans are the result of a weeding-out process affected by USOM technicians during discussions with RKG officials, and now represent a realistic approach to bridge and road rehabilitation. The fiscal year 1957 program in this area is only at the "submittal stage," and no plan d'action has been signed by USOM/Cambodia or RKG.

Evaluation of results.—The planning phase has been completed and an understanding of 1957 works activities has been reached between USOM technicians and the RKG. There are no apparent obstacles to further administrative processing, and implementation should follow in due course. Early recruit-

ment of a bridge engineer and office engineer to assist the division chief in this as well as in other projects, is a factor growing in importance.

Additional details.—This program area will be discontined in fiscal year 1958 according to current planning. No further importing of equipment is contemplated, since the present project will phase itself into and utilize the turnover of port highway construction equipment to the RKG upon completion of project 42-31-001. American aid constitutes the principle part of the budget for Travaux Publics at present. It is hoped to place these projects in the national budget in fiscal year 1958.

Project number: 42-35-085
Title: Dredging (C)
Cost in thousands of United States dollars:
United States: 20
CPT 635

Project description.—This is a continuing project for the management, supervision, operation, maintenance, and training of employees for the four hydraulic dredges previously furnished by American aid under the Saigon program. This will be the first year of operation by the recently created Office of Dredges which will serve as a governmental dredge authority. It will continue the work of river dredging for navigation purposes and harbor improvement, and the filling of swamp areas for both improvement of health and to provide additional building sites in congested areas. The Office of Dredges has authority to assess and collect taxes and has the potential to become a self-supporting unit of government.

Fiscal year 1957 work plan.—The Office of Dredges has already canceled its contract with the operating contractor, a French concern paid from counterpart. In order to assure sufficient skills to operate satisfactorily, employment contracts are being made with a minimum of European employees of the former contractor, and a training course for 40 additional trainees is in operation. It is the intention of the Office of Dredges, to assess and collect for both past and future benefits to private property. Only the future can tell whether this will be sufficient to raise sufficient revenue to assure future self supporting operations. Moreover, it is the conviction of USOM technicians that some revenue recognition should be required for the improvement of public and crown properties. The Office of Dredges will require considerable technical assistance to help meet the various problems that confront it. The 1957 program is already in operation.

Project history.—This project originated in 1953. The four dredges were delivered in late 1954 and early 1955. The American suppliers of the 2 to 12 inches and 2 to 8 inches dredges had representation in Cambodia to see that their equipment was properly assembled and operated. An operating contract was let to a French dredging firm in 1955 and for 13 months of operation. The contractor assembled the equipment, maintained, operated, and trained until expiration of the contract in July 1956. The supply of equipment and parts, operation and maintenance, and training has been 100 percent grant aid until the 1957 program when a portion was placed on a loan basis.

Project number: 42-35-225.
Title: River navigation improvement.
Cost in thousands of United States dollars:
United States: 5
CPT 50

Project description.—This is a project intended to anticipate and cover fiscal year 1957 work which may result from the recommendations of the Mekong reconnaissance survey. It specifically anticipates repair and reconstruction of river navigation markers, additional gauge stations, and assistance in general in the collection and correllation of streamflow data.

Fiscal year 1957 work plan.—Development of a specific work plan has been delayed, awaiting development of a French translation of the Mekong reconnaissance report, promised by ICA/W for August 1956. The RKG has not seen the report to date.

Project history.—The Mekong reconnaissance survey was accomplished in early 1956. All prior requests for aid on the Mekong, other than removal of navigation obstructions, were refused or held in abeyance pending receipt of the Mekong reconnaissance survey report.

Project number: 42-37-170.
Title: Construction, repair, and rehabilitation of airfields (C).
Cost in 1,000's (United States dollars):
United States: None.
CPT: 400.

Project description.—This is a project to meet needs for airfield facilities arising from the increased flow of air traffic in Cambodia. These fields are located at strategic locations.

Fiscal year 1957 work plan.—Technical assistance will be provided by the staff included in the technical cooperation program. Work will cover clearing, lengthening, widening, base construction, rolling, and surfacing of runways, and some drainage of fields at Siem-Reap, Battembang, Kratie, Kompong Thom, Kampot, and Stung-Treng. No activity is planned for Pochentong, since French aid has taken over the project of furnishing a modern facility at that location.

Project history.—Plans for this project were first developed in 1955 on the basis of fiscal year 1956 financing. The project involved some length of time in the planning stage due to the necessity for careful selection of locations and the type of facility to be determined in each case. Necessary program and financial processing have been completed for fiscal year 1956. There has been considerable discussion of a type B field at Siem-Reap. Funds have not been included in this program for such improvement, since it is unknown what revenue such a field would bring from tourists going to Angkor Wat.

Progress to date.—As stated above, program processing has been completed for fiscal year 1956 and a plan of action for fiscal year 1957 has been submitted. Construction has started on all fields in accordance with fiscal year 1956 program plans.

Evaluation of results.—Both Public Works and FARK participate in this construction. Work performed to date appears to be considerable for the funds expended.

50. HEALTH AND SANITATION

Project number: 42-51-221.
Title: Control of contagious diseases
Cost in 1,000's (United States dollars):
United States: 51.
CPT: 175.

Project description.—This is a consolidation of 2 continuing projects: 42-51-056, malaria control, and 42-51-104, BCG vaccination.

The malaria program was initiated in 1952 as a plan to control the incidence of malaria by DDT spraying and the distribution of antimalarial drugs. In line with a 10-year eradication program established by WHO and with plans made in cooperation with the neighboring countries of Vietnam, Laos, and Thailand, the aim is the complete eradication of malaria and the establishment of a permanent malaria-control service in the Ministry of Health to carry out the eradication campaign and assure continued surveillance for 5 years thereafter.

The project is supervised by WHO technicians, while spraying equipment, DDT, antimalarial drugs, transportation, and operating expenses are furnished from American aid funds. The RKG will gradually assume greater financial responsibility for the program, the expense of which will diminish progressively as the active campaign is transformed into the surveillance phase. It is estimated that this stage will be reached in 4 or 5 years.

The BCG campaign is an attempt to reduce the incidence of tuberculosis by testing all children in Cambodia, up to the age of 20, with tuberculin and protecting all negative reactors by vaccinating them with BCG.

Fiscal year 1957 work plan.—

1. Malaria control: The fiscal year 1957 project provides a total of $50,000 for malaria control, distributed as follows: $39,000 for the purchase of DDT; $5,700 for sprayers; $3,000 for antimalarial drugs; $1,400 for laboratory material not available locally. It also provides a total of 4,488,680 rials (approximately $130,000) in counterpart, distributed as follows: 3,518,680 rials for operating expenses of the teams; 520,000 rials for the construction of 2 provincial malaria-control centers; 300,000 rials for the construction of a garage for the protection of vehicles and equipment when not in the field; 150,000 rials for publicity (posters, pamphlets, etc.). The national budget is contributing a minimum of 300,000 rials for salaries, an amount which will be increased if the state of the

budget permits. The United Nations Technical Assistance Board is contributing $17,143 for the salaries and expenses of 2 WHO technicians and for a fellowship abroad in malariology for a Cambodian officer de santé.

The technical assistance will be furnished by the two WHO technicians, a malariologist and a sanitarian, and their counterparts, with some cooperation from the USCH sanitary engineer, who is experienced in malaria control.

2. BCG vaccination: The combined project provides a total of 1,000 in direct aid for BCG, for the purchase of 200,000 tablets of isoniazide and a total of 1,575,000 rials ($45,000) in counterpart for the part of the salaries and traveling expenses of the 4 teams, transportation of vaccines, maintenance and operating expenses of vehicles, publicity (films, posters, pamphlets, etc.), and miscellaneous supplies (alcohol, soap, cotton, ice, etc.). The National Government is contributing 400,000 rials (approximately $11,500) for the salaries of 2 officers de santé and 7 nurses. UNICEF is contributing $3,330 for vaccines and technical supplies and for 2 outboard motors. The World Health Organization is contributing $8,000 for the salary and expenses of an international nurse.

In fiscal year 1957 most of the nurses will continue to be gradually replaced by trained "vaccinators," thus helping to relieve the severe shortage of nurses in Cambodia. The program of vaccination will be carried out as in the past, but more extensively, reaching the small villages in the interior of the country and, by means of the outboard motors, those areas accessible only by water.

Technical assistance will be provided by a specially trained Cambodian officer de santé and a WHO nurse who will train the vaccinators and supervise their work in the field.

Project history.—

1. Malaria control: In 1951, the Cambodian Government, realizing that malaria, which affects roughly one-fifth of the population and one-half the area of the country, is one of the major causes of infant mortality and hence of underpopulation, and that it is one of the underlying factors preventing normal economic, industrial and agricultural development, requested and obtained from WHO technical assistance in reducing the incidence of the disease. Since the national budget lacked the necessary funds for carrying on the campaign, financial assistance was given by American aid.

Because of conditions of insecurity in many areas of Cambodia, the program was severely hampered and could not get underway on a large scale until 1955. Beginning in 1953, an experimental area was established in Snuol, and surveys and spraying operations were carried out in those areas where permitted. A central malaria service and laboratory were set up in Phnom Penh.

In 1954 and 1955, as a result of numerous international conferences, emphasis was shifted from control to eradication. In March 1956, the Cambodian Government officially adopted an eradication program drawn up by the WHO technicians and their counterparts and passed a law providing for the establishment of a permanent malaria-control service in the Ministry of Health.

From fiscal year 1953 through fiscal year 1956, the malaria program has been financed as follows:

	Dollars	Rials
U. N. Technical Assistance Board (18 percent)	85,000	
Cambodian Government (12 percent)		2,100,000
American aid (70 percent)	175,450	5,304,680

A central malaria service and laboratory, 2 Provincial control centers, and an extensive malaria experimental station have been established. Twenty-four vehicles, 150 sprayers, 143 tons of DDT, and 3 million antimalarial tablets have been purchased.

Salaries and operating expenses of the teams and laboratory workers have been paid. Malaria inspectors, laboratory technicians, team leaders, and spray men have been trained.

The following table shows the activities of the spray teams by calendar year since 1952:

	1952	1953	1954	1955	1956 [1]
Villages	47	47	96	556	
Houses	4,714	4,714	11,503	40,028	
Population protected	19,589	20,000	49,150	180,597	
Square meters covered	656,000	658,000	1,312,700	4,609,800	

[1] Activities not yet completed.

DDT: 2 grains per square meter once a year.

2. BCG vaccinations: The BCG campaign, jointly sponsored by WHO, UNICEF and ICA, and the Cambodian Government, was inaugurated in January 1955, as the most practical measure to protect the largest possible number of people from tuberculosis in a country where curative facilities are practically nonexistent and the generally low conditions of hygiene and sanitation are favorable to the spread of the disease.

From fiscal year 1955 through fiscal year 1956, the BCG campaign was financed as follows:

	Dollars	Riels
ICA (44 percent)		1,757,060
WHO (15 percent)	17,200	
UNICEF (22 percent)	25,000	
Cambodian Government (19 percent)		756,000

The various contributions have been utilized as follows:

(*a*) WHO: Salaries and expenses of a physician (1 year) and a nurse.

(*b*) UNICEF: Six jeep station wagons, equipped with amplifiers and loudspeakers; vaccines, syringes, needles, sterilizers, etc.

(*c*) Cambodian Government: Salaries and traveling expenses of 2 officiers de sante and 12 nurses.

From the beginning of the campaign through May 1956, the teams, working in the larger towns and schools throughout the country, performed 438,977 tuberculin tests, 225,107 vaccinations of negative reactors, and 12,319 postvaccination tuberculin-control tests.

Progress to date.—

1. Malaria control: Since the August 1954 spraying, several hundred manhours of night and day catches have not resulted in the capture of a single *Anopheles minimus* adult in the treated houses. The density of *Anopheles minimus* larvae in the treated areas has been reduced from 2.2 larvae per 10 dips in December 1954, to 0.15 larvae per 10 dips in December 1955. At the present time, *Anopheles minimus* larvae are difficult to find in these areas; it will be necessary to compare the results with those of May 1956, the period when the maximum number of larvae are found.

Progress to date.—The results of the campaign in terms of malaria incidence are shown in the following table:

In the area of Snuol (DDT'd: August 1954, June 1955)

	May 1954	May 1956
Reduction of malaria incidence (children: 2 to 9):		
Spleen rates	62.8	26.7
Parasite rate	57.8	19.0

	August 1954	May 1956
Infant parasite survey (babies 0 to 1)	33.1%	3.8%

Untimely population movements in the first half of 1955 caused a few primary infections which have since been brought under control by DDT and antimalarial drugs. Transmission has been pratically interrupted in the treated areas. The few primary infections found have been the result of migration of the inhabitants from and to untreated areas. This problem of migration and temporary field shelters is being carefully studied and antimalarial drugs are being distributed to the semimobile villages.

2. BCG vaccination: It is too early as yet to evaluate the campaign in terms of the protection given against tuberculosis and the decrease in prevalence of the disease.

Project Number: 42-52-169.

Title: City water supplies.

Cost in 1000's (United States Dollars):
United States: 300.
CPT: 120.

Project description.—The ultimate aim is to provide an adequate supply of safe water (approximately 150 liters per person per day, taking into consideration population increases for the next 10 years) to each of the 14 Provincial capitals in Cambodia, through the enlargement and modernization of existing plants and distribution systems or the construction of new plants and distribution systems. The role of American aid is (1) to provide technical assistance through the TC program and (2) to furnish some of the funds required for the purchase of equipment and payment of labor under the DS program, since the Cambodian Government suffers from lack of foreign exchange and cannot devote Government revenues to this purpose because of the necessity of maintaining a large army.

Fiscal year 1957 work plan.—

1. To increase the capacity of the water plants in three provincial centers:
   (*a*) Kompong Thom: Purchase and installation of electric water pumps and approximately 2,300 meters of pipe (various sizes); construction of a sedimentation basin and filter to bring the present plant to a capacity of 150 liters per person per day.
   (*b*) Svay Rieng: Purchase and installation of electric water pumps and approximately 700 meters of pipe (various sizes); construction of a sedimentation basin and filter to bring the present plant to a capacity of 150 liters per person per day.
   (*c*) Kratie: Purchase and installation of approximately 500 meters of pipe for a new main line from plant to town; this will give immediate help, as the present line is too small.
2. To engage an American engineering consulting company on a contract basis to make a complete survey of the town to be chosen (probably Kompong Spea) and to design a modern American-type water plant and distribution system.

Project history.—In February 1955, the Cambodian Government, realizing that the lack of an adequate supply of safe water is one of the major problems in Cambodia but lacking the funds necessary to the solution of the problem, requested the help of USOM to draw up plans for the enlargement and modernization of their existing water plants and to obtain funds from American aid to purchase the material and carry out the work.

During the period from February to September 1955, the USOM sanitary engineer, working closely with the water engineers in the Ministry of Public Works, drew up plans to increase the water production at Kampot from 20 to 150 liters per person per day and at Siem Reap from 17 to 130 liters per person per day and to find a new source of water at Kompong Chhnang by drilling a deep well, under a contract arrangement with a Siamese firm.

The fiscal year 1956 project provided US$387,000 for the purchase of pumping equipment and pipe; US$500 for the purchase of chemicals for water purification; US$500 for the purchase of reagents for water analysis; US$10,000 for engineering fellowships in the United States or Canada for Cambodian engineers to specialize in water and sewage; US$18,000 for contract services for digging and developing a deep well at Kompong Chhnang; 8,615,000 riels for installation of equipment and pipe, repair of dam and pumping station, construction of new sedimentation basin and filter at Kampot, 3,045,000 riels for installation of pipe and pumping equipment, construction of new sedimentation basin and filter at Siem Reap; 350,000 riels for contract services for the deep well as Kompong Chhnang; 100,000 riels for the supervision and training of provincial technicians

by the chief of the water laboratory in Phnom Penh in the techniques of water analysis and treatment (a total of US$416,000 in direct aid and 12,110,000 riels in counterpart).

Progress to date.—The work of enlarging the plants at Siem Reap and Kampot is 90 percent completed. The sedimentation basins, filters, and reservoirs have been constructed. The work of repairing the dam at Kampot is underway.

PIO/C's were placed for the pipe and pumping equipment in January 1956. The engineers are ready to install the equipment and lay the pipe as soon as they are received.

The work of drilling that test hole at Kompong Chhnang has not yet started, nor have any arrangements been made for obtaining the services of a contractor.

There is an approved PIO/P, and arrangements are now being made to send a Cambodian Public Works engineer to the Ecole Polytechnique of the University of Montreal in September 1956, for a year's course in water and sewage.

The reagent chemicals for the water laboratory were ordered in January and shipped from the United States on June 9, 1956. When received, they will be sent out to the technicians at the provincial water plants.

Significant remarks.—It is planned that the American engineering consulting company which will make the survey and design the model water plant and distribution system under the fiscal year 1957 project will, in subsequent fiscal years, supervise the construction of the plant and, after its completion, train several Cambodians in the proper methods of operation.

An adequate water supply is one of the most urgent needs throughout Cambodia, from the point of view of industrial and economic development and of health. The 16 existing provincial water systems produce an average of 25 liters per person per day; only 2 of them produce more than 30 liters per person per day. The minimum requirements are fixed at approximately 150 liters per person per day. Waterborne diseases are common. Distribution systems are inadequate or nonexistent. Of the 14 provincial hospitals, 6 have water for only 2 or 3 hours a day, and 7 have no water at all.

The improvements planned under the fiscal year 1957 project will give immediate relief, but the Government estimates that the plants at Kompong Thom and Svay Rieng will have to be further expanded by 1961 and a new plant will be needed in Kratie by 1960.

Project Number: 42-54-222.
Title: Medical and Health Training (C).
Cost in 1,000's U. S. Dollars:
U. S.: 39
CPT: 156

Project description.—This is a project to phase out various training projects which have been supported in whole or in part by American aid for the past 5 years. These projects are conducted by the Ministry of Health, in some cases with the technical assistance of WRO, and it is hoped that the national budget will take over the full financial responsibility for their operation when American aid is withdrawn in fiscal year 1958.

Fiscal year 1957 work plan.—The funds requested will be allocated to the various subjects as follows:

Old number	Old title	Direct aid	Counterpart equivalent
54-108	Nurse and midwife training	US$2,000	US$25,000
54-109	NCH and school health	2,000	25,000
54-027	Royal School of Medicine	5,000	
54-127	Health Education	5,000	50,000
54-142	Rural health demonstration center	5,000	36,000
55-113	Improvement of the Teaching Hospital:		
	(a) Water supply		22,000
	(b) Morgue	20,000	

In the case of the equipment for the Royal School of Medicine and the morgue for the teaching hospital, the direct aid will be granted only if the Government agrees to contribute the money for the local expense, the equivalent in rials of $6,000 and $17,000, respectively.

The direct aid will be used mainly for the purchase of teaching materials and medical and hospital equipment. The counterpart funds will be used for locally available teaching materials, medical equipment, completion of the rural health

demonstration center, installation of water in the teaching hospital, and operating expenses of the provincial health educators.

Project history.—Most of the subprojects listed in the fiscal year 1957 work plan were originated by the Saigon Mission as emergency measures to permit the Ministry of Health to enlarge and improve the training facilities for Cambodia's badly needed medical and paramedical personnel.

Progress to date.—Progress is difficult to evaluate because USOM has never had any end-use investigators or field auditors to determine how former aid was utilized and also because many of the results to be obtained by these projects are more or less intangible. The lack of a medical officer and a health educator in USOM has prevented critical evaluation of such projects as medical and nurse training, MCH, school health, and health education.

However, some progress is evident. The work of the health educators is beginning to show results (e. g., requests from the provinces for pit privies and wells in new settlement areas). The attitude of the Government and the people toward nurses is gradually changing; standards are being raised and it may soon be possible to approach international standards of nurse and midwife training and to raise nursing to the level of a respected profession. The Royal School of Medicine, until now only a 4-year course for "*officiers de sante*," is now developing into a full-fledged, 7-year medical school, thanks to the cooperation of the University of Paris and WHO and to the financial support of American Aid. Thus, the serious shortage of doctors in Cambodia will soon be alleviated. The construction of the rural health demonstration center is complete; as soon as water and electricity are installed and equipment is received, it will be put into use by the Government as an in-service and pre-service training center in preventive medicine, under the guidance of a WHO doctor, nurse-midwife, and eventually, a sanitarian. Pre-natal and post-natal clinics have been established throughout Phrem Penh under the MCH project and are well attended.

Project Number: 42-59-223.

Title, Health support to hase education (C).
Cost in 1,000's U. S. Dollars:
U. S.: 45.
CPT: 41.

Project description.—This is a project to supply basic sanitation (sanitary wells and pit privies) and essential medical supplies (first-aid kits) to those villages where, under the basic education program of the USOM Division of Education, there have been or will be established fundamental education centers, a rural demonstration center, and model elementary and secondary schools.

Fiscal year 1957 work plan.—The combined fundamental education and rural demonstration area at Tonle Bati and Kompong Kantout in Kandal Province will include approximately 100 villages. Basic education centers will be established in 10 Provinces, according to the fiscal year 1957 project, and will cover a total of about 50 villages. The four model elementary schools covered by the fiscal year 1956 project will be established in the villages of Prey Falong (Kopong Cham), Toman-Kaul (Battembang), Ang Tasson (Takoo), and Praseuth (Svay Rieng); each school will serve four villages, making a total of 16 villages. Under the fiscal year 1957 project, 10 more model elementary schools will be established, covering a total of 40 villages. The four model secondary schools in the provinces of Koapong Thom, Prey Veng, Koapong Chkang, and Takeo will serve about 16 villages. Thus, the basic education program will be active in approximately 222 villages with a total population of about 40,000 people.

Sanitary wells will be constructed in each of these villages, according to the specifications established by the USOM sanitary engineer (see TC portion of Public Health program) and under his direct supervision and that of his counterparts. In areas where a year-round water supply exists close to the surface, shallow wells will be hand-dug by the villagers, and the American type hand pumps ordered in fiscal year 1955 will be installed. The new well auger ordered in fiscal year 1956 will be used in areas where it is necessary to reach a depth of approximately 50 feet to obtain a year-round water supply, and the percussion drilling machine now on hand will be used when it is necessary to reach a depth of 100 feet. The Manila-type deep well hand pumps ordered from Japan in fiscal year 1956 will be installed on these deep wells. US$2,000 in direct aid will be used for the purchase of repair parts and other items not available locally; the equivalent of US$30,000 in counterpart will be used to pay the costs of cement, aggregate, reinforcing steel, labor, and transportation.

The villagers themselves will dig the pits and build the superstructure for the pit privies. American aid funds (the equivalent of US$5,000 in counterpart) will be used exclusively for the concrete slab or floor, which will be manufactured in the provinces under the supervision of the provincial Public Works engineer and in accordance with specifications established by the USOM sanitary engineer.

In connection with the building of pit privies, one of the villages will be selected as the site of an intestinal parasite survey and treatment program before and after the installation of pit privies in order to determine the extent and variety of parasitic infection in rural Cambodia and to evaluate the effectiveness of pit privies in controlling parasitism. It is planned that this survey will serve as the basis of an extensive parasite control program throughout the basic education area in future years.

In the village chosen for the survey, meetings will be held by the provincial health educator or members of the fundamental education teams to explain to the inhabitants the purpose and methods of the study. A stool survey of every inhabitant will be carried out by the professor of parasitology at the Royal School of Medicine and his students, and pit privies will be built by each family, using concrete slabs furnished by American aid. When the privies are in use, all infected villagers will be treated for removal of their parasites by the parasitologist, using vermifuges purchased with US$1,000 in direct aid provided in this project. Subsequent stool surveys will be conducted in the village, and a report will be written.

A first-aid kit will be furnished to each village in the area which does not already have one, and a first aider will be trained by the provincial medecin-chef. Replenishment supplies will be provided to those of the villages which have already received a first-aid kit. US$42,000 in direct aid will be used for the purchase of the kits and replacement supplies; the equivalent of US$6,000 (200,000 riels) in counterpart will be used for transportation costs, printing report forms, instruction sheets, etc. The REG will pay the salaries and traveling expenses of the fourteen supervising nurses. The first aiders are unpaid, serving on a voluntary basis or, in some cases, are paid a small sum by the villages.

In addition, posters, pamphlets, and other promotional and educational material will be prepared by the USOM sanitary engineer, in cooperation with the Division of Education and Program Support and the appropriate government ministries, for all three phases of the project.

The funds will be allocated as follows:

[Amounts in United States dollars]

	Direct aid	Counterpart equivalent
Sanitary wells	$2,000	$30,000
Pit privies	1,000	5,000
First aid kits	42,000	6,000
Total	45,000	41,000

Project history.—The present project represents a consolidation and reorientation of three Public Health projects which have been functioning since fiscal year 1953: 42–52–065, Sanitary Wells in Rural Areas; 42–52–093, Pit Privies; and 42–55–105, First Aid Kits.

The shallow well program had its beginning in fiscal year 1953 with a project for the construction of 46 demonstration wells and another project to provide 100 hand pumps for wells to be constructed entirely by the villagers. In fiscal year 1954, the project was expanded to provide, in addition, 80 demonstration walls financed entirely by aid funds and 300 pumps for wells to be constructed by the villagers at their own expense. The fiscal year 1955 project provided for 110 wells to be financed entirely by aid funds and 290 pumps for wells to be constructed at the expense of the villagers. In all cases, technical assistance was provided by the sanitary engineer in Saigon, who drew up the specifications, and the wells were to be constructed under the immediate supervision of the provincial Public Works engineers and the provincial medicines-chefs.

In addition, aid funds purchased a well-drilling rig and truck, and a Cambodian mechanic was trained to run the rig by the STEM sanitary engineers in Saigon. However, when the drilling machine arrived it was immediately turned over to South Vietnam for refugee work. It was finally received in Cambodia, in September 1955, stripped and rusted; because some of the missing parts were not available locally, it was repaired and in operating condition only in July 1956.

The fiscal year 1956 project provided United States dollars 6,000 in direct aid for the contract services of a trained well digger to teach Cambodians the techniques of percussion well drilling; United States dollars 34,000 in direct aid for the purchase of 450 Nanila-type deep-well hand pumps; United States dollars 15,000 in direct aid for the purchase of a well-auger for use in areas where water cannot be reached by hand digging; and the equivalent of United States dollars 57,000 in counterpart (2 million riels) for the cost of cement, aggregate, reinforcing steel, labor and transportation. In addition 1,500,000 riels were transferred to the project from project 43–82–131. Emergency relief, for 100 well constructed in the Tuk Laak area of Phnon Peah by the Ministry of Social Welfare.

Pamphlets and posters have been prepared and distributed throughout the Kingdom. The American aid-trained health educators are also stressing the importance of a safe water supply and the dangers of drinking contaminated water from open wells and ponds in their work among the rural populations.

The pit privy project started in fiscal year 1953 with the construction of 50 privies as a demonstration in the villages of Prek-Eag and Chbar-Anpeou and at the Pochentong administration center, at a cost of $3,250 in counterpart (65,000 piastres). The privies were built to specifications furnished by the STEM sanitary engineer in Saigon and supervised by him. The fiscal year 1953 project was later amended to provide United States dollars 49,500 in counterpart (990,000 piastres) for the construction of at least 600 pit privies throughout Cambodia. This part of the project was implemented in fiscal year 1954. The fiscal year 1955 project was approved in the amount of $28,000 in counterpart (1,000,000 piastres) for the construction of 600 privies throughout Cambodia. The fiscal year 1956 project provided $50,000 in counterpart (1,750,000 riels) for the construction of the concrete floor slabs only.

In June 1953, the STSH parasitologist at Saigon conducted a small-scale stool survey of 60 schoolchildren in the village of Frek-Eng, in conection with the pit privy demonstration there. The survey revealed an extremely high degree or parasitic infection but was too small to be statistically significant and can be used only as an indication of the approximate incidence and type of parasitism in the vicinity of the area sampled. The high degree of hookworm infection, in particular, indicates the presence of a major health hazard capable of causing the loss of many lives, directly or indirectly, as well as the loss of thousands of man-hours of work. The village was too large for "before and after" study, and the results of the demonstration are unknown.

In May 1955, 107 pit privies had been built in 14 provinces. Since only 1,250 privies were covered by the approved ICA projects, nearly half of them were built entirely by the villagers, mainly as a result of the good work of the health educators.

No figures are as yet available as to the number of privies constructed in fiscal year 1956.

Since the inauguration of the first-aid project by the Saigon mission in fiscal year 1953, 520 first-aid kits have been distributed to as many villages throughout the 14 provinces of Cambodia. (Some of these villages are undoubtedly not included in the area to be covered by the basic education program.) A total of US$80,000 in direct aid, for the purchase of the kits, and US$4,600 in counterpart (160,800) (rials), for transportation and supervision, has been approved for this project since its inception. (Our records do not show how much of the $80,000 in direct aid was actually spent, since the project was handled entirely by the Saigon mission.)

First aiders were trained by technicians (nurses, sanitarians, etc.) from the Saigon mission. This training was subsequently taken over by the Ministry of Health.

Progress to date.—In November 1955, the Ministry of Health reported that 117 wells had been constructed to date. It is the opinion of this mission that the figure is inaccurate, and that closer to 200 wells have been completed and

are in use. It may be that the figure of 117 represents only those wells financed entirely by American-aid funds and not those for which American aid provided only the pumps. It is true, however, that delays in delivery of equipment and the fact that only 255 pumps of the 926 ordered through fiscal year 1955 were shipped have made it impossible to complete as many wells as were planned in the projects to date. Progress is further hampered by the fact that wells can be dug only during the dry season. Lack of personnel in the public-health division of the mission and in the Ministry of Health has made it impossible to obtain exact information as to the progress of the work, to evaluate the effectiveness of the information and education program, or to determine the effect of the use of the wells on the incidence of water-borne diseases.

Various members of the USOM staff, including the director and the deputy director as well as the sanitary engineer, have discovered on various field trips that the first-aid kits are in use and highly appreciated by the villagers, who are quite aware that they are a gift from American aid. In several villages, where the existing supplies have been exhausted, the headman has begged for replacement supplies for his people.

89. COMMUNITY DEVELOPMENT, WELFARE, AND HOUSING

Project No.: 42–89–212.
Title: Construction of Salle de Conference (N).
Cost in 1,000 United States dollars:
United States: —.
CPT: 285.

Project description.—To provide counterpart funds for the construction of a Salle de Conference.

Fiscal year 1957 work plan.—It is proposed to furnish $285,000 in counterpart to defray construction costs. TA in the design will be furnished by the USOM architect.

Remarks.—This project is unrelated to the program. It has been approved as a political measure. The construction is sponsored by the Minister of Cults on behalf of the Buddhists. It will be open to all groups and used as a civic auditorium.

90. GENERAL AND MISCELLANEOUS

Project No.: 42–99–084.
Title: Transit Operations (C).
Cost in 1,000 United States dollars:
United States: —.
CPT: 60.

Project description.—This project provides funds to defray the internal transportation costs on project commodities from the wharf to the AEA warehouse and thence to the project site.

Fiscal year 1957 work plan.—The counterpart equivalent of $60,000 will be released to AEA to defray these costs for the period September 1956 to September 1957. The fiscal year 1956 project, recently extended, covered the fiscal year 1956, plus 3 months of 1957. Since it is anticipated no approved program will be in operation during the first 3 months of fiscal year 1958, this project has been timed to cover the interim period.

Project No.: 42–99–083.
Title: Operation of AEA (C).
Cost in 1,000 United States dollars:
United States: —.
CPT: 30.

Project description.—To cover the local currency costs of the American Aide Economique Committee, the liaison agency between USOM Phnom Pemh and the RKG.

Fiscal year 1957 work plan.—To release the equivalent of $30,000 in counterpart to defray all expenses of the AEA from October 1, 1956, to September 30, 1957.

ATTACHMENT 2–C

UNITED STATES OPERATIONS MISSION TO CAMBODIA,
AMERICAN EMBASSY, PHNOM PENH, CAMBODIA,
October 10, 1956.

No. 57–606.
Subject: Status of dredge program in Cambodia.

The Honorable ALLEN J. ELLENDER,
United States Senate, Washington, D. C.

MY DEAR SENATOR: The interest you have indicated in the dredge program in Cambodia prompts submission of this review and explanation of current status.

The dredge agreements were developed by USOM/Saigon during 1950–52. Approximately $2,500,000 was expended for the purchase and delivery of the four dredges, pipe, booster pumps, and accessory equipment. Since receipt of the equipment, a total of 50 million piasters was expended, from counterpart funds, to July 1956, for assembly, operation, and maintenance of the equipment and the training of Cambodians.

Four hydraulic dredges, two 12-inch and two 8-inch, were supplied for Cambodia during calendar year 1954. They were assembled in Vietnam and delivered to Phnom Penh during late 1954 and early 1955. A contract was let to Entreprise de Dragages to assemble the dredges, deliver them, operate them for 1 year, and to train Cambodians to operate and maintain the equipment.

USOM early recognized the need to make the operation self-supporting, at the earliest possible date. In early 1955, USOM technicians suggested to Cambodia the creation of a dredge authority empowered to supervise, operate, and to assess and collect taxes for its support. USOM technicians and the controller collaborated to develop a royal proclamation for this purpose. Late in 1955, the King so proclaimed and the Congress later authorized creation of the Office of Dredges.

On July 13, 1956, when the operating contract expired, the contract was canceled and the Office of Dredges assumed all responsibilities. The current work is operating under our 1957 program, in accordance with a mutually executed plan of action, which provides for a grant of $20,000 for spare parts to be procured in the United States and 2 million piasters for continuation of training. The 1957 operating budget totals 22 million piasters. Two million piasters is guaranteed by the Royal Government of Cambodia and 18 million piasters is loaned to the Office of Dredges from counterpart funds until that authority can get its assessments and collections into operation and repay the counterpart loan. It is the declared intention of the Office of Dredges to assess and collect for the benefits to private property of all dredging performed to date—past, present, and future.

In the development of the present agreement, we made a strenuous effort to reduce our aid to technical assistance only. We found the dredge authority unfamiliar with the nature of their responsibility and actually frightened with the political ramifications of assessment of taxes and their collection. They never heard of an assessment roll and it seems there is actually no word in the Cambodian language for the English word "assess." We have convinced them that this is a part of the democratic process and they mean to try it. Consequently, we are continuing some aid and hope for results.

I trust that this review will be of some value to you.

Very truly yours,

L. METCALFE WALLING
(For the Director).

LAOS

Laos, once a part of French Indochina, is now an independent kingdom, covering an area just a little larger than the State of Idaho. Our aid program has been here for some time, but prior to the 1955 fiscal year, funds appropriated were allocated to Indochina as a whole and only a small sum reached Laos. There is no breakdown as to what proportion of the total Indochina funds prior to fiscal year 1955 had been allocated to the area which is now the Kingdom of Laos.

Expenditures during the 1955 and 1956 fiscal years totaled roughly $71 million. As of June 30, 1956, the end of the 1956 fiscal year,

unexpended balances totaled $25.7 million with $70,000 of this amount unobligated. In addition, we have on hand in the Laos accounts, over $2 million in unobligated counterpart equivalent with a total counterpart balance unexpended of $2.7 million in local currencies.

As of September 26, 1956, the date when the attached "Summary of Operations of ICA: Laos" was prepared, no firm allocation had yet been received with respect to expenditures during the 1957 fiscal year. However, based upon the International Cooperation Administration's budget as approved by Congress, roughly ——— will be available for expenditure during the 1957 fiscal year. This amount, added to the aggregate unexpended balance on hand as of June 30, 1956, will make available a total of ——— for expenditure during the 1957 fiscal year. Based upon the record of expenditures during the 1956 fiscal year, this amount would be sufficient to carry the program through fiscal 1957 and fiscal 1958 without the necessity for an additional appropriation. We are spending quite a sum here when one considers the size of the country with a population of only 1½ million people. This program should develop slowly and in keeping with the economic ability of the country to carry on.

I received a thorough briefing on the economic situation in Laos during my visit, and was informed that the little nation is presently experiencing the greatest building boom that the country has seen since the war. Construction of public and commercial buildings, offices, and homes has been going on during the last 6 months at an unprecedented rate. I was told that two fairly modern hotels are nearing completion in Vientiane, and that they will be ready for occupancy in the near future. However, there has been no investment in new manufacturing enterprises.

Highway construction is also being emphasized, as I shall point out later, with a network of roads linking Laos with Thailand receiving high priority. In addition, as the committee will note in connection with my report on Thailand, emphasis is also being placed on expanding rail links between Thailand and Laos.

Reference to the attached exhibit headed "Current Economic Situation in Laos" will provide the committee with a rather thorough picture of the economic situation in Laos as of the fall of 1956.

At the time of my visit, the fiscal year 1957 allocation of funds had not as yet been made. Thus, the information provided me concerning the fiscal year 1957 program in Laos has been classified "For Official Use Only." However, reference to the 1956 program will provide a comprehensive picture of our aid-program operation.

Attachment "1" to this report contains a number of project proposal and approval forms indicating the use of fiscal year 1956 funds. It is obviously impossible for me to direct the committee's attention to each and every one of these forms, but I believe that there are certain undertakings which should be specifically called to the committee's attention for its use in studying the budget for 1958.

Under the general heading of "General and Miscellaneous", approximately $124,000 had been programed for support of the Laotian Propaganda Ministry for fiscal year 1956. This money was allocated by USOM/Laos on May 28, 1956, some 33 days prior to the expiration of fiscal year 1956. The committee should take note of the fact that

while the allocation had been made in May of 1956, the funds were not to be used until January 1, 1957. This particular program involves the publication of a weekly photo newspaper, in the Laotian language, to be operated under the auspices of the country's Ministry of Information. At present, it is planned to publish approximately 30,000 copies weekly.

This project will also involve the construction, equipping, staffing and operation of a modern printing plant. The newspaper will be distributed free of charge for the first year with the hope that during that period it will be possible to build the public interest to a point where newsstands will have a market for these papers.

I recommend the reevaluation of this proposal, and suggest that if it is carried out, a commensurate reduction in the USIA program be made. Otherwise, I fear that there will be rank duplication of effort by this facility and our regularly established information program.

Also programed during the 1956 fiscal year are $65,000 for the organization and establishment of a Government procurement system for the Government of Laos. This proposed unit will coordinate and control all government procurement. It will establish and provide policy direction and issue regulations, manuals, and instructions. It is proposed that it will review and analyze all procurement actions, train procurement specialists and technicians, provide a central purchasing office, and will generally promote the efficiency of the government's procurement program. Under this program it is also proposed (since there is no space available in any of the existing government buildings) to erect two warehouses which will house both office and warehousing facilities. The construction of these two buildings will cost approximately $45,000.

At this point I quote from the Project Proposal and Approval Summary:

> This function of government cannot be financed within the government budget as present revenues plus non-recurring items make up less than 75 percent of the cost of operating and maintaining the government on a minimum level without taking into account any of the cost of the military services and the new public works which are financed entirely from the United States and other foreign aid sources. The government purchasing office will delegate operating authority, under its policies and procedures, and subject to its review and analysis, to the Ministries of Defense, Public Works and other government departments as they become qualified.

This project is justified because of the extreme shortage of competent procurement personnel in the government procurement processes. Purchasing has in some instances developed into a personal prerogative of senior officials with the usual problems attending such a situation. In other words, the project is necessary to eliminate corruption.

Because of the crippling scarcity of skilled and semiskilled mechanical technicians in Laos, it is planned to establish 3 training centers consisting of 2 apprentice-training schools and a technical-training school. This last school differs from the two former in that the theoretical aspects of technical training will be included in the curriculum for a 5-year course. The apprentice schools will offer a 3-year course and will turn out much needed but less highly skilled mechanics, stenographers, and clerks. It is believed that the technical schools will eventally become the source of nearly all skilled and semiskilled labor for the country of Laos. The estimated completion date for this work is June 1959.

We have also become involved in a rather ambitious transportation program, based upon a survey authorized in fiscal year 1955. I particularly want to direct the Committee's attention to what is described as "Operation Mekong." This program, instituted in fiscal year 1956, consists of an attempt to establish a reliable transportation network between Thailand and Laos. It will involve a ferry or ferries to provide suitable river crossings; a properly constructed ramp on the Laos side to insure mooring of the river-crossing vessels at all times of the year; storage and customs facilities immediately adjacent to the ramp site; and, improvements to the road into Vientiane to insure all-season all-weather heavy traffic usage.

We are also involved in a fisheries project here, in order to expand the production of tilipia, a kind of rapidly developing fish. We are also undertaking a rather large program of forestry development, and the development of the lumber industry. In the field of agriculture, we are undertaking to expand the production of major cash crops, principally rice and coffee. In 1955, we began the Xieng Khouang development project, which was to be the first model agricultural project in Laos. It is described as essentially a self-help project, and I was able to visit the site during my inspection of our program in Laos.

I quote now from my on-the-spot notes:

Some 1,000 acres have been set aside by the Government. We are building fences around the land to keep the cattle out. A large plot is devoted to the planting of soybeans, potatoes, vegetables, etc. Grasses are being fertilized to see if pastures can be improved, since grasses appear to grow well here.

The plan is to start a cattle industry if possible. I saw some of the local cattle and they appear to be small and lean. I would judge that there is something wrong with the grass since native cattle do not get fat. About the only exception to this are water buffalo which apparently thrive on the forage. It may be that heat has an adverse effect upon the particular breed of cattle presently being raised here.

I also visited rice plots where fertilizer was being applied. A great difference could be seen. However, I fear that this entire project may turn sour. It is a long-range program whereas something should be done for the generation which now tills the land if our program is to be effective. We are apparently to begin a cattle industry here with no way to market the meat which will be produced. Of course, this will lead to another road program.

I return to the proposition that I have frequently expressed, i. e., that what is now being done may pay dividends in the long run but our most pressing need is for immediate results.

The following information is classified:

(Deleted.)

The staff planned for the mission for fiscal year 1957 will aggregate (deleted) persons compared to 88 during the fiscal year 1956. This would include (deleted) United States employees of which (deleted) will be employed by the United States Government and (deleted) under contract plus (deleted) locals, including (deleted) United States employed and (deleted) contract. The increased staff for fiscal year 1957 "reflects the number of personnel needed to achieve reasonable effect for the expenditures planned."

The committee will recall that last year at the time of my visit I noted that bulldozers were at work leveling the ground in the Embassy compound to erect houses for the Embassy staff. During my visit this year, I revisited the compound. We erected 18 houses for the Embassy staff and also servants' quarters. I was informed that the houses cost about $6,000 apiece. They are prefabricated houses purchased in Japan and shipped to Laos. Corrugated aluminum was used for the sides and the roofs. In addition to the $6,000 original cost per unit, an approximate $3,166 additional was necessary for "extras" including the drilling of a well, pumps, piping, air conditioning, etc. I feel in this instance we received our money's worth.

However, in addition to the houses built for our Embassy personnel, approximately 18 houses are now being built over and above the 14 which were constructed last year for personnel of the United States Operations Mission. These houses are built with counterpart funds plus some United States dollars, and are located on Laos Government property. If and when we leave this country, title to the land and of course the houses upon it, will revert to the Government of Laos. It would appear to me that an arrangement more advantageous to the Government of the United States could have been consummated with respect to these USOM houses.

Before moving into my discussion of the information service, I want to once again place on record the fact that the bulk of the work we are undertaking or will undertake in the future in this tiny kingdom will require a long time to show effects, and that, if our programs are to succeed, it is necessary that we provide immediate relief to the people of this generation.

I also fear that with the expansion of the USOM staff here, more ambitious schemes will be conceived involving principally the industrial development of Laos. At present, Laos is primarily an agricultural country. However, during my stay, I noticed an increase in sentiment among the people and among the government officials to the effect that Laos will never feel secure until it has created a rather large industrial program. It is my distinct impression that the bulk of the people do not seem to want to continue to farm—they are more interested in industry.

If and when we do undertake an industrial development program here, it will be necessary to build a complete transportation system—land, rail and water, along with development of what mineral resources Laos may have, plus the construction of industrial plants. Under no circumstances should we become embarked upon such an

ambitious program. Yet, the proposed surveys of minerals, ways and means of improving transportation, and similar projects, indicate that the views of local leaders have been heeded and that the United States of America is about to become embroiled in a long term, long range, high cost program of remaking the landscape and economy of Laos.

Perhaps the main thing our planners lose sight of is that some time in the future the United States Government will have to halt financial aid, not only to this country, but to all beneficiaries of our bounty. Nevertheless, if our planners conceive and implement projects which are overly ambitious, the Government of Laos will not be able to sustain the effort if and when we leave. Then instead of having the gratitude and friendship of these peoples we will be the object of contempt and hatred for generations.

At the time of my visit, it was proposed to increase the information service budget here from $157,000 actually spent in fiscal year 1956 to $285,000 in 1957. The justification for this rather large increase was "the greater need for USIS effective action in Laos resulting from the changed political situation and the increase of Americans on the job in Laos from four to eight." We are also going to institute a radio program here for the first time. Estimated cost for this will be $5,000 a year. Press and publications will increase from $14,400 to $22,000. Motion pictures will rise from $18,160 to $33,000. It is proposed to purchase three river boats to operate out of Vientiane, Pakse and Luang Prabang for use as floating mobile units. Cost of information centers will also rise, from $6,600 in fiscal year 1956 to $20,600 in 1957 fiscal year. It is expected to inaugurate for the first time a book translation program plus repairs and improvements to the USIS libraries. Special exhibits will also be shown.

USIS further proposes to spend $20,400 during the 1957 fiscal year as against no money during 1956 for the teaching of the English language. Besides paying the hire of teachers, it will be necessary for the United States to pay the cost of transporting teachers to the classes. Since there is no public transportation and since no government vehicles are available for this purpose it is further proposed to purchase a small bus to provide this transportation.

Reference to the attached exhibits dealing with USIS will demonstrate that among the programs presently maintained are:

(1) Yearly publication of a mimeograph news bulletin.

———.

(4) Free World Magazine, which is a feature magazine emphasizing cultural, historical, and economic development in Laos.

———.

(6) Production of photographs for display purposes.

(7) The preparation and publication of posters, booklets, and circulars.

(8) The sponsoring of exhibits.

———.

(10) Distribution and showing of films produced in Laos as well as films received from Washington showing the American way of life, etc., and of course the educational exchange program under which 10 Laos citizens have been sent to the United States.

EXHIBIT A

Summary of operations of International Cooperation Administration: Laos (prepared by USOM/Laos in accordance with instructions received from ICA/W, Sept. 26, 1956)

[All figures in United States dollars]

	Fiscal year 1955 [1]	Fiscal year 1956	Fiscal year 1957 [2] (estimated)	Total
(A) Total expenditures:				
United States funds (counterpart funds generated) [3]	35,255,676.27	27,664,804.97	x x x	62,920,481.24
United States funds (no counterpart funds generated)	1,503,495.24	6,612,996.14	x x x	8,116,491.38
	36,759,171.51	34,277,801.11		71,036,972.62
Counterpart funds (in equivalent United States dollars) [4]	29,446,628.59	28,449,575.60	x x x	57,896,204.19
Local government contributions in equivalent United States dollars	(5)	(5)	(5)	(5)
			Unobligated	Unexpended
(B) Balances as of June 30, 1956:				
United States funds			70,210.42	25,738,235.28
Counterpart funds (in equivalent United States dollars)			[6] 2,012,842.53	[7] 2,733,846.64
(C) New allocations (tentative) from fiscal year 1957 foreign aid appropriation:				
United States funds			x x x	x x x
Counterpart funds (in equivalent United States dollars) (balances as of Aug. 31, 1956)			[8] 648,484.06	[9] 648,484.06
			Available for obligation (estimated)	Available for expenditure (estimated)
(D) Total amounts available for obligation and expenditure in fiscal year 1957:				
United States funds			[10] 44,500,000.00	[11] 70,238,235.28
Counterpart funds (in equivalent United States dollars)			x x x	x x x

[1] Mutual Security funds for Laos applied to years prior to fiscal year 1955 cannot be broken out from amalgamated Indochina program then in operation.
[2] Blanks marked x x x cannot be filled until the fiscal year 1957 operational program has been approved by ICA/W.
[3] "Counterpart funds" referred to herein are funds deposited in a special account in the currency of Laos (35 kip=$1). They are generated from (1) cash grants in dollars and (2) sales proceeds of imported non-project commodities.
[4] Counterpart funds approved for withdrawal.
[5] Negligible.
[6] Counterpart funds not approved for withdrawal as of June 30, 1956.
[7] Counterpart funds on deposit as of June 30, 1956.
[8] Counterpart funds not approved for withdrawal as of August 31, 1956.
[9] Counterpart funds on deposit as of August 31, 1956.
[10] Illustrative programs presented to Congress.
[11] Same plus unexpended balance as of June 30, 1956, shown under (B) U. S. Funds.

1. Itemized list of all nonmilitary foreign aid projects (including technical assistance projects), from beginning of programs through fiscal year 1956. Include the following:

(*a*) Brief description and justification of each project.
(*b*) Total cost of project.
(*c*) United States contribution.
(*d*) Local government contribution:
(i) from country budget (in equivalent United States dollars).
(ii from counterpart funds (in equivalent United States dollars).
(*e*) Percent United States contribution to total cost.
(*f*) Estimated completion date.
(*g*) If type of project which in United States would be privately operated, indicate whether local government operated or privately operated. If privately operated, how did private owner finance project?

Requirements D 1 (*a*) through (*f*) are supplied in the attached list of PPA's (Project Proposal and Approval Forms) covering all operational projects (Attachment I). Requirement (*g*): All projects listed are publicly operated and

most of these would be publicly operated in the United States. The state of economic development in Laos is such that these projects could not be operated either privately or publicly without considerable supervisory assistance from United States technical advisers supplied through ICA.

2. Copy of fiscal year 1957 proposed country budget, as submitted to Washington in justification of proposed fiscal year 1957 allocations, including detailed description of each proposed project.

3. List of projects proposed for fiscal year 1957, under allocation from fiscal year 1957 appropriations.

The fiscal year 1957 proposed nonmilitary operational program has been submitted to ICA/W in partial form only. Approval has not yet been received. It was submitted in two separate airgrams, one each for the Defense Support Program and the Technical Cooperation Program (see Attachment II). These airgrams are classified OFFICIAL USE ONLY, and as such must not be publicly disseminated. To these proposed programs should be added a figure in the neighborhood of (deleted) for local currency in support of military activities in fiscal year 1957.

4. Number of ICA employees (as of August 31, 1956).

	Locals	United States	Total
(a) Technicians:			
1. United States employed	23	21	44
2. Contract employees	1	11	12
(b) Others	13	12	25
Total	37	45	82

FOREIGN MILITARY AID PROGRAM

(A) Furnish for each fiscal year, from the start of the program to and including fiscal year 1957, the following information:

(1) Amounts spent for hardware (including direct United States shipments and offshore procurement).

(2) Amounts spent for direct-forces support.

(3) Percent of host country's total budget used for military purposes.

We have been instructed that information requested in (1) and (2) is being provided by the Office of the Assistant Secretary for Defense (ISA) to the Senator's office at the Capitol. It is understood that procedure meets the approval of the Senator's Washington staff.

Exhibit B

Current Economic Situation in Laos

The current economic situation in Laos is characterized by the greatest building boom that the country has seen since the war. Construction of public buildings, commercial buildings, offices and homes has been going on during the last 6 months at an unprecedented rate. Two new fairly modern hotels, the first in Vientiane, are nearing completion and will be ready for occupancy in the near future. Two new modern service stations, the first in Laos, are also under construction. No investment in new manufacturing enterprises, however, has been noted.

Early in the year a new commercial bank, the Banque Lao Vieng, opened; a branch of the Bank of Tokyo is scheduled to open next month; and plans for another commercial bank of mixed Lao-Thai interests are being finalized with the hope of opening before the end of the year.

Highway construction, while limited considerably during the monsoon season, has been accelerated, and material assembled so that large scale operations may commence as soon as conditions permit. Most important of the road network construction has been the improvement of the Thadeua-Vientinane stretch of road over which imports coming from Bangkok are brought to Vientiane for subsequent distribution throughout central and northern Laos.

While difficulties continue to arise on supplies of essential goods such as petroleum products, definite improvement has been observed in the overall supply situation. The chronic shortage of rail cars in Thailand, however, continuously threatens the Lao supply line. Already at the approach of the rice harvest,

a more serious shortage of cars than was previously anticipated is being forecast. Efforts to obtain additional freight cars for Thai Railways from Colombo Plan sources have failed, and the Government of Thailand has announced that it did not wish to go further into debt for the purchase of additional railway equipment to be used primarily for the benefit of Laos.

Stores in Laos, principally small, one-room enterprises, with the family residing in the rear, appear to be well stocked. A recent limited poll of shopkeepers revealed that (a) prices for most goods were somewhat lower than last year and considerably lower than in 1954, and (b) that the shops are far better stocked than they were last year. A certain malaise swept through the business community at the time of the Royal Government delegation's visit to Peking—merchants and bankers becoming disturbed over the future prospects of aid. The value of the Lao currency on the Thai open market depreciated in relation to the dollar, fluctuating between 75 and 100 kip per dollar (legal rate 35 kip per United States dollar), but for more than a fortnight now the rate has been stabilized at around 85 kip per dollar.

The foreign trade of Laos so far in 1956 has increased markedly over 1955. Final official statistics, available for only the first quarter of 1956, reveal the doubling of imports and a 65 percent increase in exports over the corresponding period of 1955. The second quarter is expected to accentuate this trend. Principal sources of supply in the first quarter of 1956 were: Thailand, 85 million kip: Hongkong, 63 million: Japan, 60 million; France, 46 million; and the United States, 24 million. Principal products imported were textiles, rice, petroleum products, automotive equipment, pharmaceuticals, metal products, paper and shoes. Exports, mostly tin ore and wood, were values at 25 million kip during the first quarter of 1956 (15 million kip during the first quarter of 1955), and were entirely to Thailand and South Vietnam.

Imports from the United States recorded during the first quarter of 1956 were valued at 24 million kip, compared to around 9 million kip during the first quarter of 1955. Imports were principally automotive vehicles and spare parts, office equipment, petroleum and pharmaceutical products.

The current Lao budget calls for planned expenditures of around $33.4 million of which $5.7 million is contingent on the floating of a foreign loan. Tax receipts are estimated to amount to $14 million, reflecting increased customs receipts resulting from the larger flow of imports and increased rates of indirect taxes. $13.7 million is to be raised by borrowing from the Central Bank.

SEPTEMBER 19, 1956.

AMERICAN BUSINESSMEN IN LAOS

1. G. A. Baker, director of operations, Vientiane, Laos, for Standard Vacuum Oil Company, New York.

2. R. H. Hamilton, vice president, Far Eastern Sales, for McGregor & Werner International, Washington, D. C.

Fiscal year 1956 ICA program for Laos

[Italic figure=TC; roman figure=DS]

Number	Title	Dollars	Kip (in dollar equivalent)
	AGRICULTURE AND NATURAL RESOURCES		
39-11-023	Agricultural extension (village improvement)	*$35,000*	$10,000
39-11-024	Xieng Khouang development	*137,720*	28,500
39-11-027	Extension service		57,143
39-12-021	Major crops (rice and coffee)	301,650	154,286
39-13-018	Poultry development	6,000	3,429
39-13-020	Livestock—poultry improvement and disease control	59,000	59,800
39-17-001	Development of lumber industry	200,000	158,571
39-18-002	Inland fish culture	13,450	14,285
39-19-000	Agricultural program planning, administration, and coordination	*30,000*	
	INDUSTRY AND MINING		
51-22-002	Telecommunications engineering		23,000
39-22-003	Extension of electric power	51,700	
39-25-013	Powerplant survey	50,000	9,466

Fiscal year 1956 ICA program for Laos—Continued

Italic figure=TC; roman figure=DS]

Number	Title		Dollars	Kip (in dollar equivalent)
	TRANSPORTATION			
39-31-005	Reopening and establishing maintenance on national roads		$2,668,138	$1,428,000
39-31-011	Equipment operators school			48,572
39-35-006	Operation Mekong		265,000	354,316
39-37-007	Airfield improvement			171,429
39-39-026	Transportation survey		56,000	
39-39-047	Transportation of direct aid goods			18,141
	PUBLIC HEALTH			
39-51-008	Control of specific diseases:			
	A. Malaria control	*24,500*		128,154
		211,861		
			236,361	83,637
	B. Yaws eradication		26,100	44,517
39-53-033	First aid kits		*83,120*	20,000
39-54-039	Health education			11,429
	EDUCATION			
39-61-009	Technical education		*73,950*	68,000
39-64-010	Elementary education		*67,600*	640,000
	PUBLIC ADMINISTRATION			
39-71-017	Government Procurement Office		14,100	42,857
	(Deleted)		769,298	2,158,571
39-71-034	Government Trade Office		20,355	71,070
39-71-044	Government Purchasing Office		65,000	90,000
39-77-012	Organization of Government Services		96,000	150,000
39-79-000	Fiscal and Trade Program Planning, Administration, and Coordination		*22,540*	
	COMMUNITY DEVELOPMENT, SOCIAL WELFARE, AND HOUSING			
39-81-041	Village development field service		57,664	29,000
39-82-019	Emergency famine relief		107,000	79,124
	GENERAL AND MISCELLANEOUS			
39-92-015	Information and propaganda	*2,740*		
	Lao photo-press	123,813		
			126,553	102,714
39-99-000	General technical support for mission operations	*522,819*		
		450,870		
			973,689	257,143
	Total TC	999,998		
	Total DS	5,613,000		
	Subtotal		6,612,998	6,387,000
	Grand total		*12,999,998*	

NOTE.—Regional projects:
87-13-005—Rinderpest eradication program.
55-22-002—Regional telecommunications engineering.
51-98-001—Asian regional nuclear research and training center survey.
87-99-002—Mekong reconnaissance regional survey.

THAILAND

The fiscal accounts of this country with respect to the nonmilitary mutual assistance program are, in my opinion, in a most unenviable position. According to information provided, our assistance during the period fiscal year 1951 through fiscal year 1956, inclusive, totaled $99.9 million. During the period fiscal year 1954 through fiscal year 1956, actual expenditures aggregated some $37.5 million. Unexpended balances as of the end of the 1956 fiscal year totaled $62.3 million with $1.6 million of this amount unobligated. In other words, out of a grand total of approximately $99.8 million appropriated during this 3-year period, less than one-third was actually spent. Despite the fact that on June 30 the unexpended balances amounted to $62.3 million,

our foreign aid planners prevailed upon Congress to appropriate an additional ——— in new funds. This raised the amount available for obligation and expenditure in fiscal year 1957 to ——— in United States funds and approximately ——— in counterpart funds equivalent.

Information provided in response to my questionnaire indicates that during the 1957 fiscal year approximately ——— in American funds are proposed for expenditure. If this amount is deducted from the total amount of ——— available for obligation and expenditure in fiscal year 1957, it is obvious that the 1958 fiscal year will begin with approximately ——— in funds available for expenditure in Thailand without the appropriation of another dime by Congress.

It was also interesting to note that as of August 31, 1956, a total of 475 persons were on the ICA payroll here. Of this number, 271 were Americans and 204 locals. Of the 271 Americans, 86 were United States employed technicians, 165 were contract employees, and 20 were in "other" categories, presumably administrative.

Why is there necessity for so many employees in this comparatively small nation? Perhaps it is due to the fact that the United States is footing the bill for practically every conceivable kind of endeavor. They range from road construction to education, and include development of manufacturing resources through labor union formation, fish hatching projects, and public administration programs.

Our program of aid had its inception in the fiscal year 1951, and until fiscal year 1955, it consisted primarily of technical assistance. In 1955, our planners began to pour economic assistance funds into this country, in an effort to raise the standard of living and remake the entire economy. Our planners hold that the economic aid funds make possible the undertaking of larger scale assistance projects and in addition provide needed budgetary support to the Thai Government.

The attached document entitled "United States of America Operations Mission to Thailand" amply illustrates the range of our program here.

It is not my purpose to outline in great detail each and every program undertaken but the committee and the Senate should know that few fields of endeavor have been neglected by ICA in its attempt to remake this tiny nation overnight.

The first category is agriculture and natural resources. Our projects in this area are many and varied. To mention a few, here is what we have done so far. We have become involved in a huge program of upland crop improvement, of plant protection, and a comprehensive effort of soil fertility and management. We have established a soil laboratory and conducted innumerable demonstration projects. We have a thorough extension program, including a youth organization similar to the 4–H Clubs in the United States. We have undertaken to enlighten the citizens of Thailand in agricultural engineering. We have created a 200-acre completely mechanized rice farm. We have assisted in planning the northeast Thailand land clearing and leveling project in order to make available more land. We have erected 10 Butler steel storage bins for the storage of rice and corn, and many others too numerous to itemize.

The United States, in cooperation with the Government of Thailand, has also embarked upon a program of livestock improvement

and disease control, including the implementation of a regional eradication program of rinderpest.

In earlier reports, attention was directed to the so-called fisheries project, under which the United States had built 4,000 additional private fish ponds to say nothing of fish hatcheries. One of our fishery experts has been in Thailand for 5 years. The bulk of his time is spent in attempting to increase the production of a certain species of fish which matures in 4 month. During my discussion with him, he admitted that Thailand has enough fish and shrimp in the southern part to supply its needs but that he is attempting to increase fish production in the northern areas where fish have never been produced heretofore, because of a lack of water. Since the United States has, to some extent, remedied the water deficiency, it must now develop the fish. This program should be ended immediately.

Our efforts in the public works and industrial areas have included the following projects:

(1) The expenditure of $1,250,000 for construction equipment and spare parts, $200,000 for the repair and maintenance shop machinery, and $11,000 for laboratory and testing equipment in connection with the Thai highway programs. In this connection, the Northeast Highway project alone involves three major services contracts. The first of these covers the purchase of $2,500,000 of construction machinery, title to which, goes to the Thai Government upon completion of the project. The second covers a contract for $1 million in engineering services for the first 63 kilometers of a 172 kilometer highway. The third involves a contract amounting to $4 million for construction services and the 63 kilometer link just mentioned.

According to my information negotiations for extensions to the above contracts are presently underway. These will include an additional $2 million in construction equipment which also will become the property of the Thai Government. Thus, a total of $4.5 million in construction equipment will become the property of the Government of Thailand upon completion of the highway.

Information in my files also indicates that under the expanded aid highways project USOM and the Thai Highway Department have formulated a program for undertaking additional construction aggregating approximately $6 million. This will be done under a contract which will provide for complete construction of another highway located in some other portion of the country. This project contemplates the purchase of $1,600,000 in construction equipment which will become Thai Government property.

We have not aided the Thailand highway system at the expense of the railroads. The following commodities and equipment have been purchased and furnished to the state railways: (1) 2 diesel electric generating sets at a total cost of $108,000; (2) $1 million of railway materials and supplies such as wheels, couplers, air-brakes, castings, etc.; (3) $350,000 of equipment and machinery; and (4) $34,000 of test equipment and laboratory equipment for installation at various locations throughout the system.

Reference to my files also discloses the following:

Construction of the Udern-nongkai line was performed largely by state railway forces utilizing United States furnished equipment. Services of a local contractor were used to some extent in this work. The line is presently 95 percent complete and consists of 54 kilometers of single track line with all

necessary sidings, bridges, and yards. The total cost of this new line, including construction costs, materials, and equipment is $4 million. In addition, $1,100,000 of rolling stock and communications equipment have been procured and are in the pipeline.

A ferry landing and railway spur which will form the extreme terminus of the Northeast System have been planned and approved. Foundation investigations are underway and construction will begin shortly. This will provide facilities to accommodate the movement of traffic and goods across the Makong (river) to Laos.

In the area of air transport, the United States has participated in projects pertaining to three major fields—traffic control, meteorological services, and technical assistance to the Thai Airways Company. In addition approximately $9.2 million of economic aid funds including counterpart funds have been provided for airfield construction. The International Airport at Bangkok is one of the finest in all of Asia. It does much business and is more than self-sustaining, I was informed.

I was advised that on March 8, 1956, a contract was signed providing for Pan American Airways to furnish technical assistance to the Thai Airways Company for developing a program to improve and expand its air transport service. This 3-year contract has a total value of $2,800,000. It is my view that the Thai Government is well able to provide such technicians.

Our aid program has placed considerable emphasis on water resources. USOM has assisted in projects for tank and pump irrigation and ground-water research. Under the tank-irrigation project, 73 irrigation tanks and dams have been completed and 56 are presently under construction. Those completed provide a volume capacity of 118 million cubic meters and cover an irrigable area of 60,000 acres. We have furnished 28 truck-mounted and 2 barge-mounted pumps. We have begun the water-research program by drilling 5 wells of an estimated total of 150 to 250 to be ultimately drilled. We have also furnished a number of other items of supplies and equipment, warehouses, repair shops, laboratories, rainfall-gaging apparatus, motor vehicles, and testing equipment.

In the area of power and communications, USOM has provided assistance in three specific areas. These are power facilities improvement, power exploratory survey, and telecommunications engineering.

In the field of mining and geology, we have also undertaken three projects—geological survey, experimental metal mining, and minerals experimental center. The minerals experimental center at Bangkok was recently dedicated. It consists of a modern laboratory where studies of minerals, ore-dressing methods, and other research projects are performed.

We have also established mining centers for instruction throughout the three mining areas of the country. Instruction and training courses are conducted in modern mechanized mining methods and in the location of ore-bearing bodies. Approximately $160,000 in equipment has been furnished for this program.

Other ventures into the public works and industrial areas include the following: (1) Provided training facilities in the United States for Thai technicians in the small industries field. Services of an industrial adviser have been made available to examine overall industrial development needs and possibilities in Thailand, and to advise on methods to stimulate the growth of industrial enterprises.

(2) Established an automotive maintenance training center. This year a contract is proposed which will provide for a technical survey by American engineers to determine requirements and establish procedures for properly maintaining and repairing the 10,000 vehicles owned by the Thai Government exclusive of those which are the property of the various defense agencies.

(3) The hydrographic study, which was begun in 1951, continues unabated. Thirteen participants have received training in the United States in fields of hydrography, port operations, and allied subjects. Four more were scheduled for training in fiscal year 1956. The committee will recall that, in my previous reports, I noted that not only would the United States provide the dredge "Manhattan" for work on the Chao Phya River, but that it would be necessary to do maintenance dredging with United States technicians until such time as we had trained a sufficient number of Thai for this operation.

(4) Thailand, through the American aid program, has also participated in a project described as the Mekong River Reconnaissance. This is a regional effort and involves the four countries of Trailand, Laos, Vietnam, and Cambodia. In December 1955 and January and February 1956, the team of United States experts, aided by local USOM and Trai Government consultants reconnoitered the Mekong River from upper Laos to its mouth on the South China Sea. On February 8, a final regional conference was held at Saigon, following which the team members returned to the United States, where they are now preparing a final report. This report will contain recommendations for specific surveys to accomplish long-range development of the river for irrigation, flood control, navigation, and hydroelectric power generation.

The committee bill will recall that in 1955 when the President first requested funds to implement his so-called Asian aid program, the Mekong River project was cited as a possible project. Now nearly 2 years later, the "project" has at last reached the point there, if everything goes well, a preconstruction survey will be understaken. As yet there is no hint what projects will be undertaken, where they will be located, what they will comprise or what they will cost. Thus again, we have a concrete example of Congress being forced to "legislate in the dark."

Earlier in this report I referred to our labor and welfare program. It was indicated in the data provided me during my visit in Thailand, that "within a few months" significant developments would occur, namely, the passage of basic labor legislation. It is my understanding that our mission's labor adviser, upon request of the Government of Thailand has analyzed five bills, submitted opinions on the applicability to Thailand, suggested and discussed proposed revisions, and actually assisted in formulation of policy for (1) settlement of labor disputes including the right to organize labor unions and to bargain collectively and the establishment of an advisory labor board; (2) a regulation of labor unions including registration; (3) limiting daily and weekly hours of work, and establishing rules for paying wages; (4) protection of women and child labor including prescribing conditions of work, forbidding work in specified occupations, and setting up age and health standards for hiring; and (5) weekly holidays.

In addition to the USOM is helping to train personnel to administer these labor laws and to provide "sound" trade-union training to labor

officials and workers. Also there are plans for improving the economic and social welfare of the people of Thailand which includes a survey of worker's housing, recommendation of a program for future development, and a so-called self-help program. This self-help program is built around active cooperation in the field of community development and is described as "a way of building democracy from the bottom up." It is my understanding that future work will be integrated with the self-help settlement work initiated by the Prime Minister and with other experiments in operation in several places in Thailand.

In the field of education, we have endeavored to provide more teachers. We have also expanded our program of vocational education, and have built a new technical institute, comprising 38 new buildings and offering instructions to Thai students in 15 vocational areas. The lands and buildings of the institute were purchased with local funds generated for the most part under our aid program, while approximately 95 percent of the equipment was supplied directly by the United States. Assistance has also been extended to secondary education.

We have provided some $11 million in United States assistance to 16 health projects. Under this program, we have accomplished much good and it is interesting to note that the USOM assistance project aims toward phasing out its dollar assistance in 1957 and its counterpart fund assistance in 1959. By that time malaria should largely be eliminated and health protection can be maintained out of the local government's budget.

The public health effort was well worth the money it involved. It has produced concrete results in a comparatively short time. It has done what our mutual security aid should do, that is, improve the way of life of present citizens, not future generations.

We have done much to assist in the area of medical education. Twenty-eight United States technical advisers have been here for periods of time up to 2 years.

Hospitals have been built in all but 1 of the 71 provinces by the Thai Government from its own funds and funds contributed by us by way of counterpart funds and direct United States dollar aid for hospital equipment and to train Thai doctors and nurses.

In the field of environmental sanitation, major accomplishments include the construction of 6 municipal water systems in the Northeast area, the estabisllment of a regional headquarters, the provision of $400,000 worth of commodities for the program, construction and/or rehabilitation of 364 wells and small reservoirs, plus the construction and installation of privies with the aid of mobile sanitation teams.

Our aid program has also embraced the actual administrative operations of the Government of Thailand. In May of 1955 a contract was signed with Indiana University under which it is cooperating with Thammasat University in a program to strengthen training facilities in the area of public administration. It is my understanding that in March of 1956 another agreement was concluded under which the public administration service, a nonprofit United States organization,

is to assist the Government of Thailand in modernizing its budgetary procedures and its accounting programs. Our aid program is making available some $400,000 to cover the dollar cost of this contract and the Government of Thailand was agreed to provide the equivalent of $210,000 in its local currency. Under this latter contract, a resident staff of 6 advisers will be sent to Tailand for a 26-month period with other advisers coming in for consultation for shorter periods of time. These experts are to work with the government officials as consulters and advisers. They will collaborate with and use the training facilities of the Public Administration Institute at Thammasat University. As I noted in my report last, it is interesting, to say the least, that the United States of America, with its huge debt and almost chronic deficit, has now undertaken to advise foreign governments on budgetary practices and procedures.

The above outline, lengthy though it may be, is submitted as indicative of the programs presently operating, and what can be expected for the future. The huge amounts of funds on hand, plus the budget request for additional appropriations in fiscal year 1957, make it obvious that our aid planners contemplate remaining in Thailand for many more years. The multitudes of programs begun by us will require our continued support for a long time because the local government will not possibly be able to raise funds necessary to maintain and operate these programs once the United States terminates the existence of the mission. Our eager beavers are still most active and always try to overdo the job. These many programs point up the second weakness in our programs that I have complained about, namely, "That our planners promote programs far beyond the financial capacity of a host country to maintain out of its own economy."

I also want to call the Committee's attention to the fact that the yardstick for measuring the magnitude of programs is apparently no longer needed, but, rather, how much Thailand demands as its rightful share of our aid as compared with that extended to neighboring states. There appeared to be dissatisfaction with the amount of assistance we have provided. Apparently, host government officials take the stand that, if they were not as cooperative as they have been, the United States would be more liberal with its aid. They cite India and other neutrals as examples of those who obtain more money by extending less cooperation. I noted that some of the newspapers were editorializing along this line.

Unfortunately, the military assistance program, since it is classified, cannot be opened for public scrutiny. For further information on this phase of aid, I refer you to the attached classified material on the military assistance program. Complaints are now being made that the local government will not be able to carry its share of the military program that, it is too costly and beyond the capability of the host government to support. That means that the forces may be reduced or else we may have to carry some of the load.

Exhibit "B" appended indicates the use of funds for information services during the 1957 fiscal year as compared with fiscal year 1956.

As indicated there is an increase of $81,070 for 1957 over 1956. Here, as in other countries, I found a determined effort to make the information service a permanent institution. It appears that the information service label is automatically regarded as propaganda in Thailand as in many other countries of southeast Asia. Needness to say, the information program needs an increase in direction, but not, in funds.

I visited our library in Bangkok. It is ornate and spacious, indeed a beautiful showplace. However, it is not visited by the Thailand ordinary citizen, for two reasons. First, most of them do not know it exists and second, those who know of its existence are frightened away by the "swank look."

Of this $81,000 increase for fiscal year 1957 over fiscal year 1956, $37,800 will be used to increase local salaries and to hire 3 additional local employees: $11,587 will go to increase USIS American employees allowances: $12,571 will be used to increase the radio and TV programs; $22,036 will expand the press and publications branch, with additional funds to finance the cost of increasing the circulation of Free World to 50,000 copies per month and for increasing the circulation of a weekly newspaper from 15,000 to 20,000 copies. It is also proposed to print some pamphlets in Chinese for distribution among the some 3 million Chinese now residing in Thailand.

Ten thousand five hundred and twenty-six dollars has been cut from the motion-picture budget, however, along with $200 from the funds available for representation allowances.

Twenty-eight thousand one hundred and seven additional will be devoted to the information center and cultural activities, including $22,000 to translate American books into the Thai language.

Among other reductions which will be effective during fiscal year 1957 is a $22,513 cut in program direction and $18,837 cut in administrative expenses resulting from more efficient management.

Equipment available for USIA here along with an outline of the publications, press, and film programs is included in exhibit B.

Here as in other countries I visited, no new elements have been added to the programs. We are simply expanding the existing program.

EXHIBIT A

SCHEDULE 1.—*Summary of operations of International Cooperation Administration, United States operations mission to Thailand*

[In thousands of U. S. dollars]

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956	Fiscal year 1957	Total
(A) Total expenditures:					
United States Funds (counterpart funds generated)	3,135	3,445	19,323	(Deleted)	(Deleted)
United States funds (no counterpart funds generated)	1,738	3,103	6,753	(Deleted)	(Deleted)
Counterpart funds (in equivalent United States dollars) at 20	4,298	5,291	10,194	(Deleted)	(Deleted)
Local government contributions (in equivalent United States dollars), estimated	(1)	(1)	(1)	(1)	(Deleted)

[1] Not available by fiscal years.

SCHEDULE 1.—*Summary of operations of International Cooperation Administration, United States operations mission to Thailand*—Continued

[In thousands of dollars]

	Unobligated	Unexpended
(B) Balances as of June 30, 1956:		
United States funds	1,600	62,261
Counterpart funds (in equivalent United States dollars) at 20	9,103	9,103
(C) New allocations (tentative) from fiscal year 1957: Foreign aid appropriation:		
United States funds	(Deleted)	(Deleted)
Counterpart funds (in equivalent United States dollars)	(Deleted)	(Deleted)
(D) Total amounts available for obligation and expenditure in fiscal year 1957:		
United States funds	(Deleted)	(Deleted)
Counterpart funds (in equivalent United States dollars)	(Deleted)	(Deleted)

	Locals	United States	Total
Number of ICA employees (as of Aug. 31, 1956):			
(a) Technicians:			
1. United States employed	178	86	264
2. Contract employees		165	165
(b) Others	26	20	46
Total	204	271	475

PUBLIC LAW 480 AND SECTION 402 SURPLUS AGRICULTURAL COMMODITY PROGRAM

Section 402

No section 402 agricultural surplus sales have been made in Thailand, nor are any contemplated.

Public Law 480

	Prior year sales	*Proposed*
Fiscal year 1955: Tobacco	2,000	
Fiscal year 1957:		
Tobacco		2,000
Dairy products		500
Miscellaneous canned fruits, vegetables, and meats		250

In June 1955, a Public Law 480 sales agreement was signed with the Thai Government, providing for the sale of tobacco in the amount of $2 million (United States). Tobacco in this amount has been imported, and sales proceeds therefor have been deposited to the United States-owned local currency account. The aim for utilization of these proceeds from this sale is to provide for 1.2 million in United States equivalent to be used for United States purposes and for $800,000 United States equivalent to be loaned to the Thai Government for reloan for industrial development purposes. A breakdown of the $1.2 million for United States purposes is as follows: $200,000 for agricultural products market development, $400,000 for the Fulbright exchange program, and $600,000 for local United States Government agency expenses.

The loan agreement for the $800,000 is still in the process of negotiation. However, it is contemplated that the loan will be repaid over a period of 10 years, either in local currency or United States dollars (optional), and that the money is to be reloaned by the Thai Government to local private industry.

Currently under consideration for fiscal year 1957 is an additional sale of surplus agricultural products amounting to $2.750 million, which tentatively has been established to include $2 million for tobacco, $500,000 for dairy products, and $250,000 for canned fruits, vegetables, and meat. The final decision on this sale has not yet been made, nor has a decision been made on utilization of the local currency proceeds expected from this sale. It is proposed that 60 percent be used for United States purposes and 40 percent for loans for the Thai Government for industrial development.

89056—57——26

PIPELINE ANALYSIS

In clarification of the (deleted) million figure of the unexpended United States dollar balance as of June 30, 1956, as shown on page 2 of the briefing material, it is believed that the following information concerning the breakdown of this amount may prove helpful:

(a) Funds committed for military purposes, the implementation of which is JUSMAG/Thai military responsibility		(Deleted)
Construction projects	(Deleted)	
Nonconstruction projects	(Deleted)	
Total	10,167,000	
(b) Funds under commercial procurement program for baht generation		27,060,000
Grant funds	$17,101,000	
Loan funds	9,959,000	
Total	27,060,000	
(c) Funds committed for Defense Support projects		13,771,000
Contract services	$7,600,000	
Participants	95,000	
Commodity procurement	6,076,000	
Total	13,771,000	
(d) Funds committed for Technical Cooperation projects		9,567,000
Contract services	$4,591,000	
Commodities	3,239,000	
Participants	1,737,000	
Total	9,567,000	
(e) Funds committed for Regional Projects		1,696,000
AEDF telecommunications project	$1,600,000	
Regional TC projects	96,000	
Total	$1,696,000	
Grand total		(Deleted)

Of the foregoing amount, $19.466 million has been obligated for contract services for construction contracts extending over a period of 1 to 3 years, for which the provision of funds was essential to allow contract negotiation. Expenditures are necessarily slow for this type of project activity.

Participant costs account for $1.832 million of the total. Since participants usually begin training in September of each year, prior year funds must be obligated to allow firm training schedules. Expenditures normally range from 6 to 18 months after funds are obligated.

Commodity procurement of $13.807 million for projects primarily of public works construction such as highways comprise another major element of the pipeline. The major proportion of these commodities are of a long lead-time procurement nature. Advance provision of funds is essential to allow contracting.

The major item of the unspent funds is the $27.067 million for commercial procurement of commodities to generate counterpart funds, which have been committed to the Thai Government for both military and economic development projects. The commercial procurement program was initiated in late fiscal year 1955 but was slow in getting underway due to procedural and exchange rate difficulties. However, the major portion of these funds has now been subauthorized to importers and is now moving ahead rapidly.

Our forecast of total expenditures for fiscal year 1957 and future years is that the total each year will be in excess of the amount of new funds made available.

CHAO PHYA (CHAINAT) IRRIGATION DAM

This project involves the expenditure of $48 million United States or United States equivalent and consists of approximately $18 million direct United States dollar costs and $30 million equivalent in local currency.

The $18 million United States dollars was made available on loan from the World Bank for the purchase of equipment. The equivalent of US$30 million was Thai Government budgeted funds for construction undertaken over a period of 4 years. The only United States contribution was the payment with ICA funds for the services of 2 United States Bureau of Reclamation engineers, who are to head up the design section for a period of 2 years at an approximate cost of $60,000, plus the services of a consulting nature provided by 2 USOM-employed technicians on an intermittent basis over a period of construction of the dam. The Royal Thai Irrigation Department, which is responsible for the dam, had secured United States Bureau of Reclamation services for a total of $50,000, which was paid from Thai Government funds.

A copy of the brochure prepared by the Royal Thai Irrigation Department describing this project is enclosed for your information.

SCHEDULE 2.—*Thailand-United States technical and economic cooperation, 1951–56 (revised May 11, 1956)*

Technical and economic cooperation between Thailand and the United States has as its objective the development of Thailand's economic resources and technical skills in order to help make possible the long-run progress of the Thai economy while at the same time enabling Thailand to bear the burden of defense preparedness. United States technical and economic aid totaling $99,919,000 during 1951–56 has been provided to supplement the Thai Government's own resources.

The aid program is designed to assist the efforts of the Government of Thailand in the following key areas, which are crucial to development in all other spheres of the economy: Expansion of transportation, power, and communications; improvement of basic public services to Thailand's people in health, education, agricultural extension, and stimulation of industry; and modernization of overall Government budgetary procedures and fiscal management in order that Thailand may achieve the most effective use of its resources.

Changing nature of the program

From its inception in fiscal year 1951 until 1955, the program consisted primarily of technical assistance to Thailand in the form of services of United States technicians, the training of Thai nationals in the United States, and the provision of equipment and supplies for demonstration and training projects. In addition, however, in some areas substantial commodity assistance was provided to capital investment projects, such as highway and railway development and rural power facilities.

Beginning in fiscal year 1955, considerably expanded assistance in the form of economic aid funds was also made available. In 1955 also, a sharper distinction was made in the United States aid appropriations between the "technical cooperation" funds for training and demonstration activities and the "economic aid" ("defense support") funds for projects primarily of a capital investment nature. These two types of funds merge, however, in that they are used to support different parts of a single integrated aid program in Thailand. The economic aid funds make possible the undertaking of larger scale assistance projects and in addition provide needed budgetary support to meet the domestic costs of the aid program and to assist the Thai Government to carry forward economic development expenditures while at the same time maintaining its defense effort. The economic aid funds are programed partly to meet direct dollar costs of aid projects and partly for the import of salable commodities which yield baht currency for meeting domestic costs of the projects.

The total aid (nonmilitary) made available to Thailand in each category during the 6 years of operation of the program is as follows:

United States assistance to Thailand, 1951–56

[In millions of dollars]

	United States fiscal year						
	1951	1952	1953	1954	1955	1956	Total
Technical Cooperation	8.9	7.2	6.5	8.8	4.6	4.8	--------
Economic aid:							
Project dollar costs					9.7	9.1	--------
Import of salable commodities (for generation of baht)	--------	--------	--------	--------	20.0	20.4	--------
Total	8.9	7.2	6.5	8.8	34.3	34.3	99.9

NOTE.—The above figures exclude $12.2 million of ICA funds made available in 1955 for the direct dollar costs of certain military projects now administered by the Joint United States Military Advisory Group (JUSMAG).

Technical cooperation

Assistance under technical cooperation has been concentrated primarily in agriculture, public works, public health, and education, with some attention devoted also to the fields of labor, public information and public administration. The projects have sought chiefly to—

(*a*) increase agricultural productivity and to bring about diversification of agriculture so as to reduce Thailand's overwhelming dependence on rice;

(*b*) improve transport facilities, increase power output, and explore and gage Thailand's mineral resources and ground water supplies;

(*c*) launch programs for the control of communicable diseases, especially malaria, and for the provision of safe water supplies and sanitation, as well as to develop the educational and training facilities required to enable Thai technicians to carry out an expanded public health program;

(*d*) establish technical training and teacher training facilities to help supply the trained personnel needed for development throughout the economy and to help overcome the acute shortage of teachers at all levels of education.

The technical cooperation funds are used to meet the costs of supplies and equipment imported for the joint projects; the salaries and support of American technicians brought to Thailand; the costs of technical services contracts with United States engineering firms, universities, and other agencies providing technical experts for the aid projects; and the training of Thai nationals in the United States.

ECONOMIC AID

While funds for technical cooperation have been continued at roughly the same level, economic aid funds were increased to a level of approximately $30 million each year in 1955 and 1956. These funds have been devoted primarily to the field of transport, including highways, railways, and air transport. Assistance is also provided to tank irrigation and ground water research, primarily in the arid northeast area.

Of the total economic aid of $59.2 million in 1955 and 1956, an amount of $18.8 million has been used to meet the direct dollar costs (mainly for imported supplies and equipment) of the aid projects. The balance, $40.4 million, is made available to Thai commercial importers for the import of needed commodities—such as textiles, petroleum products, medicines and drugs, electrical, industrial, and agricultural equipment—and the baht paid by the importers are used by the Government of Thailand to meet the domestic costs of the aid projects. The economic aid funds thus help to conserve Thailand's foreign exchange, and directly supplement the Government's budgetary resources.

The major portion of the funds generated by these imported commodities goes into the domestic costs of the economic aid projects, while a portion has been programed to meet domestic costs of the technical cooperation projects as well as some of the military aid projects.

DISTRIBUTION OF PROGRAM FUNDS

The distribution of total program funds by field of activity is as follows:

Distribution of technical cooperation and economic aid funds, 1951–56, by field of activity

	Millions of dollars [1]
Agriculture and national resources	13.0
Industry and mining	2.8
Transportation	52.1
Labor	.1
Health	11.3
Education	5.2
Public administration	1.3
Other	2.0
Plus generated baht programed for military projects	12.1
Total	99.9

[1] Includes generated baht programed to the various economic aid and technical cooperation projects.

The distribution of funds according to the various types of assistance provided is as follows:

Distribution of technical cooperation and economic aid funds, 1951–56, by project elements

	Millions of dollars
Overseas training	4.7
United States technicians	7.7
Contract services	12.6
Supplies and equipment	74.9
Total	99.9

SPECIAL ASPECTS

The technical cooperation projects concerned directly with increasing production and raising health and education standards are being supplemented to an increasing degree by assistance in the field of public administration. The modernization and strengthening of government budgetary, fiscal, and planning procedures are vital to the long-run success of the efforts in the technical fields and to the optimum utilization of resources for development. The aid program is providing increased assistance, in the form of technical advisory services, in the public administration field.

The United States has sought to assist in regional cooperation and joint planning on the part of Thailand with neighboring states. The United States planned and financed the improvement of rail and river transport facilities between Thailand and Laos. A contract to be financed by the United States for a survey of telecommunications between Thailand, Laos, Cambodia, and Vietnam is being negotiated, and a preliminary reconnaissance of the Mekong River, which flows through all four countries, has just been completed. In addition, Thailand has provided training to technicians from neighboring countries in the fields of agriculture, public health, finance, and education. Proposals for further regional development projects, such as telecommunications development and rinderpest control, which may qualify for financing under the Asian economic development fund are now being formulated.

Within Thailand, assistance under the aid program has been concentrated in the depressed and arid northeast region. The development of irrigation facilities and highway and railway facilities, the agricultural extension work, and many activities in the health and education fields have given first priority to the economic betterment of this part of the nation which needs assistance most urgently.

A summary of the major projects and accomplishments to date inclusive of both technical cooperation and economic aid, in each field of activity, is given in the following pages.

AGRICULTURE AND NATURAL RESOURCES

I. Summary

A basic aim of the present program of American aid to Thailand in the field of agriculture is to help the Ministry of Agriculture convince the 80 percent of the population who make their living in this field that they can be more prosperous and lead fuller lives simply by making better use of the resources already in their hands.

Only one-fifth of the dollar aid during the past 5 years has been used for personnel. Four-fifths was used for commodities. The technicians financed with dollar aid were 55 American and 183 Thai, 80 percent of whom were related to 4 activities, namely, agricultural education; crop and livestock improvement; water resources development; and agricultural economics, particularly cooperatives, credit, marketing and statistics. The major emphasis of the program in the past 5 years has been in these 4 fields. More than 50 percent of the dollar aid used for commodities went to water resources development. (The details of water resources activities are discussed under the public works and industry section, below.) In comparison, only minor attention has been focused on soils, forestry and fishing. It is worth noting too that almost as much emphasis has been placed on upland crops as on rice.

Higher education in agriculture, forestry, and fisheries at Kasetsart University continues to make progress not only in additional trained personnel, better facilities and curriculum but notably also in organization and administration. Research facilities and personnel have progressed steadily. Some progress has been made each year toward the establishment of an extension service.

Higher yielding rice seed have been developed and are being multiplied at a satisfactory rate. Forage crops tested will support a profitable livestock industry, which can include cattle, buffaloes, hogs and poultry. Fiber, oil, feed sugar and vegetable, fruit and industrial crop production have shown the greatest increases. Protection is now available against many destructive insects and plant diseases.

Water facilities completed in the northeast region have provided additional domestic and farming supplies during the drought seasons. Both marine and inland fish production have increased.

A vast store of fundamental facts about Thai soils has been collected. Facilities for soils research are almost completed. Most of the imported equipment has been installed.

More credit has become available to Thai farmers through cooperatives and other financial organizations. New marketing facilities have been completed. More reliable market information is available on both the supply of and the demand for farm products.

The program has not yet succeeded in its primary purpose of reaching the greatest possible number of rural people in Thailand. Soil research has not yet included enough work on land management and land use capabilities. Water-resource development has overlooking the possibilities of increasing the moisture retention capacity of each farmer's land and the collection and storage of rainwater for the domestic use of each farm family. Extension work is still inadequately planned, and largely omits work with farm women to overcome extremely serious nutrition deficiencies in rural areas. However, trained manpower and scientific knowledge are now being devoted to a program that will produce substantial benefits to the people of Thailand who earn their livelihood from agriculture.

RICE IMPROVEMENT

If rice-production efficiency is materially increased in Thailand, and the world rice situation be such that more rice is needed, higher domestic and export needs could be met by using each year only the amount of land presently required. If greater rice crops are not needed, some of the land normally used for rice may be available for growing other crops; or it may be improved in fertility by following soil-building programs. This gives Thailand a flexible program.

Objectives

1. To discover or develop new varieties of rice of high quality and yield.
2. To determine by means of adequate tests which varieties are the best for different areas.

3. To produce varieties that, without any change in the farmers' cultural practices, will give both a good quality and a higher yield per unit of land.
4. To multiply seed of each proven variety for distribution to the ricegrowers.

Operations

Short courses have been held to train a large number of men to assist in handling the many experiments. This was necessary before a large-scale program could be developed. The program was operated along three main lines:

1. *Variety evaluation.*—Determine through appropriate field and laboratory experiments the yielding ability and quality of rice varieties already available.
2. *Selection of heads or plants.*—Securing a collection of higher yielding individual plants useful for crossing with the best already available varieties.
3. *Hybridization.*—Variety evaluation and selection may not alone result in producing the most desirable plants. Therefore, it has been necessary to cross different varieties for the purpose of combining in one type the good characteristics possessed by the parents.

Accomplishments

Some 200 men have been trained to handle necessary experiments.

A total of 3,750 Thai and 1,500 foreign varieties have been grown in observation and yield tests; some 50 tests were made at the experiment stations, and 130 regional variety tests were conducted on farms during 1955. From a test of 25 varieties grown at Bangkhen, 1951–54, Knao Tah Haeng gave an average yield of 555 Kg/Rai, while some other commonly grown varieties gave only 480, 448, 418, and 337; the last variety thus gave only 61 percent as much as Khao Tah Haeng. From a test of 35 varieties grown near Chiengmai, 1953–54, the highest yielding one gave 614 Kg/Rai, while the lowest gave only 335. Many other similar results have been obtained. Regional tests indicate that the better varieties sent out from the experiment stations exceed the varieties used by the farmers by an average of 15.4 percent.

A total of 233,000 individual selections have been tested in thousands of plots. Some of these show increases of 18 to 40 percent over the check varieties in replicated tests. Over 1,130,000 plants from hybrids have been studied. No lines are yet pure enough to put in yield tests.

The testing program has developed so that the project is now ready for the last step, seed multiplication. A good beginning has been made in making plans for seed multiplication during 1956. Farmers in 33 Changwads will grow seed from improved varieties for further distribution. There is much interest on the part of Government officials, farmers, and millers in this work. A large number of these have observed the differences in varieties by looking over regional tests. Good seed will be available to many farmers in 1957 and 1958.

UPLAND CROP IMPROVEMENT

Objectives

Upland crop-improvement work encourages the efficient production of diversified farm crops in order to provide higher income and better living standards on the farm, to satisfy the domestic demand for farm produce, and to stimulate production of selected crops for the export markets. Specific objectives are:

1. To determine the suitability of specific crops to the various soil and climatic regions within Thailand, and the most efficient cultural practices of these crops as applied to Thailand.
2. In cooperation with the experiment stations, Extension Service, and agricultural officers of Thailand, to
   (*a*) Demonstrate efficient production and marketing methods, and
   (*b*) To train Thai participants for the purpose of extending the program in future years.
3. To give practical aid in securing seed, machinery, and other commodities to hasten accomplishment.
4. To encourage Thai agricultural technicians to seek further education and to train others.

Operations and accomplishments

Advice and assistance is given to Thai technicians on problems pertaining to agronomic crops, including (1) fiber—kenaf, ramie, jute; (2) oil—oil palm, peanuts, castor bean; (3) feed—corn, beans, legumes; (4) pasture—grasses and legumes; and (5) sugarcane.

Assistance is supplied also on problems relating to horticultural crops, including coffee, citrus, cacao, miscellaneous fruits and vegetables, associated tree crops, such as rubber and kapok, pepper and other spices.

Tests of various species and varieties in varying soil and climatic conditions have been the subject of special reports by the horticultural specialist and the agronomist of USOM.

Agricultural technicians have been trained, both in Thailand and in the United States, with results that already are showing up to Thailand's advantage in various agricultural areas of the nation.

PLANT PROTECTION

Objectives

Insects and plant diseases are the bane of farming the world over. No farm in the land escapes attack, and the destruction inflicted takes a tremendous slice of the prospective farm income every year, in terms of crop reduction—in both yield and quality. Reduction of the extent of damage will add food to the farm table and at the market place. Project objectives are:

1. To train Thai technicians, and through them the farmers, in the best methods of insect and plant-disease control.
2. To assist in the control program by advising on insecticides and fungicides, the selection of resistant varieties, the introduction of superior stock from abroad, and the application of biological and cultural deterrents.

Operations and accomplishments

1. *Coconut beetles.*—In a demonstration near Takbai, a team of men and a chain saw have cut more than 2,500 palms this year in a "war" on the rhinoceros beetle. This is part of a palm-felling operation which will establish a corridor between infested and uninfested areas.
2. *Peanut leaf miner.*—Trials at Roi-et have shown the high effectiveness of the insecticides known as Falidol E-605, Dieldrin and Diozinon. Yields were increased by 40 percent.
3. *Cotton insects.*—At the Sri Samrong Station insecticides used on bollworms, leafhoppers and aphids resulted in doubling of cotton yields.
4. *Rice diseases.*—A disease nursery is being established this year at Bangkhen to determine which varieties are most resistant.
5. *Stored feed.*—This year at Tha Phra complete protection from insects was attained when the storage bins were sprayed with Dieldrin inside and out before placing any feed in them. The same procedure will be followed at other livestock stations.
6. USOM is assisting the Ministry of Cooperatives in undertaking an insect-control action program for a large number of storage centers, particularly to cut down insect damage to stored rice, a national loss which is estimated at 10 percent per season.

SOIL FERTILITY AND MANAGEMENT

Objectives

Land is one of the basic resources of any sound economy. An intimate knowledge of soils is fundamental. Lacking such knowledge, farming must proceed on a hit-or-miss basis. The selection of crops to be grown, the choice of varieties, the right fertilizer formulas, and other basic decisions, depend on accurate and detailed soils information. The United States is assisting in development of research and training in the following fields:

1. Soil chemistry.
2. Soil fertility, upland crops.
3. Soil fertility, rice.
4. Land use and soil management.

Operations and accomplishments

1. Twelve participants are studying soil testing in the United States; one other has returned.
2. A new soils laboratory has been established and equipped at Kasetsart University and approximately $10,000 worth of scientific equipment and supplies have been obtained from the United States for training purposes.
3. Yield increases of upland crops as high as 100 percent have been recorded in demonstrations with commercial fertilizers.
4. Detailed training in field pilot work has been given to Thai officers and technicians at 6 experiment stations.

5. Rice yield responses to commercial fertilizers have ranged from 25- to 200-percent increases.

6. On certain acid paddy soils, finely ground rock phosphate, which costs much less than superphosphate, has proved to be a satisfactory source of phosphorus for crops.

7. Assistance in design, establishment and care of fertility experiments has been given to 6 Thai officials and to the staffs of 7 experiment stations.

8. Many Thai technicians have become proficient in making scientifically useful reports on soils research work.

EXTENSION

It is through extension that Thai farmers are reached with the kind of knowledge that can be put to immediate use. Extension is the medium for teaching, training, and demonstration at the farm level. Agricultural research and techniques funnel down through extension to the family on the farm. Working through the eight regional extension centers and through the Amphur, Changwad, and regional agricultural officers—under the direction of the Department of Agriculture—the Extension Service keeps close contact every day with groups of farmers and with individual farmers. It brings its own field staff up-to-date through frequent courses conducted by top-grade specialists. It introduces seeds and cuttings for local trials, shows how to use fertilizers and insecticides, teaches how to plant and cultivate and how to conserve soil and water. Extension also moves into the farm home with the latest information on nutrition, child care, home sanitation, and home crafts. It also reaches the younger members of the household through its Yuwa Kasikorn Clubs, so that the younger generation will be trained to carry on with improved techniques.

A. Agricultural extension

Objectives

1. To raise the standard of living of the rural people of Thailand by teaching them to help themselves through better utilization of soils, water, manpower, and available tools; use of better farming methods and techniques; use of agricultural information materials.

2. To make available information concerning marketing, distribution, and utilization of farm products.

3. To coordinate the efforts of related organizations in making profitable uses of farm credit.

Primary emphasis is placed on the training of Thai extension workers at all levels. The work is being concentrated in the most needy parts of northeastern Thailand.

Operations and accomplishments

1. An in-service training program for extension workers has been started (as of April 10–11).

2. Some villages in Thailand have been organized into working units where rural people may state their needs and desires, obtain new ideas, receive new seeds and plants, obtain aid in insect and disease control and learn improved farming methods and techniques.

3. New and improved plants have been brought from abroad for farm trial, and plants have been taken from other parts of Thailand to the northeast for trial plantings and observation.

4. A vegetable market has been established with farm produce from the Chiengmai area being sold to the Navy Exchange in Bangkok.

5. Eight regional directors of the extension centers have received training in the United States. Two are now in the States completing their work. One has completed training in extension information and is now Chief of the Extension Information Section. One home demonstration participant will go for training soon.

6. Vehicles, audiovisual units, sprayers, dusters, insecticides, fungicides, small tools, machines, and other commodities have been provided.

7. The region around Korat has been designated a pilot area for home demonstration work in Thailand. Thirteen teachers will be recruited and given preservice training at Kasetsart for 8 weeks. They will then take their places in the field at the Changwad level and continue their training in the extension inservice training program.

B. Rural youth extension

Objectives

The purpose of this project is to provide a program especially suited to the development of rural young people of Thailand. The rural youth organization is similar to the 4-H Clubs in the United States. The project seeks to train rural young people in home economics and agricultural methods; to give first-hand experience in modern agriculture through home and school projects, practicing the motto "Learn by doing"; to develop rural leadership; to dignify agriculture in the eyes of young people; to teach cooperative action and democratic procedures; as a way to solve community problems; to build good character and improve personality; to develop civic loyalty and good citizenship.

Operations and accomplishments

The rural youth program is 3 years old, and is carried out under the Youth Section of the Extension Division of the Department of Agriculture.

Clubs have been organized in 16 Changwads. There are 50 home project clubs with 200 members, 75 leaders and 260 officers.

More than 2,200 members are enrolled in school projects. About 1,000 members are raising 15,000 chickens, and 3,000 are operating 30,000 square meters of vegetable gardens. Several hundred others are raising rabbits, pigs, and fish.

Members are using improved breeding stock, improving livestock sanitation, vaccinating to control disease, using better equipment and fertilizers, trying new vegetable crops and better varieties, making compost, improving cultivation methods, and following other sound practices. They are learning how to keep records on the farm business.

Two training schools have been held in Bangkok for training agricultural extension officers on conduct of rural youth work.

Two national events have been held to recognize members for outstanding work, the second on April 24–27 this year.

One participant, now training in 4-H and Rural Youth work in the United States, will return in May to resume his duties as National Rural Youth leader.

C. EXTENSION INFORMATION

A sound information program is the mainstay of agricultural extension audio-visual methods, in particular, supply the most dependable means of winning the interest of the rural people. In Thailand, as elsewhere, it is important that extension teaching receive the support of an alert and comprehensive information program.

Objectives

1. To assist the Thai Agricultural Extension Service in its extension teaching and demonstration work.
2. To advise the Thai Department of Agriculture on organization, staffing, training, and equipment of its extension information section.
3. To advise and assist in production of informational materials.

Operations and accomplishments

Publications issued since 1951 and scheduled through 1956 number nearly 100. They cover a wide range of subjects, mostly in the how-to-do-it category.

A series of courses on information methods is planned for each of the eight extension centers; the first course has already been held.

Training, production, and facilities are being built up at a gradually accelerating rate. United States supplied equipment includes a multilith, 3 mobile audio-visual units—1 delivered and 2 on order—and various other items.

AGRICULTURAL ENGINEERING

Touching nearly all phases of the agricultural program is the specialized engineering required to discover and test the tools of farming. These range from small handtools and light implements to heavy machinery. Many adaptations are required. Once proper equipment is acquired, the continuing problem is to see that it is kept busy at its job through constant supervision and maintenance.

Objectives

1. To assess Thailand's farm-equipment needs.
2. To train Thai technicians in the use and care of farm machinery.
3. To assist in setting up a central repair and machine shop and repair parts depot for the servicing of the Thai Government's mechanized farm equipment.
4. To assist in improvement of rice-storage facilities.
5. To assist in planning the northeast Thailand land-clearing and leveling project.
6. To set up a 200-acre completely mechanized rice farm at Klong I, as requested by the rice department.

Accomplishments

1. Equipment survey completed, and Thai officials advised as to equipment needs.
2. Operation and maintenance schools conducted at seven experiment stations.
3. Building of land leveler of local materials supervised. Test plots leveled at Roi-Et Experiment Station.
4. Assisted in erection of 10 Butler steel storage bins for storage of rice and corn.
5. Drafted proposal, after preliminary survey, regarding northeast Thailand land-clearing and leveling project.
6. Began series of extension-center courses in selection, operation, and maintenance of types of farm equipment required by Thailand's farmers.

AGRICULTURAL ECONOMICS

A. Agricultural organization

Assistance has been given during the past 4 years in the organization and operation of cooperatives to deal with the problems of land development and settlement, the processing and marketing of farm products, and the provision of credit facilities. Special emphasis has been placed on land development.

Objectives

1. To increase the amount of available productive land and the yields therefrom as rapidly as practicable.
2. To provide better agricultural credit service by strengthening provincial banks at Chiengami and Uttradit. A B5 billion counterpart loan has been made available for this purpose.
3. To advise and assist on the improvement of farm products storage, processing, and marketing; and to demonstrate the sound relationship between marketing and production credit.

Operations and accomplishments

1. Thirty-five tractors with attachments were brought into Thailand in 1953 and put to use clearing land, ditching, dyking, and cultivating. A large proportion of the tractors was assigned to the Northeast.
2. USOM has supplied the Land Department with 200 six-inch pumps, 10 eight- and twelve-inch pumps, and 20 large irrigation pumps. The small pumps were sold to farmers for their own use; the medium-sized pumps were for installation in the Rang Sit area; the large pumps went to the central Plains and Northeast.
3. The advantages of decentralized branch banking have been demonstrated. Credit societies, previously obtaining capital from the Bank for Cooperatives, are now served by the banks at Chiengmai and Uttradit.
4. A counterpart loan fund of B3 million for "controlled or supervised" credit was approved to enable farmers to obtain needed funds through their credit societies with paddy as security.
5. The "controlled credit" plan has resulted in an increase in storage use of go-downs by the 10 paddy marketing associations from 54 to 92 percent.
6. USOM has supplied the Ministry of Cooperatives with 10 grain storage bins and with loading and drying equipment. Counterpart funds were provided for installation which is nearing completion.

B. Marketing and statistics

Marketing, both domestic and foreign, holds exceptional opportunity for development. It involves storage, processing, distribution, financing, and management. A prerequisite is the gathering of reliable statistical information and its accurate interpretation. It is important to know costs of production in relation to middleman charges and sales prices.

Objectives

The major objective is to find and exploit export markets which will bring in additional funds to pay for new investments, build up personal income, and permit imports of products which Thailand needs. Close on the heels of this problem comes that of increasing domestic consumption of a wide variety of items.

Operations and accomplishments

1. *Agricultural statistics.*—An 8-year review of agricultural data has been completed and is in process of publication.
2. *Crop estimating.*—A detailed plan for a reporting system has been developed and met approval by the Ministry. It awaits only provisions for staffing.
3. *Information service for exporters.*—Simplified information on 1954 agricultural exports and imports was published last summer in English and Thai.
4. *Costs.*—A survey of costs of pork production is now being made near Bangkok and will be expanded on return of a participant now training in the United States.
5. *Economic studies.*—A study of pump-irrigation feasibility at Pottaram has been made, and also one of the lac industry.
6. *Marketing studies.*—Preliminary studies in Bangkok reveal a serious lack of data on receipts; a labor inefficiency that may be remedied at a propitious time in the future by simple mechanization; and the desirability of improvements in the handling of fruits and vegetables.

LIVESTOCK IMPROVEMENT AND DISEASE CONTROL

The high value which the Thai Government places on this activity is evidenced by the fact that, of the joint financial support to the project, the Thai Government has contributed 85 percent (Baht equivalent to $3,913,776), as compared with the United States contribution of 15 percent ($570,000).

Objectives

1. Open export markets to Thai livestock producers.
2. Train Thai technicians in all phases of livestock production.
3. Make available animal protein for diet of the people.
4. Improve the economic condition of Thai farmers.
5. Develop both external and internal processing and marketing facilities for livestock.
6. Improve land and water utilization.

Accomplishments

1. Ban on livestock export has been modified.
2. National Serum and Vaccine Laboratory at Pak Chong improved, diagnostic laboratory built at Bangkok, and a nutrition laboratory at Muaklek.
3. The Thai Government, USOM, and FAO are establishing a foot-and-mouth disease laboratory at Pak Chong.
4. The Thai Government, USOM, and FAO are cooperating with Laos, Cambodia, and Vietnam in a regional rinderpest eradication program.
5. Six breeding stations have been improved.
6. Feed and forage production studies at Tha Phra during 1955 demonstrated that sufficient quantity and quality of feed and pastures can be developed to support an improved and enlarged livestock program.
7. An agreement has been concluded to use the Tha Phra Station for training personnel.
8. Fifteen participants have been sent to the United States and 1 to England (9 participants have been sent to the other countries by FAO).
9. Plans are being completed for the implementation of the regional rinderpest eradication program. The Ministry of Agriculture is submitting a livestock production and marketing program to utilize information developed during the last 4 years.

FISHERIES PROJECT

Objectives

Prior to the inception of the fisheries project in 1951, marine fishing was comparatively undeveloped in Thailand. The department of fisheries had given most of its attention to the licensing, reporting, and a limited amount of fish-culture work. The department had only a few men who were fully trained technologists—in fact, none in marine fisheries and none in cooperatives or in modern pond-fish culture. The fisheries project helps to train fishermen and fisheries technicians in improved methods which will increase the fish catch and improve its utilization. The results will be to improve the economic condition of fishermen, add to national income, and enrich the diet of Thailand's people.

American aid has supplied two specialists as advisers to the department of fisheries—one on the marine or salt-water development and the other on fresh-water fisheries. It also has provided advanced training in the United States for 12 Thai fisheries technicians, and has supplied boats, equipment, and other needed training and demonstration materials.

Accomplishments

1. Progress in the fishing industry of Thailand in the past 5 years is in part an indirect result of American aid. For example, American aid funds paid for a Japanese trap net and for Japanese fishermen to demonstrate its use. From that point, the department of fisheries and the fishermen carried on. After two fishing seasons, every fisherman in Thailand knew that he could catch twice as much fish and better species if he replaced the native-type bamboo fish trap with the Japanese type.
2. The fisheries resources of the Gulf of Thailand have been partially explored. The results for prawns alone justify the expenditures to date.
3. The processing of fisheries products has begun to raise the quality of dried, smoked, and salted fish and reawaken interest in other countries in these traditional Thai exports.
4. Fish-marketing facilities in Bangkok are improving, not only the wholesale and retail handling, but also the distribution.
5. Inland fish production is on the increase with the completion of fish hatcheries and the construction of 4,000 additional private fish ponds which have been stocked with improved varieties.
6. Specialized training of Thai technicians has been given in the United States, Indonesia, Singapore, Hong Kong, and Japan; fisherman and fishermen's sons are being trained in salt-water-fishing methods and gear making at the marine station; and training in fresh-water-fish culture has been given in Thailand to provincial Thai officials and to visiting officials from Burma, Cambodia, Vietnam, and now Laos.
7. The department of fisheries is vitalized and much more effective, especially in the last 3 years, in organization, planning, accounting, analysis, and reporting.

Future emphasis

1. The most important work yet to be done is to improve marketing and distribution so as to get more and better quality fish and fish products to Thai consumers at prices they can afford and which represents a fair return to the fisherman.
2. The development of good edible fish flour, fish meal, and prepared fish in various forms—any low-cost, long-keeping, easily transported fish product—is the key to better marketing.
3. There is also need for credit at reasonable rates of interest to permit the fisherman to purchase improved gear.

PUBLIC WORKS AND INDUSTRY PROGRAM

Summary

In the fields of public works and industry the United States Government is assisting in projects aimed at improvement of the national welfare and living standards, and enhancement of the national defensive potential, through the development of: (1) transportation facilities; (2) water resources; (3) mining and minerals processing; (4) power and communications.

Major aid projects, past and present, include assistance in the planning, procurement, construction and training phases of operations with respect to—

1. State highways, railways, and air transport.
2. Surface water storage, and ground water research.

3. Mining, minerals research, and geological explorations.
4. Power exploration and development.
5. Communications survey and development.

Assistance has also been provided in port facilities improvement; hydrographic studies; industrial pilot plants and small industry product development; and a construction program for the volunteer defense corps.

Major accomplishments

These activities have assisted the Thai Government to achieve the following:

1. The construction and improvement of numerous roadways and bridges throughout the nation.
2. The marked improvement of railway operations, together with construction of a rail line from Udorn to Nongkai; extensive shop facilities; and the procurement of substantial quantities of rolling stock and other equipment.
3. The establishment of improved aeronautical communications, navigational aides, and air traffic control, at the Bangkok international airport, and at 14 other domestic airfields.
4. The construction of numerous water storage reservoirs throughout the northeast to conserve water for irrigation and domestic uses.
5. The establishment of a drilling pattern for groundwater research in the northeast, and the commencement of drilling operations.
6. The establishment of a minerals experimental center in Bangkok, and experimental mining operations in other parts of the nation.
7. A study of the electric power requirements of Bangkok, and the installation of additional generating capacity, both in Bangkok and in rural areas.
8. Construction of a ferry landing to serve the shipment of crossriver goods to Laos.
9. The construction of volunteer defense corps training centers.
10. Surveys of: (*a*) national and regional needs for a telecommunications system; (*b*) the national power potential, and feasible plant locations; (*c*) the Mekong River's potentialities for irrigation, navigation, power and flood control; (*d*) cottage and small industry methods, and foreign marketing possibilities; (*e*) geological resources in various parts of the country.

HIGHWAYS

Objectives

1. To establish a modern, efficient, and well-equipped highway department.
2. To expand and improve the existing national highway network.
3. To train Thai nationals in modern techniques of highway design and construction.

An adequate highway network will open up the interior of Thailand to commerce, and improve marketing and distribution of goods, as well as increase the mobility of defense forces.

Operations and accomplishments

In this field the highway department, working with USOM supplied technicians has accomplished major improvements in operating techniques and departmental facilities. In addition, a major highway construction program has been inaugurated and is being successfully implemented. The following commodities have been purchased and furnished to the highways department:

1. $1,250,000 construction equipment and spare parts.
2. $200,000 repair and maintenance shop machinery.
3. $11,000 laboratory and testing equipment.

The large northeast highway project, a 172 kilometer highway between Sara-Buri and Korat, is now 25 percent complete. It was undertaken with three major services contracts, viz:

1. Contract for $2,500,000 of construction equipment required for the job; to become the property of the Thai Government upon completion of the project. Contractor: Raymond Concrete Pile Co.
2. Contract for $1 million engineering services for the first 63 kilometers of the highway. Engineer: Sverdrup & Parcel Engineering Co.
3. Contract for $4 million construction services for the first 63 kilometers of the highway. Contractor: Raymond Construction Corp.

Negotiations for extensions to the above contracts to complete the highway to Korat are underway. These include an additional $2 million of construction equipment, which also will become the property of the Thai Government upon completion of the project.

Under the expanded aid highways project USOM and the highway department have prepared a plan for performing approximately $6 million of the fiscal year 1956 project under a services contract. This contract will provide for complete construction of the Pitsanulok-Dansai highway, including the purchase of $1,600,000 in construction equipment which will become Thai Government property. At the present time, construction operations are underway on approximately 200 kilometers of roadway and 170 bridges.

A total of 20 Thai participants have gone to the United States for training in highway design and construction. Eight more are scheduled for United States training projects. In addition to the above, many hundreds of Thai nationals are receiving on-the-job training in construction techniques and equipment operation, on the current construction projects.

From 1952 to 1955 an equipment operators' training services was conducted with headquarters at Bang-Sue. Approximately $200,000 of construction equipment was purchased for this project, and 7 United States technicians provided the teaching services. Between 250 and 350 Thai equipment operators were trained during this period.

RAILWAYS

Objectives

1. To improve and expand overall railway operations and facilities.
2. To train Thai nationals in modern methods of operation, management, and construction.

Operations and accomplishments

In this field USOM has assisted the state railways in adding materially to maintenance facilities, rolling stock, and other equipment; effecting marked improvement in railway operations; and undertaking construction programs of considerable magnitude.

The following commodities and equipment have been purchased and furnished to the state railway:

1. 2 diesel electric generating sets at a total cost of $108,000 installed at the Makasan shops.
2. $1 million of railway materials and supplies such as wheels, couplers, air brakes, castings, etc.
3. $350,000 of equipment and machinery for the Korat shops.
4. $34,000 of test equipment and laboratory equipment for installation at various locations throughout the system.

Construction of the Udorn-Nongkai line was performed largely by state railway forces, utilizing United States furnished equipment. Services of a local contractor were utilized to some extent in this work. The Udorn-Nonkai line is presently 95 percent complete and consists of 54 kilometers of single-track line with all necessary sidings, bridges, and yards. The total cost of this new line, including construction costs, materials, and equipment is $4 million. In addition, $1,100,000 of rolling stock and communications equipment is under procurement.

A ferry landing and railway spur, which will form the extreme terminus of the northeast system, have been planned and approved. Foundation investigations are underway and construction will begin shortly. This will provide facilities to accommodate the movement of traffic and goods across the Mekong to Laos.

AIR TRANSPORT

In the air transport field USOM has participatel in projects pertaining to three major fields: Traffic control and navigational aid; meteorological services; and technical assistance to the Thai Airways Co. In addition, approximately $9.2 million of economic aid funds, including counterpart funds, were provided for airfield construction, which subsequently have been turned over to JUSMAG for implementation.

Objectives

1. To provide an integrated system of safe and efficient domestic and international ground control and navigational aids.
2. To improve meterological services in order to provide accurate weather forecasting.
3. To provide technical aid to the Thai Airways Co. for the purpose of improving their air transport services.

Operations and accomplishments

The following commodities, equipment, and installations have been furnished.

1. One 10,000-watt beacon at Don Muang Airport. One each 1,000-watt beacon at Chiengmai, Songkhla, Phuket, and Korat. One VOR station at Don Muang Airport.
2. Air terminal buildings and control towers at 11 domestic airfields, with equipment for these now under procurement.
3. Air traffic control training school at Don Muang. Thirty students are now being trained in this school.
4. High intensity approach lighting at Don Muang.
5. Three radio sounding stations for upper air weather observations.
6. Seven pilot balloon stations for weather observation.
7. Five sets of surface weather observation equipment.

On March 8, 1956 a contract was signed, providing for Pan American Airways to furnish technical assistance to the Thai Airways Co. for developing a program to improve and expand its air transport service. This is a 3-year contract with a total value of $2,800,000.

In the past 5 years, 9 participants have been sent to the United States for training in aeronautical and meterological subjects, and 12 more are scheduled for United States training this year.

In addition, many Thai are receiving local on-the-job training through association with the project.

The air transport programs have been carried out with the technical assistance of United States Civil Aeronautics Administration personnel plus three USOM specialists specifically assigned to the projects.

WATER RESOURCES

Objectives

In the field of water resources USOM has assisted in projects for tank and pump irrigation and ground water research, all aimed at developing and conserving the water resources of the northeast. Specific objectives are:

1. To provide storage for the rainfall of the northeast region in order to supply water for irrigation and other uses during the dry season.
2. To conduct basic ground water studies and drill exploratory wells to determine the existence of satisfactory ground water supplies throughout the northeast.

Operations and accomplishments

The tank irrigation project is well underway with much construction already accomplished. Seventy-three irrigation tanks and dams have been completed and 56 are presently under construction. Those completed provide a volume capacity of 118 million cubic meters and cover an irrigable area of 60,000 acres.

Twenty-eight truck-mounted and 2 barge-mounted pumps have been furnished, providing supplementary irrigation facilities for an additional 100,000 acres.

The ground water research program has begun operations, with 5 wells drilled out of an estimated total of 150 to 250 to be drilled.

Four drilling rigs are on hand, two of which are being operated by contract personnel. Two additional drillers will arrive shortly from the United States.

Many other items of supplies and equipment have been furnished under the water resources program. In addition to dams, warehouses, repair shops, laboratories, and other structures, there have been furnished rainfall gaging apparatus, motor vehicles, and testing equipment.

In the overall irrigation and ground water field 42 participants have been sent to the United States for training in canal construction, dam construction, ground water research, machine shop practice and related hydrological and research subjects. Three more participants are scheduled to go this year.

Since 1952 a total of 38 participants have been programed for United States training with various United States railways. Of these, 28 have completed their training or are now in the United States, and 10 are scheduled for departure next August. In addition, many Thai nationals have received local on-the-job training on the USOM assisted projects.

POWER AND COMMUNICATIONS

USOM has provided assistance in three specific projects in this field. These are power facilities improvement, power exploratory survey, and telecommunications engineering.

The power exploratory and telecommunications projects are both new and provide for consultant contracts to conduct engineering surveys. These are both expected to be underway this year.

The power facilities project is a continuation of the overall power program begun in 1952.

Objectives

1. To develop the power potentialities of the nation.
2. To improve and expand existing power facilities in Bangkok and other centers of population.
3. To develop and construct a nationwide and regional telecommunications system.

Operations and accomplishments

From 1952 to 1956, the Bangkok power system was expanded by the installation of 10 diesel-generator sets providing a total of 27,000 kilowatts additional generating capacity. Of this total, 6,000 kilowatts was directly contributed by the United States.

During this period, 12 diesel-generator sets were also contributed by the United States for installation in various rural areas. These varied in size from 85 kilowatts to 600 kilowatts, and were installed in 10 different locations throughout the country. Total value of these units was $360,000.

Fourteen participants have been sent to the United States to study in various fields of power development, and four more are scheduled to go this year.

ICA/Washington is now inviting bids and preparing to negotiate two engineering contracts to provide for a complete power survey and for telecommunications engineering.

MINING AND GEOLOGY

Objectives

In this field USOM is assisting in three projects: geological survey, experimental metal mining, and minerals experimental center. These projects, designed to help Thailand develop its mineral wealth, have the following objectives:

1. To conduct geological surveys, and to establish a geological survey department patterned after the United States Geological Survey.
2. To promote the development and expansion of the extractive industries and to utilize modern techniques in the development of efficient mining operations.

Operations and accomplishments

A minerals experimental center in Bangkok was recently dedicated. This is a modern laboratory where studies of minerals, ore-dressing methods, and other research projects can be undertaken. The United States has supplied generating units and machine shop, ore dressing, laboratory, and printing equipment for this center.

Experimental mining centers of instruction have been established in three mining areas throughout the country. These are under the supervision of Thai engineers trained in the United States. Instruction and training courses are conducted in modern mechanized mining methods, and in location of ore-bearing bodies. The United States has furnished approximately $160,000 in equipment for this project, consisting of generating sets, drills, hoists, and air compressors.

Under the lignite program the United States furnished about $1 million of stripping and other equipment for the development of lignite deposits in two areas of Thailand. Approximately 250 tons per day of lignite is now being produced at the Mae Moh operation.

Present planning calls for a specialist in the field of geological exploration to provide expert assistance to the Thai Government in setting up a geological survey, and to accelerate present exploration projects.

Thirty-one participants have been trained in the United States in mining, geological, and allied subjects, with nine more scheduled to go this year. This training has been conducted at various governmental agencies and American universities.

OTHER PUBLIC WORKS AND INDUSTRY PROJECTS

USOM has assisted also in the following fields:

1. Small industry product development.
2. Automotive maintenance training facilities.
3. Hydrographic study.
4. Mekong River reconnaissance.
5. Volunteer defense corps construction.

Objectives and accomplishments

1. The aid program has provided training facilities in the United States for Thai technicians in the small industries field, and has financed a survey of export marketing possibilities of Thai cottage industry products. Also, the services of an industrial adviser have been made available to examine overall industrial development needs and possibilities in Thailand, and to advise on methods to stimulate the growth of industrial enterprises.

2. An automotive maintenance training center was established for training maintenance personnel. This year a contract is proposed which would provide for a technical survey by American engineers to determine requirements and establish procedures for properly maintaining and repairing the 10,000 vehicles owned by the Thai Government, exclusive of those for defense.

3. The hydrographic study continues the participant training program begun in this field in 1951. Thirteen participants have received training in the United States in fields of hydrography, port operations, and allied subjects, four more are scheduled to go this year. The need for training in these fields grew rapidly at the time the mouth of the Chao Phya River was dredged by the dredge *Manhattan*. This dredge was brought to Thailand at a cost of $750,000, and is now used for maintenance dredging along the navigable channel of the river.

4. The Mekong River reconnaissance is a regional project involving the four countries of Thailand, Laos, Vietnan, and Cambodia. In December, January, and February, a team of United States experts aided by local USOM and Thai Government consultants reconnoitered the Mekong River from upper Laos to its mouth on the south China Sea. On February 8, a final regional conference was held at Saigon, following which the team members returned to the United States, where they are now preparing a final report. This report will contain recommendations for specific surveys to accomplish long-range development of the river for irrigation, flood control, navigation, and hydroelectric power generation.

5. The Volunteer Defense Corps construction project provides for the construction of a headquarters, printing building, and warehouse in Bangkok, and training camps for the VDC in 40 border changvads. This work is now approximately 50 percent complete.

LABOR AND WELFARE

The Labor and Welfare Division of USOM is assisting the Government of Thailand in planning and development of programs and legislation designed to improve the economic condition of Thailand's workers and to bring about greater self-help in local community improvement.

Within a few months a significant development should occur: the passage of basic labor legislation for Thailand. The USOM labor adviser has, upon request, analyzed five proposed bills, submitted opinions on their applicability to Thailand, and suggested and discussed proposed revisions. The five drafts covered laws for—

1. The settlement of labor disputes, including the right to organize labor unions and to bargain collectively, and the establishment of an advisory labor board.
2. The regulation of labor unions, including registration.
3. Limiting daily and weekly hours of work and establishing rules for paying wages.
4. Protection of woman and child labor, including prescribing conditions of work, forbidding work in specified occupations, and setting up age and health standards for hiring.
5. Weekly holidays.

The last 3 drafts have since been combined into 1 draft, an act on the protection of labor, making 3 draft laws which will be presented to the National Assembly in June, with such changes as may be deemed advisable after consideration of the opinions of employers, trade unions, and others to whom these drafts have been submitted for appraisal.

USOM is helping to train personnel to administer these labor laws and to provide sound trade-union training to labor officers and workers. Four top officials went to the United States last year; five will go this year. More will go when the labor legislation is enacted. One of the results hoped for is a labor statistical service which will measure changes in wages, cost of living, and employment, and will provide information upon which necessary additional labor and welfare legislation can be drafted.

Other plans for improving the economic and social welfare of the people of Thailand in which this division has cooperated include:

1. *Housing.*—A housing specialist was brought to Thailand to make a survey of workers' housing and to recommend a program for future development. The Thai Government has requested a full-time housing adviser and this position is now under recruitment.

2. *Self-Help.*—Active cooperation in the field of community development—a way of building democracy from the bottom up—has been underway for a year, beginning with the Thai-United States survey team sent to India and Burma. Future work will be integrated with the self-help settlement work initiated by the Prime Minister and with other experiments in operation in several places in Thailand.

These are a few of the human values in which the Thai Government and USOM are vitally interested, working, in the words of President Eisenhower, "to develop a society marked by human welfare, individual liberty, and a rising standard of living."

EDUCATION

Summary

Education in Thailand has made impressive progress within recent years. The Ministry of Education is giving excellent leadership in the development of educational facilities designed to meet the needs of Thailand's people.

American assistance to education in Thailand began in 1951. The United States financial contribution, as compared to the effort made by the Thai Government, is relatively small. USOM has, however, sought to provide assistance in certain key areas. The objectives set up in 1951 still give guidance to the program. They are:

1. To improve the training of teachers—both in service (those now teaching) and preservice (those preparing to teach).
2. To assist in improving curricula in the various levels of education.
3. To assist in the development of teaching materials and improvement of methods of teaching.
4. To assist in the improvement of technical and vocational education.

The projects of the Ministry of Education which are assisted by the United States aid program may be grouped into four areas: Teacher training, elementary education, secondary education, and vocational education.

Teacher training

Objectives

The teacher training program is designed to assist the Ministry of Education to provide a sufficient number of adequately trained teachers for the schools of Thailand. The following are the specific objectives of the program:

1. To raise the standard of teacher training to the college level and baccalaureate degrees.
2. To provide intensive in-service education for the teachers in the teacher training schools.
3. To develop and improve professional literature in the field of education and supporting disciplines.
4. To develop a staff of supervisors especially trained to assist in carrying out a continuous program of school improvement at the teacher training colleges.

Operations

Four technicians have worked directly with the Ministry of Education in the field of teacher training. A teacher training supervisory group has been established. Continuous programs of in-service education for teachers have been conducted, with special programs carried out during summer vacations. Every teacher in every teacher training school in Thailand has participated in these in-service activities. Written materials have been produced to assist in the work done by the teacher training supervisory group.

The aid program has financed a contract under which Indiana University is assisting in the development of the College of Education into a degree-granting school.

A total of 128 teachers and administrators from the teacher training schools have been sent to America and the Philippines for training.

Under the in-service training program now being carried out in Bangkok, approximately 800 teachers or prospective teachers are enrolled at the College of Education for a summer session. Each person will, for the first time in Thailand, receive college credit for participation in summer activities. This activity is financed jointly by the Ministry of Education, the College of Education, USOM and the individual participants.

Accomplishments

Some accomplishments are readily identifiable. The number of teachers participating in in-service training activities increased form 20 in 1952 to 800 in 1956. Beginning in 1956 9 teacher training schools were joined with centrally located schools so that now there are only 25 teacher training schools, 12 of which are coeducational. A new curriculum with greater emphasis on practical education has been developed and in operation. A corps of teacher training supervisors has been selected and trained and are now working with the teacher training schools. The College of Education, for the first time in the history of Thailand, presented bachelor to degrees to its graduates in 1955.

Other accomplishments are more abstract. Interdepartmental cooperation and interdepartmental sharing of personnel has increased significantly. Increased prestige has come to the teaching profession. Improvement has taken place in methods of teaching and in the use of material of instruction.

Elementary education

Objectives

American assistance to elementary education began in 1951 as a part of the Chachoengsao pilot project sponsored jointly by the Thai Government, UNESCO, and USOM. The objectives were:

1. To assist teachers to improve their teaching methods and develop their teaching skills.
2. To assist in the development of textbooks and other teaching materials.
3. To assist in modifying the curriculum of elementary education so that it more nearly meets the needs of the children of Thailand.
4. To assist in developing primary extension schools; and
5. To assist the educational leaders of Thailand in their professional growth and in their professional activities.

Operation

The initial assistance was given at Chachoengsao in the areas of curriculum development, supervision, science education, health education, and teacher training. As the Chachoengsao project developed, the number of American technicians was reduced to 1, but the work of the project was expanded to include the 233 schools in the changwad. Since its beginning, USOM has had major responsibility for the development of elementary and primary extension schools in this project.

The Ministry of Education has set up another experimental demonstration project in nine schools in the Bangkok-Thonburi areas. In these schools studies were carried out to determine how best the Ministry of Education could assist in improving elementary schools. Several techniques were developed but could not be applied because there were no trained persons in the Ministry who could assist the areas and changwads in their programs. Consequently, a supervisory and in-service education unit was established and three American technicians were assigned to assist in selecting personnel and training them to give assistance in school improvement.

Nine regional primary extension schools have been developed as demonstration training areas. Some 107 participants in various fields of elementary education have been enabled to study abroad. A 1-month conference is now under way at Kasetsart University to give training to 65 teachers of vocational agriculture in the primary extension schools.

Accomplishments

In-service training conferences have been attended by some 45,000 elementary and primary extension schoolteachers. The nature of these conferences has changed from lecture sessions to the work conference type of procedure where teachers learn by doing. As a result, it is difficult to find an elementary school in Thailand that does not show some evidence of improved use of teaching materials. Areawide in-service training programs are under way in areas 4, 5 and 9. A supervisory staff of 13 people has been developed. Seven supplementary books for the pratoym schools have been written.

The work done with the primary extension schools has resulted in a decision by the Ministry of Education to develop the same curriculum for all types of schools for the 3 years beyond pratoym. Considerable interest is also being shown in comprehensive high schools for Thailand.

Vocational education

Objectives:

This phase of the program has been guided by four objectives:

1. Development of a technical institute to train skilled craftsmen and teachers for the other vocational schools in Thailand.
2. Development of two pilot vocational agriculture schools—one in the north and one in the northeast.
3. Assistance to the Ministry of Education in improving the total program of vocational education.
4. Development of course outlines, textbooks and teaching aids to be used in vocational education.

Operations and accomplishments:

An impressive achievement in the field of vocational education in Thailand has been the transformation of a 42-acre rice paddy into a modern technical institute housed in 38 new buildings and offering instruction to Thai students in 15 vocational areas. The land and buildings of the institute were provided by Thai funds and approximately 95 percent of the equipment was supplied by the United States. The institute opened in 1952 with 78 students. This year there were 1,484 students. It is expected that the enrollment, when school opens in May 1956, will be more than 2,000. Eleven American technicians have given assistance to this project, and 23 Thai teachers have been sent to America for study. A contract for further improvement is being negotiated between the technical institute and Wayne University.

Shop equipment has been purchased for three branch institutes at Songkla, Korat and Chiengmai. Technical assistance in shop layout, course outline and curriculum development has been a major portion of the work of the American technicians.

An in-service training course at the technical institute is being attended by 54 participants—6 from each area. Each team will return to its area and conduct an in-service training conference for vocational teachers. Of the 6 persons from each area, two are in the field of home economics, 2 in industrial arts, and 2 are changwad education officials. When school opens in May every vocational teacher in Thailand will have had some specialized training in his field of activity.

In vocational agriculture 2 schools, Mae Jo and Surindr, have been developed into demonstration schools with the assistance of 2 American technicians. These technicians are now assisting the Ministry of Education develop plans for utilizing the experiences gained at these 2 schools in all the vocational agriculture schools in Thailand.

Secondary education

Objectives

In 1956 USOM was requested to give assistance to secondary education in Thailand. This assistance will be guided by the following objectives:

1. To assist in developing a curriculum for the comprehensive secondary school.
2. To assist in the establishment and operation of four experimental demonstration comprehensive secondary schools.
3. To assist in selecting and training a supervisory staff to help in the development of the comprehensive secondary school; and
4. To assist in the development of textbooks and other teaching materials for secondary schools.

PUBLIC HEALTH

Summary

In the field of public health, the United States is assisting the Ministry of Public Health in improving health services to Thailand's people; launching programs for the control of communicable diseases, especially the mosquito-borne and filth-borne diseases; and providing educational and training facilities to help train the large numbers of technical personnel required for an expanded public health program.

Sixteen health projects have received United States assistance totaling $10,686,000. Some of these, undertaken in the early years of the aid program, provided primarily commodity support, while the current projects typically provide both commodities and technical assistance.

The following indicates the amount of the United States contribution to these projects:

1. Malaria and filariasis control	$2,548,000
2. Medical education	1,726,000
3. Rural health	950,000
4. Demonstration training center—Cholburi	629,000
5. Hospitals	1,990,000
6. Health education	284,000
7. Sanitation	1,294,000
8. Other (terminated) projects	1,163,000

In a study of the causes of illness and death, it was apparent that there was untimely death resulting from the prevalence of communicable diseases, especially malaria and diarrheal diseases. These debilitating diseases constitute a serious drag on the productivity of the nation's workers. Accordingly special attention has also been given to improved preventive medicine and public health services.

Malaria and filariasis control

Objectives

The present intensive antimalaria campaign in Thailand began in 1949. Malaria had been the chief cause of sickness and death in the country, as well as a major obstruction to social and economic progress. The Ministry of Public Health was assisted by WHO and UNICEF, 1949–51, in a pilot project, demonstrating residual house-spraying for malaria control.

United States assistance began in 1951, with the objectives of (1) expanding the antimalaria campaign to nationwide proportions, (2) implementing the organization and activities necessary for malaria eradication, and (3) establishing a program of protective surveillance to guard against return of malaria after its eradication. Control of filariasis and other mosquitoborne diseases, as well as development of investigation and control of vectorborne diseases in general, are collateral objectives.

The USOM assisted project aims toward phasing out its dollar assistance in 1957 and its counterpart fund assistance in 1959. At that point malaria should be largely eradicated throughout the country, and a continuing program of protective surveillance should be well established within the resources of the regular Thai Government budget.

Operations

The DDT house-spraying campaign is scheduled in January–June, mainly during the dry season, with the objective of spraying all houses in each malarious area once each year for about 3 years. This has been sufficient in most areas to eliminate malaria-carrying mosquitoes and cause the disease to die out. In 1960 the homes of about 10 million people in 60 provinces will have been sprayed for a variable number of years.

Technical surveys are conducted by field units in all areas for guidance and evaluation of operations. Procedures include inspection of houses and breeding places for malaria-carrying mosquitoes, spleen examination of children, and blood examination of infants and others for malaria parasites.

Distribution of antimalarial drugs supplements the house-spraying campaign. Through field units, hospitals and health centers, chloroquine drugs (Aralen and Nivaquine) have been distributed in sufficient quantities to treat approximately 2 million cases. Atabrine, Camouquin, and Daraprim have also been used in the present project, and primaquine has been stocked in anticipation of treatment of persistent malaria cases.

Training activities include advanced study and observation abroad by key medical officers, technical training of laboratory and field assistants, and in-service training of technical aids and local house-spraying squads. Of 16 medical officers, 8 have received training in the United States and 5 more are scheduled for similar training. Of about 300 technicians, 94 assistants have received training at the USOM-assisted Chiengmai malaria training center, and over 100 aids have had in-service training in the project. The Chiengmai center is now also training officers and technicians of Laos, Vietnam, and Indonesia in specially arranged courses and has participated in observational and training tours of

officials from the United States, the Philippines, and Taiwan. Over 5,000 foremen and spraymen have been trained in Thailand; these are temporary personnel trained locally each year.

Public information on malaria and its control is disseminated through posters, leaflets, booklets, talks in village centers, home contacts, exhibits, 10 mobile motion-picture units, and newspaper and radio features. In 1960 the project will have thus far distributed about 200,000 posters and 5 million leaflets and other printed materials in over 20,000 villages in 60 provinces. Special exhibits and motion-picture units have operated throughout the malarious areas with large attendance reaching an estimated 10 million people, half of the national population.

Accomplishments

The objectives of the project are nearing fulfillment, with operation proceeding in all malarious areas, implementation nearly completed for malaria eradication, and protective surveillance established in large areas.

A recent comprehensive technical survey of all malarious areas showed that the project has eliminated malaria-carrying mosquitoes and malaria from areas of over 3 million population. These areas were in 1949, prior to control operations, among the most malarious in Thailand and the world. House spraying has been discontinued in these areas and a program of protective surveillance has been instituted against the return of malaria. The house-spraying campaign is continuing in all remaining malarious areas.

The successful effects of the project are also evident in the great reduction of reported deaths from 38,046 in 1949 to 16,469 in 1954. It should be noted that this reduction represents the effects on the national malaria death rate when the project had reached only areas of 4,681,218 population and was only partially completed in those areas.

Thailand now has a leading position in southeast Asia in the race toward malaria eradication. Thailand's antimalaria organization is providing assistance to other countries in technical training, consultation, and coordination. The success of the Thailand project is also lending strength, by example, to the world program of malaria eradication.

Medical education

Objectives

Thailand lacks the numbers of qualified doctors, nurses, public health officers, and medical technicians that are required for the expansion of public health and medical care. There are 2,272 physicians and approximately 4,500 nurses (one-half are probably not engaged in nursing); most of them are in Bangkok. The lack of trained personnel is a key factor handicapping efforts to improve health standards. The objectives of this long-range project are to:

1. Improve the quality and quantity of medical, nursing, and public-health teachers.
2. Train sufficient teachers to allow opening of an urgently needed third medical school outside Bangkok.
3. Establish education of paramedical personnel, especially laboratory technicians.
4. Improve premedical education and postgraduate medical education.

Operations

Twenty-eight United States technical advisers have been in Thailand for periods of time up to 2 years. By the end of this year 154 Thai faculty members will have been sent to the United States for training. Commodity aid of $325,000 has been given. Counterpart funds of 7,240,000 baht will be used for the construction of a medical technology school central laboratory at each of the 2 medical schools and for the school of public health.

Accomplishments

1. Improvement in the quality of instruction at the medical schools and a similar improvement in practice at the medical school teaching hospitals.
2. Alleviation of serious shortages in teaching equipment due to rapid expansion of student load in the medical schools.
3. Establishment of postgraduate courses.
4. Preparation of faculty for the establishment of a third medical school.
5. The schools of medical technology are rapidly being organized and two classes have been admitted: the first building is under construction.
6. Nursing education is being improved.

Rural health

Objectives

This project was started in 1953 for the purpose of improving and extending public-health service into rural areas. Specific objectives are:

1. Improve existing first- and second-class health centers by:
   (*a*) Providing necessary commodities.
   (*b*) Repair of existing buildings.
   (*c*) Training sanitary inspectors.
   (*d*) Improvement of supervision.
2. Training of provincial health officers.
3. Construction of a demonstration health center.
4. Technical advice in Ministry of Public Health regarding public-health administration.

Operations and accomplishments

Counterpart funds have been used to build a provincial and regional health department building in Korat, where the first program of decentralizing service will be undertaken. Counterpart funds have also been used for training of sanitarians, doctors, and regional healthy workers, and for repair of existing buildings.

The program has provided technical advisory services of a public-health administrator, who has worked with the Department of Health to advise in the planning and development of rural public health. This has included recommendations for reorganization of the Department of Health, a plan for supervision of work in the field, and a method of decentralizing Health Department work to provide consultation and supervisory services to the Provinces.

The rural health centers have been furnished with basic medical equipment and vehicles.

Twenty-five doctors and nurses have been sent to the United States for specialized public health training operation.

A self-help community project has been started in Tha Muang. This projject has improved medical care and public-health services and resulted in other community improvements. An effort is being made to develop four more such demonstrations.

Cholburi Field Health Demonstration and Training Center

Objectives

This project assists in providing better public health services for the people in rural areas of Thailand by providing field-training facilities for in-service training of all categories of public-health workers and for graduate and undergraduate students of the school of public health.

Operations and accomplishments

A small demonstration area in Cholburi is being developed where trainees can observe and participate in a well-organized and operating public-health program.

Groups of provincial health officers, sanitarians, midwives, public health nurses, Ministry of Public Health students, and senior sanitarians (third-year course) from school of public health attend the Cholburi center for varying periods of time, ranging from 1 to 6 weeks, for field training.

At the center prenatal, well-baby, medical care, immunization, and venereal-disease clinics are held regularly each week. A 24-hour midwifery service is offered to selected patients in the municipality of Cholburi. Classes for expectant mothers are held weekly at the center.

By 1955 provincial health officers from every Province in the country had received training at Cholburi training center. By the end of 1956, 115 health officers will have had field experience at the center. A total of 562 sanitarians will have spent 4 weeks studying at the center at the end of this year.

Six weeks refresher study in the theory and practice of midwifery has been given to 225 second-class midwives.

In-service training in public health nursing supervision will have been given to 56 public-health nurses employed by the Health Department, and 35 public health nursing students from the school of public health will have had field experience at the center.

Forty-nine Ministry of Public Health students from the school of public health have spent 1 week in observation of the public-health field activities.

Hospitals

Objective

To improve facilities for medical care in Thailand through assistance to provincial hospitals and their related programs for training of medical personnel.

Operations and accomplishments

Before 1950, there were hospitals in 20 of the 71 Provinces of Thailand. Since then the Thai Government has constructed hospitals in all but one Province (Samutsakorn). USOM has provided essential hospital equipment for many of these as well as to some of the Government hospitals in Bangkok. Dollar funds also have been spent for United States training of key physicians and nurses staffing these new hospitals. Modern medical care has thus become available to large areas that only a few years ago depended wholly on untrained doctors for medical services.

Counterpart funds have provided X-ray and surgical buildings for many hospitals; a new nursing school in Korat; a midwifery school in Chiengmai; and financing for regional "refresher" courses for all physicians in Thailand.

Health education

Objectives

To strengthen and extend the services of the Division of Health Education by:

1. Demonstrating the process of community organization in local health projects in pilot areas.
2. Producing effective audiovisual materials for mass distribution.
3. Giving in-service training in health education to health workers of all categories.
4. Improving mass information techniques.

Operations and accomplishments

Reorganization of the Division of Health Education was effected in 1955, facilitating joint planning for program and budget. Commodities for mobile information activities, educational materials production, and staff training have been imported. Health education staff, after graduate training in the United States, are gaining experience in community organization in six local demonstration areas. Audiovisual staff have produced 3 health films, 2 filmstrips 4 flip charts, 2 flannelgraphs, 14 posters, and 26 pamphlets, all for mass distribution. Additional materials are in varying stages of completion.

In-service training of health staff has been carried out in workshops, seminars, lecture courses, and regional meetings.

Environmental sanitation

Objectives

To reduce disease, illness, and death, and to improve the general health and productivity of the people of Thailand by improvements in methods of excreta and sewage disposal, domestic water supplies and general community hygiene.

Operations and accomplishments

The main effort is concentrated in northeast Thailand where a major pilot program is being set up. Expansion into other areas of Thailand will follow as staff, facilities, and other resources become available.

Other activities include technical advice to the Sanitary Engineering Division of the Health Department and aid to sanitation education and in-service training at Chulalongkorn University.

Ten participants have been trained in sanitary engineering in the United States.

Major accomplishments include:

1. Establishment of a division of sanitary engineering in the Ministry of Public Health.
2. Construction of six municipal water systems in the northeast area.
3. Establishment of regional headquarters at Korat with buildings and godowns.
4. Provision of $400,000 worth of commodities for the environmental sanitation program.

5. Construction and/or rehabilitation of 364 wells and small reservoirs in the northeast area.

6. Construction and installation of privies, with the aid of mobile sanitation teams.

Public administration

In order to obtain the greatest benefits from its own resources, as well as from foreign aid made available, Thailand is seeking to modernize and make more effective its budgetary, fiscal, and planning procedures and the governmental services provided to its citizens. Without strong and effective public administration, the long-run progress of the Thai economy would be impossible. The United States is now assisting the Thai Government in this field in three ways: (1) advisory services in budgetary procedures and fiscal management; (2) an interuniversity contract to assist in strengthening facilities for training of public administrators; and (3) assistance in improving customs and revenue administration. In addition, in response to the Thai Government's request, the United States will provide the services of a high-level economic adviser.

Objectives

1. To strengthen public administration at all levels to assure optimum utilization of available resources for development.

2. To develop training facilities and professional standards for public administrators.

3. To assist in the development of planning methods and economic policies most suitable for the long-run mobilization of Thailand's resources for development.

Operations and accomplishments

A public administration reconnaissance survey was made by two United States experts in 1952, who made recommendations on means of assisting in the field of public administration. Subsequently, in fiscal year 1954 the services of three experts were made available under a contract with Howell Associates to aid the Thai Government in improving customs and excise tax procedures. These experts are advising and assisting in development of sound organization for tax administration, collection, and enforcement procedures, and appropriate training programs for Government personnel in management and supervisory techniques in the field of revenue and tax laws.

In May 1955 a contract was signed under which Indiana University would cooperate with Thammasat University in a program to strengthen training facilities in the field of public administration. The project is aimed toward the establishment of: (1) a graduate and undergraduate program in public administration at Thammasat University; (2) in-service training courses for government officials; and (3) a governmental research bureau and accompanying depository of public administration materials. Four United States technical assistants are provided under the contract, and 15 Government officials will be sent to the United States for study and observation during each of the 3 years of the contract.

In March 1956 an agreement was concluded under which the Public Administration Service (PAS), a nonprofit United States organization, will assist the Government of Thailand in modernizing budgetary practices and overall Government fiscal procedures. The aid program is making available $400,000 to cover the dollar costs of the contract and the Thai Government has agreed to provide the equivalent of $210,000 in baht. A resident staff of 6 PAS advisers will be sent to Thailand for the 26-month duration of the project, and other advisers for shorter periods. The group will include advisers on budgeting, accounting auditing, public finance, organization, and methods. These advisers will work closely with key Thai Government officials, acting as consultants and advisers, but will assume no governmental operational responsibilities. They will be attached to the Ministry of Finance. They will collaborate with and use the training facilities of the Institute of Public Administration at Thammasat University.

An important corollary of the work of the PAS group will be the provision of an economic adviser of high caliber, to be assigned to the office of the Prime Minister, who will work directly with leading officials of the Government of Thai-

land in the areas of overall economic and fiscal policies and development planning. The provision of this adviser was recommended also by the World Bank. He will advise on such problems as stimulation of foreign investment, borrowing policies, budget formulation and policy, and planning and implementation of development programs.

OVERSEAS TRAINING

The training of Thai nationals in the United States is an important part of the aid program. Trained technical personnel in large numbers are essential for progress in any sector of the economy. To overcome the serious shortage of qualified technicians, participants in all major fields of activity which the aid program supports in Thailand are being sent to the United States and other countries for training. A total of 1,031 individuals have already gone abroad or are scheduled to go during the current year. To date, 558 have returned and 253 are now in the United States.

USOM is now cooperating with the Thai Government ministries in the selection and processing of the participants to be financed from 1956 funds who are scheduled to depart for training during this calendar year. Seventeen of these participants will be sent for training to Japan or to the Philippines.

For each participant, the United States Government pays for all costs of training in the United States, while the Thai Government of other sponsoring institution pays for the cost of international travel and the regular salary of the participant during his training abroad. Candidates are selected on the basis of their ability to benefit from training abroad, and on the understanding that they will be returned to responsible positions where they can put their training to use for the economic development of Thailand.

The greater number of participants has been in the fields of health, education, agriculture, and transportation, with some selected also from the fields of industry and mining and public administration. The distribution by field of activity is as follows:

Training of Thai nationals in the United States, 1951–56 (by field of activity)

	Number of participants			
	Returned	Now in United States	In process	Total
Agriculture and natural resources	129	54	26	209
Industry and mining	50	12	13	75
Transportation	46	23	37	106
Labor	1	2	5	8
Health and sanitation	180	68	59	307
Education	103	69	57	229
Public administration	49	25	21	95
General and miscellaneous			2	2
Total	558	253	220	1,031

Total dollar cost of the training program to date is $4,726,065, financed entirely from technical cooperation funds (with the exception of 22 participants costing $103,000, financed from 1956 economic aid funds).

SCHEDULE 3.—*United States Operations Mission to Thailand*

[Project costs, based on amounts obligated, in United States dollars, and amounts withdrawn for projects from the counterpart fund in United States dollar equivalents, at Baht 20=$1]

[All projects, from the beginning of the program, Sept. 19, 1950 through June 30, 1956]

[Figures shown are thousands of United States dollars]

Name of project	Project No.	Total dollars	Counterpart (dollar equivalent)	Other local currency
TECHNICAL COOPERATION				
Agriculture:				
Agriculture extension	029	445.3	246.5	428
Improving Kasetsart University	130	1,278.1	823.8	751
Soil fertility and management	131	89.0	58.3	60
Crop improvement	032	1,230.4	1,441.6	2,870
Livestock development and distribution controls	033	474.6	615.6	580
Agriculture marketing and statistics	035	39.0	5.0	40
Cooperatives and credit	034	1,074.0	735.7	700
Rural youth	036	34.0	18.6	56
Fisheries improvement	023	886.1	270.8	910
Forestry	077	262.9	49.4	210
Fertilizer distribution	311	394.4	36.0	80
Irrigation and reclamation	314	3,158.7	382.8	3,815
Gravity irrigation	024	227.9	710.0	120
Industry and mining:				
Geological survey	038	67.4	63.0	128
Experimental metal mining operation	132	1,508.6	616.2	915
Minerals experimentation center	133	26.0	181.1	48
Power facilities improvement	041	1,032.3	127.0	95
Power exploratory survey	134	160.0		
Telecommunications	042	290.4		
Vegetable oil refining	044	10.0	12.4	10
Transportation:				
Highways development	046	1,972.3	531.8	970
Automotive maintenance	135	170.0		
Railroad operations improvement	014	1,590.3	281.5	3,100
Hydrographic study	049	75.5		60
Upper air aids	070	93.1	24.9	51
Air transport	050	787.7	199.9	285
Improvement Thai airways	118	1,022.0		238
Port operation and improvement	048	855.5	102.8	750
Labor: Labor relations training	051	83.4		21
Health and sanitation:				
Environmental sanitation	022	868.8	118.2	370
Rural health	053	907.4	715.5	1,620
Medical education	016	1,601.6	248.7	3,025
Health education	054	268.4	126.0	110
In-service, preservice training	072	585.0	278.4	325
Hospital improvement	035	1,780.5	852.9	8,110
Malaria control	017	2,380.4	1,108.6	1,508
Intestinal parasitic disease	052	248.5	80.0	310
School health	233	273.4	20.0	150
Venerial disease control	213	284.4	37.2	185
Plague control	222	60.8	18.2	78
Dermatosis control	223	42.3	3.6	25
Foreign quarantine	224	24.3	9.4	18
Vital statistics	225	61.0		40
Nutritional disease control	218	128.8	50.0	135
Serum, vaccine, drugs	219	8.0		
Water supply	201	29.5	233.0	
Water systems	202	685.0		
Education:				
Technical education	057	1,381.7	225.9	890
Vocational education	710	793.9	835.3	2,010
Vocational agriculture schools	058	97.5	43.5	350
Curriculum development	060	118.1	107.1	190
Secondary education	138	30.0	6.2	25
Teacher training	021	2,010.3	321.5	4,125
Engineering education	123	76.5		40
Improvement Chulalongkorn University	124	172.8	44.9	725
Community schools	059	561.2	543.0	750
Elementary education	006	9.0		3
Reactor training	085	9.6		4
Public administration:				
Bangkok city planning	119	200.0		
Public finance improvement	062	113.0		75
Fiscal administration improvement	146	465.0	12.5	125
Program information	065	89.2	368.0	285
Nuclear science	085	8.0		3
Isotope laboratory improvement	161	13.0		
Indiana-Thammasart	063	880.0	47.2	125
Community development and social welfare:				
Land resettlement			130.0	150
Northeast provinces social welfare			313.3	220
War relief and rehabilitation			233.3	

SCHEDULE 3.—*United States Operations Mission to Thailand*—Continued

[Figures shown are thousands of United States dollars]

Name of project	Project No.	Total dollars	Counterpart (dollar equivalent)	Other local currency
TECHNICAL COOPERATION—continued				
Regional:				
Mekong River survey	R002	60.0	2.0	
Rinderpest control	R005	101.7		70
TTEC program operations			60.5	
Trust fund			3,951.2	
Administration expense			1,205.0	
Subtotals for technical cooperation		36,686.5	19,884.8	43,465
DEFENSE SUPPORT				
Tank irrigation	142	152.7	464.1	272
Ground water research	108	707.4	82.0	260
Northeast highway	066	12,342.0		1,000
General highways	089	2,657.9	1,250.0	3,010
Aero ground services	050	319.5	36.2	225
Meteorological service	117	139.5	5.8	175
Malaria control	017	486.0	420.0	570
Low cost housing	144	5.0		
Railway extension, Nongkai	090	1,287.0	1,830.0	
Railway equipment	091	1,100.0		
Police hospital equipment	086	225.0		
Siriraj hospital equipment	104	80.0		
Volunteer defense corps	100	112.4	693.7	
Trust fund			167.7	
DIRECT FORCES SUPPORT				
Airfield construction	094	2,742.7	88.5	
Commercial trucks	107	711.0		
Horses and tackle	115	200.0		
Uniforms	114	1,870.0		
Fork lift trucks	5232	30.0		
Field hospitals	5233	550.0		
POL supply	5216	2,386.0		
Army training facilities	101	250.0	52.9	
Navy training facilities	111	25.0	9.4	
POL storage facilities	105	1,456.9	9.4	
Naval base improvement	110	1,202.0	5.6	
COMMERCIAL PROCUREMENT				
Commercial procurement (to generate Baht)		43,603.3		
Grand total		111,327.8	25,000.1	48,977

Of the total $111,327.8 thousand United States aid administered from ICA funds table III–A the following amounts were for direct military support:

Direct forces support funds obligated in fiscal year 1955 for military construction projects ($5,676.5) and nonconstruction supplies ($5,750.): $11,426.5 thousand.

Defense support funds programed for commercial commodity imports to create local currency and the local currency in turn programed for military construction projects ($18,373.4) and acquisition of local supplies ($3,739.) for Thai military forces:

	Thousand
Fiscal year 1955 source funds	$14,112.4
Fiscal year 1956 source funds	8,000.0
Total	22,112.4
Total ICA funds for military	33,528.9
Balance obligated for economic and technical assistance	77,798.9
Total	111,327.8

NOTE.—In fiscal year 1957 the JUSMAG has proposed $2,967.2 be programed in counterpart support which counterpart will be derived from defense support aid.

SCHEDULE 5

[Security classification: Unclassified]

INTERNATIONAL COOPERATION ADMINISTRATION,
September 11, 1956.

From: Bangkok.
Subject: Fiscal year 1957 operational TC program.

Address and serial No: Washington, TOICA A-246.

1. After thorough review and evaluation fiscal year 1957 technical cooperation operational program submission now completed with full TG and country team concurrence. Tabular material consists of the following:

(*a*) Project assistance by individual projects and cost factors—technical cooperation program dated August 31, 1956. Total US$4,600,000; counterpart total $4,105,000 (United States dollar equals B20).

(*b*) Project assistance by individual projects and cost factors—regional projects. This table covers those regional projects (both technical cooperation and AEDF) financed from United States dollar funds allotted to the mission and/or involving counterpart fund costs.

(*c*) Status report United States employed technicians, technical cooperation, defense support, regional, fiscal year 1956.

(*d*) Status report United States employed technicians, technical cooperation, fiscal year 1957.

Ten mimeographed copies of these tables and one set of stencils are being separately pouched.

2. Program approval of all projects listed in the table referred to in paragraph 1 (*a*) above is requested. If necessary to approve an amount of funds less than the $4,600,000 proposed, approval of the following amounts should be withheld in order of listing up to maximum of delayed approvals:

(*a*) *Project 93-37-118, improvement Thai airways, $540,000.*—This represents the contract services portion of this project. Funding in this amount can be delayed until the latter part of fiscal year 1957 as previously obligated funds should be adequate until that time and no contracting action is involved which would require immediate approval action. The participants training portion f the project ($60,000) should be included in initial approval as participants can be dispatched for training as soon as processing is completed.

Authorizing officer: Allan Loren for Lloyd K. Larson, Director.
Drafted by: Cabot, Tolbert, Davis.
Office: Program.

(*b*) *Project 63-66-124, improvement of Chulalongkorn University, $458,000.*—This amount, representing entire United States dollar funding for fiscal year 1957, is intended to initiate financing of increased contractual services and commodities for improvement of the engineering department of Chulalongkorn University to accelerate the rate of increase in the number of graduate engineers. This may possibly be arranged by amendment of the existing Texas contract. A survey is currently under way to determine the extent of services and facilities improvement needed, and United States dollar funding can be delayed until end of fiscal year 1957 without seriously jeopardizing implementing action.

3. The total number of United States technical positions authorized for the fiscal year 1956 TC program was 107 as compared to 105 in this fiscal year 1957 submission. However, considerable readjustment is to be accomplished in fiscal year 1957, and by the end of fiscal year 1957 a reduction to 86 authorized positions is called for. The number of contract personnel in the TC program will increase from 58 in fiscal year 1956 to 93 in fiscal year 1957 reflecting (*a*) initiation of Technical Institute-Wayne University contract; (*b*) the addition of services to Kasetsart University; (*c*) the execution of other contracts such as power exploratory survey which were included in prior programs although contracts are still being negotiated; and (*d*) added contracts in the public administration and industrial sectors. Detailed explanation is contained in project descriptions.

4. Project 93-71-160 has not been included in the technical cooperation program table as United States dollar funds for this project, when implemented, are assumed to be outside regular TC program funding. Local currency costs, when determined, can very probably be obtained from defense support generated counterpart.

5. The following schedule shows comparison by activity fields between the congressional and operational presentations:

Activity field	Congressional total	Operational total	Difference (+) or (−)
Agriculture	1,215	1,043	−172
Industry and mining	585	300	−285
Transportation	285	665	+380
Labor	40	55	+15
Health and sanitation	820	692	−128
Education	975	1,193	+218
Public administration	190	345	+155
Community development, social welfare, and housing	105	40	−65
General and miscellaneous	385	267	−118
Total	4,600	4,600	

Fiscal Year 1957 Operational Technical Cooperation Program

PROJECT DESCRIPTIONS

The following is a listing of all projects (not including regional projects) with a brief description of all new projects and of continuing projects whose scope or character is substantially changed from fiscal year 1956:

10. Agriculture and natural resources

11–029 Agricultural extension and research (continuing)

In the past under projects 11.029 agricultural extension and research; 12–131 soil fertility and management; 13–032 crop improvement; 13–154 plant disease and pest control; and 16–036 rural youth, a number of activities have been carried out in various phases of agricultural extension and research. The major emphasis of the program hitherto has been on training Thai personnel and reorganizing and strengthening the Ministry and related central services, but to date it has borne little fruit in terms of extension to the village level and the individual Thai farmer. The Thai Government is now undertaking the formal establishment of an agricultural extension service which will have departmental status in the Ministry of Agriculture. This project now concentrates our efforts in these former projects to maximize their effectiveness in support of this extension service.

Rural youth activities will be included in this extension project as a part of this concentration of all activities of a direct extension nature in one project. Some research activities will be carried on in this project also in order to make more effective the link between research and extension and to insure that the results of research are carried directly into the field as part of the extension program.

This reorientation of projects is part of our objective of moving the agricultural program into the field. In fiscal year 1957 it is planned to develop a regional organization at Korat (region III) of United States Operations Mission and Ministry technicians to serve as a field demonstration of work under this project (as well as under the credit and marketing and resources management projects described below). This project calls for 14 positions during the fiscal year, of which 5 are positions terminating during the year. It includes 4 new positions, 3 of which(however, were already authorized in the respective fiscal year 1956 projects. These positions would give particular emphasis to the extension aspects of the project.

11–130 Improvement of Kasetsart University (continuing)

As a result of a careful review of this project it has been agreed with Kasetsart University that ICA contractual assistance must carefully make possible an expanded program of high-grade livestock under lease arrangements to individual farmers and to provide breeding stock to enable upgrading of Thailand's livestock. It is hoped that, as a part of the economic development loan fund undertaking contemplated in the fiscal year 1957 defense support program, considerable loan assistance can be given to livestock ranchers and to the livestock handling and meat processing industries necessary to develop the livestock industry.

The livestock specialist and farm production specialist positions will be continued; the animal disease pathologist position will be continued during the fiscal year; and new positions for a cattle geneticist and a farm equipment specialist are called for.

14–035 Agricultural statistics (continuing)

This project is continuing. It is expected, however, that it will be phased out in early fiscal year 1958.

14–034 Credit and marketing (continuing)

Heretofore the major emphasis in the agricultural program has been on the production side. It has been realized, however, that a major problem in the development of Thailand's agricultural resources also lies in the fields of marketing and credit. Some work has been done in this field by this project, formerly entitled cooperatives and credit. It is planned to give this project now some reorientation and greater emphasis. It will continue assistance to cooperatives. The major activity of this project now will be in the development in the abovementioned Korat demonstration region of credit and marketing techniques and institutions. Though continuing to work through cooperatives, it will also undertake a pilot-credit scheme utilizing a provincial credit organization to make loans available for farm production, farm improvement, and particularly marketing. This project also will be carefully planned to enable expansion by demonstration throughout Thailand.

The project calls for three new technicians to work particularly in the Korat area: an agricultural credit adviser; a credit management specialist; and a cooperatives management specialist. It also calls for the continuation of the agricultural equipment adviser until early fiscal year 1958 and for the termination of the cooperatives specialist in mid fiscal year 1957.

18–023 Fisheries (continuing)

This project will be phased out this year, providing only aid to complete work already undertaken. The emphasis on fisheries in the past has been directed toward production. It is felt that the objectives of this project can be fully achieved through this fiscal year. Continuing proposals in fisheries will particularly relate to marketing aspects. It is hoped that credit obtained through the mechanism of the economic development loan fund can give the needed assistance to private marketing facilities.

19–037 Agriculture program administration (continuing)

This project provides for the agricultural officer, for a new program assistant position, for two secretaries and for the agricultural engineer position which will be terminated during fiscal year 1957.

20. Industry and mining

21–038 Geological survey (continuing)
21–033 Minerals experimental center (continuing)

No change is contemplated in these continuing projects. The fiscal year 1956 experimental metals mining operations project is completed and will not be carried in the fiscal year 1957 program.

22–041 Power facilities improvement (continuing)
22–134 Power exploratory survey (continuing)
29–139 Industrial technical advisory services (new)

As a part of the industrial development program described in 29–143 this project will provide three technicians under contract to assist in the establishment and operation of an industrial technical services center. This center will work closely with the economic development loan fund, screening loan applications and providing technical advisory services to loan recipients and other private enterprises.

29–143 Industrial development program administration (new)

This new project reflects the planned establishment in fiscal year 1957 of an Industrial Development Division in USOM consisting initially of two advisers: the present industry adviser who will concentrate on technical aids to industry, and a new industrial investment adviser who will be primarily concerned with assisting and advising the Thai Government on means of stimulating industrial development and removing legislative, administrative and other obstacles to the growth of industry in Thailand. The major initial responsibility of the

industrial investment adviser will be to assist in the establishment of an economic development loan fund, for which fiscal year 1957 defense support funds are earmarked, to provide credit at reasonable terms to small and medium sized private enterpreneurs.

30. Transportation

31–135 Automotive maintenance training facilities (continuing)

33–014 Railroad operations improvement (continuing)

This project has been terminated and is listed in the fiscal year 1957 program only to provide for the technician through November 1956.

37–118 Improvement Thai airways (continuing)

39–045 Public Works & Engineering Program Administration (continuing)

This project provides for the public works and engineering officer (formerly carried as public works and industry officer), the regional transportation adviser, the chief, engineering section, an administrative assistant, and a new telecommunications adviser position.

40. Labor

41–051 Labor relations training (continuing)

50. Health and sanitation

53–053 Rural Health (continuing)

In the past the aid program has carried several separate Public Health projects working in Thai Government divisions and departments. These include: 52–022 Environmental sanitation; 53–053 Rural health; 54–054 Health education; and 54–072 In-service and preservice training center, Cholburi. There is now a need to provide for fully planned extension of public health services throughout Thailand. United States technicians will continue to work closely with the Ministry at the national level, but also the activities of the above four projects will be reoriented to undertake a specific demonstration operating program in selected rural areas designed to accomplish specific objectives within a given time period and with a view to establishing reasonable standards for rural improvement which could be then multiplied throughout the country. Apart from existing village demonstration projects at Bhuket and San Sook, it is envisaged that the Korat area (as was the case in the agricultural program) where a pilot regional health organization has recently been set up will be particularly selected for this demonstration. It is felt that the development of a successful program along these lines would also be of great benefit as a spearhead in setting up a community development program in Thailand.

54–016 Medical education (continuing)

Assistance to medical education is continued primarily as a means of producing qualified staff for Thailand's public health organization. The project is planned so as to provide training and technical assistance to lay the groundwork for a third medical school. Expansion of this activity is planned next year, assuming that final agreement is reached in fiscal year 1957 on the establishment of a new medical school at Chiengmai. Assistance will be continued to complete the establishment of the schools of medical technology at the two existing medical schools.

55–055 Hospital improvement (continuing)

Assistance in equipping hospitals will be phased out this year in order to concentrate available resources on public-health services and on preventive medicine rather than on medical care facilities. The project, as in prior years, provides for overseas training of several participants in the field of nursing education, since a substantial portion of the nursing education facilities in Thailand are located in the hospitals. However, this activity will also be phased out this year, and further assistance in the field of nursing education will be provided only insofar as it makes a significant contribution to the development of a new and effective nursing education institution, possibly in conjunction with the third medical school.

59–056 Health and sanitation program administration (continuing)

60. *Education*

89056—57——28

61–057 Technical Institute (continuing)

This is a retitling of the improvement technical education facilities project and provides for the imminent Wayne University contract funded in fiscal year 1956.

61–162 Vocational education (continuing)

This project has been redesigned and combined with the vocational agriculture schools project to provide for the careful planning of an integrated program to upgrade vocational education in Thailand. The vocational education adviser will assist the Ministry of Education in this respect, coordinating and assisting in the planning of the activities of the two vocational agriculture technicians, the Wayne University team, and the educationist printing trade technician. The educationist commercial education and the educationist electrical trades are being terminated in early fiscal year 1957. During this planning phase no further technicians are contemplated.

The technical assistance and commodity aid to the vocational agricultural schools wil be provided in order to improve teaching staffs and to develop instructional materials and more practical curricula. United States assistance is now focused primarily on 2 of the 16 agricultural schools: Mae Joh, at Chiengmai, which is limited to high-school graduates, and whose graduates go on to the Agricultural University; and Surindr, which is the only one training agricultural teachers. In fiscal year 1957 assistance will be given in developing another center for training agricultural teachers for the southern areas at Nakornsridhamras.

With regard to other vocational education facilities, the program to date has centered almost exclusively on the Technical Institute, in Bangkok. There is also, however, a need to develop the potential of numerous other trade schools which serve different student groups. Facilities in these schools are outmoded, and available teachers need to be trained in the use of power equipment, etc. There has been only a limited effort to provide training in fields other than carpentry or to meet adult education needs through part-time or evening classes. The vocational education adviser will survey the needs and assist in formulating a program for developing certain of the trade schools as demonstration centers to guide the further development of other vocational schools.

64–149—Elementary education (continuing)

The major areas of United States assistance to the education program in Thailand are vocational education carried in 61–067 and 61–162 above, elementary education, and university-level teacher training. (The secondary education project will be phased out this year and the other project in the education program, improvement Chulalongkorn University engineering, is designed to upgrade technical training in a particularly high-priority field.)

The elementary education project is a relatively large concentration of effort on the upgrading of the elementary educational system in Thailand through general guidance at the ministerial level, demonstration schools, and particular emphasis on preservice and in-service teacher training. This project includes the former curriculum development Chachoengsao project and the school-level portion of the former teacher training project, and the former development of in-service and supervisory activities project.

Technical assistance and community aid are provided for the development of demonstration primary schools and primary extension schools to serve as guides to the Ministry of Education in further developing secondary schools throughout Thailand, using Thailand's own resources. Two continuing positions, curriculum instructional material and vocational agriculture are provided and one new elementary educationist position is included with incumbent to arrive shortly. The administration and supervisory position was terminated early in fiscal year 1957.

Work in the teacher training schools, primarily directed toward upgrading the elementary schools, will be continued with concentration on advice at the ministerial level and in selected training schools. Two continuing technicians, teacher training and home economics, and a new position, teacher training, general, are provided.

65–138 Improvement secondary education (continuing)

This project provides for continuing technical assistance and commodity aid in the general improvement of the secondary school system with particular

emphasis on the establishment of 4 demonstration high schools to serve as guides for the future development of secondary education in Thailand. Separate project assistance in this field will be phased out at the end of this year with whatever continuing advisory assistance necessary thereafter to be provided by the technicians called for in the general education program administration project. The secondary education technicians now under recruitment for this project would thus be carried in the program administration project after this year.

66–021 Teacher training, university (continuing)

This project covers the Indiana University contract portion of the former teacher training project.

66–126 Education Program Administration (continuing)
66–124 Improvement, Chulalongkorn University, Engineering (continuing)

70. *Public administration*

72–119 Bangkok city planning (continuing)
75–098 Modernization of Government fiscal management (continuing)

This project which includes the Public Administration Services contract group, will be expanded to include the services of a new tax administration adviser specialized in real-estate taxation, who has been requested by the Ministry of Finance. Also included under this project is the technician formerly provided under the Howell contract (formerly project No. 75–062, Public finance improvement—revenue collection). This project will coordinate the services of this entire group of technicians in the field of budgetary management and control and revenue administration.

75–146 Economic policy and planning (continuing)

This project, formerly entitled "Financial Administration Improvement," includes the services of the economic adviser (Loftus) and is retitled "Economic Policy and Planning" to indicate the true nature of his assignment. Also included is a secretary to be assigned to him, as well as provision for eight participants to be chosen from the Ministry of Finance, the National Economic Council and other agencies, for training in the fields of economic analysis and national development programing.

77–063 Public administration institute Thammasat University (continuing)
78–156 Government statistical services (new)

This project will provide for three technicians under contract to assist in the development and strengthening of central statistical services in the National Economic Council and other central programing agencies. These technicians will be primarily concerned with the improvement of collection and analysis of statistics required for national economic development programing and for continuous review of economic progress in the various sectors of the Thai economy.

79–147 Public administration program direction (continuing)

In addition to the present Public Administration Adviser and his secretary, this project will provide for a new specialist in government organization and methods, to assist in the improvement of general government management. Both of these advisers will be available to assist the Thai Government in establishing means of improving the efficiency of government organizations, leading possibly to the establishment of an organization and methods unit under the Council of Ministers or elsewhere for continuing this activity on a permanent basis.

80. *Community development, social welfare and housing (continuing)*

81–157 Community development (new)

This project provides the services of a specialist in the organization and administration of community development programs, to advise and assist the Thai Government on methods of integrating at the village level the field services of the established Ministires, the training of necessary field workers, and the implementation of a national community development program.

90. *General and miscellaneous*

92-065 Program information (continuing)

98-086 School of nuclear science and energy (continuing)

98-140 Atomic energy for peaceful uses (new)

This project, originally proposed but not carried out under the fiscal year 1956 program, provides for training in the United States of eight participants in utilization of atomic energy for peaceful uses in various fields.

99-102 Program operations (continuing)

BURMA

The United States has had no technical or economic programs here since 1953. The Burmese Government on its own initiative requested that the program originally instituted in 1950 be terminated. That was done in order to show strict neutrality by Burma, as between the East and the West, I was informed.

In 1956, the United States commenced to assist Burma through a loan arrangement rather than by outright grants. Under this arrangement, the United States agreed to sell to Burma $21.7 million of United States agricultural products, principally cotton, under Public Law 480. Burma agreed to pay the United States in Burmese currency; $17.3 million of this currency will be loaned, through the Export-Import Bank, to the Government of Burma for economic development (or "mutually agreeable projects in accordance with standard International Cooperation Administration procedures.") Why that procedure was followed, I could not learn at the local level.

In addition, at the request of Burma, we are offering a $25 million line of credit through the Export-Import Bank. These funds are provided from International Cooperation Administration appropriations and they will be required to be utilized in Burma in accordance with standard ICA procedures. Why the ICA is in the picture I could not learn at the local level. Burma can draw upon this credit only for those projects and purposes which are included in an agreement consummated between the United States and the Government of Burma. This dollar loan, as well as the loan proceeds derived from the sale of surplus agricultural commodities herein referred to are repayable in 40 years. Interest will be charged at the rate of 3 percent per annum on dollar repayments and at 4 percent per annum on repayments made in Burmese currency.

I discussed these two financing arrangements with various Burmese Goverment officials and was deeply impressed by their thinking on the matter of aid. They want no gifts, but merely want credits to permit the Government of Burma to help itself. In the light of this circumstance, I express the hope that the United States will not force aid upon Burma. I might also express the hope that other countries presently receiving aid make an endeavor to follow the example of the Burmese.

Burma is giving widespread publicity to the fact that it is desirous of developing its natural resources through the cooperation of private enterprise, and it is inviting American investments. The officials with whom I spoke seemed to realize the difficulties and to understand the problems facing Burma in this endeavor. The people of Burma are genuinely independent and desire above all other things to remain that way. They do not condone the policies followed by Russia. If there is one predominate fear here, it is the fear that Burma may

fall under foreign domination in its effort to develop its natural resources. There is a strong sense of nationalism in Burma and I am certain that if treated fairly Burmese development can proceed rapidly. Basically, I would say that Burma is prowestern in its philosophy and its beliefs. However, because of local political considerations, Burma desires no firm ties to either the East or the West.

During my visit I had an opportunity to call upon and discuss Burmese problems with a number of high officials in the Government of Burma.

My first call was upon the Honorable U Ba Swe, Prime Minister of Burma and Minister for Defense and Minister for National Planning. This official, a member of the Socialist Party, succeeded U Nu as premier. Our discussion dealt with the many problems facing Burma. He believes that the assistance which will soon be forthcoming from the United States will be of great benefit to Burma. He took pains to express pleasure that the assistance being rendered was on a loan basis.

I also conferred with the Honorable Sao Khum Hkio, Foreign Minister. This official seems most able. At this point I quote from my verbatim notes:

> It is officials such as the Foreign Minister who spark a feeling of confidence in the ability of most of the officials of the present Burmese Government. During our conversation I stressed private enterprise and it was my impression that there is a widespread feeling in Burma that cooperative arrangements between private enterprise and the Government of Burma will result in the most rapid development of the Burmese economy. This is true despite the fact that at least two basic Burmese industries—lumber and oil—have been nationalized. It was my understanding that the Burma Oil Co. and the present Government had entered into a partnership agreement for the construction of a large refinery in Rangoon. This refinery, which is about to be completed, will be owned in the raio of 60 percent company that is British, and 40 percent Government of Burma.
>
> The Foreign Minister who is also head of the Shan State is of the belief that the boundary dispute between Burma and China will be settled amicably. As a matter of fact his feeling seems to be the general feeling throughout the country.
>
> The Foreign Minister was very enthusiastic about progress made in his country since I was here last year. The rice crop is good and a better market is in the offing.

My next visit was to the Minister of Agriculture, the Honorable Thakin Tin Maung. Our discussion revolved primarily around the Minister's claim that the United States should not invade the Burmese rice market. I assured him most emphatically that we were not doing so. I emphasized that the sale of rice in the Far East, in what he regards as principally Burmese marketing areas, were made by the United States to relieve distress in areas where people were unable to buy from their regular sources.

In this connection, as the committee knows, on June 30, 1956, an agreement was reached to provide Burma with $1.1 million in technical services in return for 10,000 tons of Burmese rice to be used to meet a critical food shortage in East Pakistan. It is my impression that this sale created much good will in Burma for the United States Government.

Our information program in Burma has a budget for fiscal year 1957 of $446,050, compared with $304,294 in fiscal year 1956, or an increase of $141,756.

This increase is made up of the following:

(1) Salaries of $29,796, which includes $9,000 for 9 additional local employees; $15,286 for a 15 percent across-the-board increase to implement a new wage scale for local employees based on higher costs of living in Rangoon; and $5,510 for annual ingrade promotions.

(2) Foreign service allowances, an increase of $8,863 resulting primarily from the reclassification of Rangoon by the Department of State from a class 3 post to a class 5 post, causing a higher cost-of-living allowance of $7,200 per year.

(3) Radio activities of $2,823.

(4) For a stepped-up program of press activities, an increase of $1,975.

(5) Publications activities, an increase of $8,673 due to increased handling cost for wider circulation of Free World, the Burmese edition from 27,500 copies to 40,000 copies per issue, the local production of 4 additional pamphlets, and a 35 percent increase in the number of pamphlets produced by the Far Eastern Reproduction Center.

(6) Motion-picture activities, an increase of $9,840 due to increased mobile unit tours inland and the initiation of a monthly 16-milimeter 400-foot newsreel for distribution through mass educational teams and Burmese Government Public Relations Office in the interior.

(7) Cultural affairs and related operations, an increase of $79,266 due to the following:

(*a*) $4,000 for additional library shelving, desks, and equipment for the new information center in Moulmein;

(*b*) $21,000 for an increased book translation program, including books by indigenous authors;

(*c*) $1,600 for three English-teaching seminars in Moulmein, Mandalay, and Rangoon;

(*d*) $52,766 for the nonrecurring costs of initiating an exhibits unit in Rangoon, affording materials and workshop space for setting up large agency exhibits, and including the cost of construction and materials of a book pavilion-exhibit on the campus of Rangoon University.

These increases may be justified. However, in view of the strong sense of nationalism in Burma, we should use our information program in such a manner as not to offend the Burmese people.

There has been no increase in the staffing of our Embassy during the past year.

It is my understanding that there will be no separate ICA mission in connection with the administration of the Burmese loan and similar funds, but that a very small ICA staff will be added to the Embassy to service these programs. The United States should not undertake a large scale, bureaucrat-dominated aid program in this land.

PAKISTAN

United States assistance to Pakistan began in fiscal year 1952. During the period 1952–56, projects costing $221.8 million have been undertaken, with United States contributions fixed at $110.1 million or 49 percent of the total. The Government of Pakistan contributed the remainder.

During the last 3 fiscal years, that is fiscal year 1954 through fiscal year 1956, expenditures by the United States in dollars in Pakistan have totaled $166.4 million. The proposed program, as outlined at the time of my visit, for fiscal year 1957, will approximate, in dollars, ———. This figure compares with $57.9 million actually spent is fiscal year 1956, $67.5 million in fiscal 1955, and $41 million in fiscal 1954.

Unexpended balances as of June 30, 1956, aggregated $130.3 million, with roughly $2 million of this amount unobligated. If the proposed allocation of ——— for fiscal year 1957 is added to this amount, there will be available for expenditure in Pakistan during the 1957 fiscal year a total of ——— an amount roughly 4 times the expenditures listed for fiscal 1956. (See exhibits A and B.)

The ICA staff in Pakistan consists of 1,065 persons, including 226 Americans. Of this 226, 110 are Government employed and 116 are contract employees. Local employees number 838, all of whom are employed by the United States Government.

It appeared to me that Pakistan's primary problem is a shortage of food. As a matter of fact, a large proportion of our assistance actually rendered to date has been in the form of foodstuffs. During the 1956 fiscal year, project aid aggregated $39 million. An additional $58.7 million was used for the purchase of commodities, $3.7 million for the purchase of sugar, and an additional $2.4 million was made available under Public Law 480. Under the heading of relief and emergency, an additional $42 million was spent. Of this amount, $1.6 million was for flood relief, $1.2 million was for the purchase of Burmese rice (see report on Burma), and $39.2 million consisted of foodstuffs sent under title II of Public Law 480, including the cost of transportation.

Many refugees are temporarily housed in Karachi, and the vast majority of them must struggle to merely exist. The market places here were filthy. It was a common sight to see poor people picking over garbage for food and fighting off crows and vultures for whatever tidbits might be present. The refugee problem is caused by displaced Moslems moving into Pakistan from India. Unfortunately, the converse is true, since many Hindus are leaving Pakistan for India.

The situation reemphasizes, in my opinion, that the partitioning of India was a tragic mistake. The partition has disrupted the economy of both Pakistan and India and caused almost insurmountable problems with respect to displaced persons. The United States is suffering directly from the results of the partition, since our aid program is attempting to restore the economies of both India and Pakistan.

Unfortunately, too, the upper classes appear unwilling to help Pakistan pull itself up by the bootstraps. Wages are so low that I do not see how people can hope to exist, much less live. It is my feeling that much of the assistance we are giving in almost all forms tends to make the rich richer and the poor poorer. I noted that hundreds of people live and sleep on the streets and in the open. This, of course, is tragic, and I fear that unless the program here is reviewed we shall find that our assistance effort has created ill will instead of gratitude and friendship, no matter how worthy many of the projects may be.

During my stay in Pakistan I had occasion to visit a number of our projects. My first inspection was of a fish harbor project near Karachi. Much dredging has been done in the harbor, and more is planned. According to my information, expenditures so far have

totaled $250,000. I was told that the United States has obligated itself to spend a total of $1.25 million as its share of completing this project. I am pleased to report to the committee that the project seems to be progressing nicely. Already more fish are being caught, and this, of course, will result in an increase in the amount of protein available in the local diet. I saw several small refrigerating plants and discovered that one of the Pakistan firms freezes a great deal of fish and shrimp for export to the United States. I was not able to ascertain the exact amount, but the export of seafood is apparently on the increase.

Besides deepening the harbor, this project includes construction of levees. Further, the spoil obtained from the harbor dredging will be used to raise riparian lands. We are also teaching the local fishermen how to build better and more efficient fishing boats.

My next visit was to the grain-storage facilities. I was told that existing storage facilities aggregate less than 450,000 tons. A capacity of at least 2 million tons is needed.

The committee will recall that an attempt was made in the Congress recently to obtain full details about proposals to build steel grain storage bins here. The advisability of constructing such bins was questioned since steel bins would perhaps corrode quickly. In the meantime, a number of concrete bins have been built here to store sacked grain. It was my understanding that the United States did not furnish any funds for this purpose except proceeds derived from the sale in the local economy of wheat which the United States donated to Pakistan in 1953 and 1954. A total of 750,000 tons of wheat were donated to Pakistan, of which 613,000 tons were actually used. The grain was sold in Pakistan for local currencies and the proceeds were set aside for use in developing Pakistan's economy, including the construction of some of the grain bins.

It was interesting to note that in constructing these bins only local products were used, with one exception, reinforcing steel. These bins are built along railroad tracks and are accessible to motor vehicles as well as trains. The entire program seems to be well planned. It is my belief that we did well to discontinue the steel bin program. It would have cost much more in dollars. The present program utilizes local material, as I previously stated, and gives work to local people.

A problem still to be solved is the construction of 2 grain elevators, 1 at the Karachi seaport and another at Chittagong on the Bay of Bengal, in East Pakistan. It was originally proposed to build steel bins there but I understand now that since attention has been directed to the corrosion factor the construction is being re-studied with a view toward using reinforced steel and concrete. It is my recommendation that any such facility be constructed of concrete. I repeat again, this type of construction will cost much less and will provide employment for Pakistan citizens by making possible the use of local materials. Of course, it will be necessary to furnish some reinforcing steel; however, the cost of this material should be comparatively small. I would, of course, insist that the Government make contribution to the extent of its ability.

A proposal is now under review by which bulk grains may be stored in bins designed for sack grain. According to my information, sacked

grain would be placed around these bins, 16 sacks high, with bulk grain stored in the middle. I strongly urge that the proposed new plan be adopted. It will be in keeping with the country's need, and can be effected for the most part by the effort of the local people.

While in this area, I flew to Lahore to visit some of the projects in progress. One of the large efforts is a dam built across the Indus River a few miles outside of Hyderabad. This project has been under construction for 8 years. It will provide water to irrigate 2.5 million acres of land. According to my information, the United States did not contribute to this project. The Government of Pakistan is undertaking to construct this facility without United States aid.

Not far from the dam, an agricultural college is being established. The campus consists of about 800 acres of land. The bricks for this construction were made and fired on the school grounds. Construction is being financed by the local Government, but the United States has furnished some equipment—principally for laboratories, etc. The United States has also furnished technical advice on construction and curriculum. A technical-assistance contract with the University of New Mexico involving the placing of seven education experts to exercise general supervisory duties over the college has been negotiated. It is also proposed to send from 8 to 10 Pakistani educators from various schools in Pakistan to the United States to study American educational methods.

The committee will recall that at one time there was a proposal advanced to build a second plant for fertilizer production here. I was told that this program has been abandoned. The local Government has been planning to build two new plants and to utilize natural gas recently discovered in this area.

One most worthwhile project is designed to teach the local people how to get the best use out of available raw materials. It provides the establishment of an industrial research development center in Lahore which will carry on research in the use of raw materials, develop processes best suited to the production of consumer goods of common use, and establish a nucleus for a tool and die industry. The project is aimed at encouraging and assisting private enterprise in the improvement of existing small industry and the sound development of additional small industry. The total cost of this project will aggregate approximately $1.3 million, with the United States contribution fixed at the sum of $876,000.

Another worthwhile project established here is a laboratory for testing soil and water. It will make it possible to test in the Punjab area about half of a total of 13 million acres of land. The United Nations, I understand, began a similar project and after spending about $150,000 terminated its work. I was informed that the project, which is now being pushed to completion by the United States and the Government of Pakistan on a cooperative basis, will cost about $10 million with the United States contribution aggregating about $3 million. I was told that expenditures to date have totaled roughly $2.5 million.

We are also extending technical assistance and defense-support assistance to Pakistan railroads. One technician advises the local Government in the operation of the roads and how to obtain the best

service from existing equipment. Also in this area is a car depot where several thousand people are employed. A diesel project is to be erected in East Pakistan, similar to one in Karachi, where local employees are schooled in diesel mechanics. An assembly line has been built to manufacture boxcars and to repair existing rolling stock. It is my understanding that rolling stock can be built in Pakistan at approximately two-thirds the cost of purchase abroad.

Besides the agricultural college to which I referred earlier, our program involves assistance to five other colleges. There are five separate contracts for this assistance, and in addition, some money is being spent for laboratories.

One of the most encouraging projects here is the village training program. The United States proposes to contribute 10 percent of the cost, the Ford Foundation 10 percent and the local Government 80 percent. Two years ago I was told our contribution amounted to approximately $2.7 million. As of the time of my visit it was $1.2 million.

Our aid consists primarily of technical assistance plus the provision of some basic equipment. I was not able to visit this project but from the information I obtained its purpose is to establish and operate village training centers in order to train local people in basic self-help programs, such as simple health remedies, sanitation, etc.

We are also involved in a project of plant protection here under which we have provided insecticides, etc. I was informed that many acres of rice were saved from destruction by the use of insecticides. This work has been of great benefit not only to the farmers, but also to the great masses of Pakistani who depend to a large extent upon rice in their diet.

I did not have an opportunity to visit the fertilizer plant which is being constructed by a Belgian contractor a Wanwali. According to my information, the United States has contributed approximately $12 million for machinery, much of which was purchased from sources other than the United States. This plant, when completed, will produce fertilizer at the rate of 50 million tons annually. At the time of my visit the plant was due to begin operations in January of 1957.

Besides the economic and emergency relief assistance now being rendered to Pakistan, millions of dollars per year are required in order to support the armed forces of this country. (See attached section of this report on military aid.)

We must clothe, quarter, and equip soldiers necessary to man [deleted] divisions.

In this connection, I requested a briefing from our military mission and conferred for some time with Col. Scott M. Case. Frankly, he was of little help. He could only tell me that [deleted] divisions had to be maintained, but he was unable to tell me what the military budget was or what had been requested for military assistance during the 1957 fiscal year. He told me he understood I would be furnished the full details by Washington. (See attached classified report on military assistance.) I did my utmost to obtain from him information about the method used to compute the local country's mutual military budget. He stated that he personally did not know. Later, Mr. Arthur Gardiner, Chargé d'Affaires in the absence of the Ambassador, attempted to

assist me in this regard, but he was also unable to give the details.

With respect to our information program, I conferred at length with Allan L. Swim, country public affairs officer. He provided me with the attached information headed "Cumulative Obligations Fiscal Year 1957–58." (See exhibit C.) Cumulative obligations in the period 1956–57 fiscal years aggregated $588,954 as against estimated obligations for fiscal year 1956–57 of $1,159,431. He told me that USIS/Pakistan had requested $1,288,000 for fiscal year 1957 and were offered $1,680,000, predicated upon the approval of a total USIA budget of $135 million. In other words, as at other posts, it seems Washington calls the shots and simply fixes arbitrarily the amounts to be used in each post. The country director here said he could not effectively use the full sum he was offered by Washington.

In conclusion, I wish to emphasize to the committee that it was impossible for me to study in great detail the program now underway in this country. However, I recommend to the committee staff a careful scrutiny of the attached list of nonmilitary projects in Pakistan covering the period 1952–56. Some discrepancies will be noted between the figures provided me in conferences with USOM/Pakistan officials and estimates indicated on the attachment. It is my understanding that these apparent discrepancies are attributable to consolidation under one heading in my report of several related projects, and with recent revisions in program costs. However, the most important thing to be noted, is that despite the expenditure of over $100 million to date, the plight of the masses of the people has not been noticeably improved. Therefore, I most emphatically recommend that the Pakistan program be restudied with a view toward extending assistance which will result in the immediate betterment of living conditions. I further recommend that adjustment be made in the program's operational aspects to eliminate the frequent complaint I found among local citizens that American aid makes the rich richer and the poor poorer.

EXHIBIT A

Summary of Operations of International Cooperation Administration

(Formerly Foreign Operations Administration)

[In thousands of dollars]

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956	Fiscal year 1957	Total
(A) Total expenditures:					
United States funds (counterpart funds generated)	18,990	36,797	14,184		
United States funds (no counterpart funds generated)	21,990	30,666	43,750		
Counterpart funds (in equivalent United States dollars) at 4.761875	17,354	1,766	87	(deleted)	
Local government contributions (in equivalent United States dollars) proags [1]	17,741	[1] 23,975	[1] 33,628		

	Unobligated	Unexpended
(B) Balances as of June 30, 1956:		
United States funds	2,071	130,309
Counterpart funds (in equivalent United States dollars)	33,996	34,226
(C) New allocations (tentative from fiscal year 1957): Foreign aid appropriation:		
United States funds		
Counterpart funds (in equivalent United States dollars)		

See footnotes at end of table.

Summary of Operations of International Cooperation Administration—Continued

[In thousands of dollars]

	Available for obligation	Available for expenditure
(D) Total amounts available for obligation and expenditure in fiscal year 1957:		
United States funds	[2] 60,000	[3] 130,309
Counterpart funds (in equivalent United States dollars)	80,855	105,422

	Locals	United States	Total
Number of ICA employees:			
(A) 1. United States employed	838	110	948
2. Contract employees	0	116	116
(B) Others	0	0	0
Total	838	226	1,064

Questionnaire submitted by Senator Allen J. Ellender (Democrat, Louisiana), July 1956.

[1] Presently, the ICA program in Pakistan is cooperating with the Central Government in the implementation of its 5-year plan for economic development. This activity is priced out at approximately 7.5 billion rupees ($1.58 billion) in outlay to be made by the public and private sectors of Pakistan. The figures shown here as "Local government contributions in equivalent United States dollars" represent only those direct contributions applicable to joint projects covered by specific technical cooperation or defense support agreements. It will be readily seen that these funds therefore reflect less than 40 percent of direct Central Government outlays, and less than 20 percent of total Pakistani contributions projected over the plan period (1955-60).

[2] These figures are taken from the illustrative presentation made to the Congress in requesting fiscal year 1957 funds, as such they do not represent firm allocations to the Pakistan program. If approved as listed, 50 percent ($30 million) of the United States funds (to be spent for project-type assistance) would be available to Pakistan on a reimbursable loan basis.

[3] This figure is subject to upward adjustment by the amount of United States funds made available during the present year.

Provisional nonmilitary mutual security for Pakistan, United States fiscal year 1957

(Deleted.)

Tentative program for fiscal year 1957 as of Sept. 30, 1957

TENTATIVE TECHNICAL COOPERATION PROGRAM, 1957

[In thousands of dollars]

(Deleted.)

TENTATIVE DEFENSE SUPPORT PROGRAM, FISCAL YEAR 1957 [1]

[In thousands of dollars]

(Deleted).

EXHIBIT B

United States aid to Pakistan according to United States appropriation year

[In millions of United States dollars]

Year	1952	1953	1954	1955	1956	1957	Total
Developmental:							
Project aid	10.6	12.0	22.7	25.8	39.0		(Deleted)
Commodity				9.0	58.7		(Deleted)
Sec. 402 sugar					3.7		(Deleted)
Public Law 480, title I, loan				10.0	2.4	(Deleted)	(Deleted)
Total	10.6	12.0	22.7	44.8	103.8	(Deleted)	
Of which loan				[1] 22.0	[1] 32.4	(Deleted)	
Of which grant	10.6	12.0	22.7	24.8	71.4		
Relief and emergency:							
Flood relief				7.4	1.6		
Public Law 480, title II, including transport		(2)		12.0	39.2		
Burmese rice					1.2		
Commodity aid used for emergency purposes [3]				31.0			
Total				50.4	42.0		

[1] Public Law 665, 138 loans against project aid: 1955, $20 million; 1956, $30 million.
[2] Does not include $15 million Export-Import Bank in fiscal year 1953 for purchase of wheat.
[3] Although nonproject commodity aid as economic aid is intended for developemnt, in case of Pakistan, it was necessary to use these funds for dyke-plugging type emergencies until the spring of 1956. The figure is estimated; United States expenditure prior to April 1956 is considered as emergency aid and expenditure from April forward as developmental aid.

EXHIBIT D

UNITED STATES OPERATIONS MISSION TO PAKISTAN

Recapitulation of project aid, 1952–56

[In thousands of dollars]

Total project cost	221,887
United States contribution	110,100
Government of Pakistan contribution [1]	111,787
Percent of United States of total	49

[1] The above figures refer to project aid and constitute a vital fraction in the mutual program of United States and Pakistan to construct a viable economy to support the necessary defense effort in Pakistan. The $111.8 million shown in the Pakistan contribution is, however, in many ways misleading. Investment in the public section in Pakistan during 1952 through 1955 was probably about $1,000 million. Under the 5-year plan approximately $1,650 million will be invested in the public section from 1955–56 through 1959–60. It is these figures which must be considered as the Pakistan contribution rather than the amounts assigned to the specific ventures which are best suited for American assistance in the form of project aid.

List of nonmilitary projects in Pakistan through United States fiscal year 1956

[Prepared Oct. 5, 1956, for Hon. Allen J. Ellender]

[All figures in thousands of dollars]

Project No. 91-	Project and brief description	Total project cost	United States contribution	Pakistan contribution	Percent United States of total	Completion estimate end United States fiscal year [1]
11-019	Agricultural research and demonstration project. The project provides technical training and development in various fields of agricultural activity such as experimentation in vegetable and fruit farming, dairy research, vegetable farming, jute research, and sheep and poultry raising.	$3,013	$1,299	$1,714	43	--------
11-025	Agricultural organization. The project is designed to assist in the reorganization of the Department of Agriculture in the central and provincial governments. The latter includes agricultural colleges, teaching, research and extension as well as regulatory functions.	2,294	1,575	719	69	--------
13-022	Plant protection project. Under this project demonstrational control measures are organized to combat the major plant pests and diseases to encourage general use of modern methods and insecticides.	1,774	773	1,001	44	--------
17-003	East Pakistan Forest Research Laboratory. This project aids in establishing a forest products laboratory which permits research on the adaptability and optimum uses of the various species of timber growing in East Pakistan including byproducts utilization.	742	305	437	41	1958
17-008	Chittagong Hill tracts timber extraction project. This project, by bringing in modern logging and sawmill equipment and technicians trained in modern logging and mill operations, is making available from large acreages of virgin timber a large supply of badly needed timber for construction and transmission line poles.	1,084	818	266	75	1959
19-029	Agricultural workshops. The project provides shop equipment and teaching facilities for the training of maintenance and repair mechanics and operators of farm machinery, facilities for a program of research on the improvement of indigenous tools and equipment, and maintenance and repair for farm equipment and land-development machinery owned by the Government.	1,520	960	560	63	1958
12-027	Soil and water conservation (Punjab, Baluchistan, and Northwest Frontier Province). This project calls for training of Pakistani technicians and provides personnel to give guidance and advice in developing an action program for control of erosion, soil and water conservation, and range improvement.	906	474	432	52	--------
12-013	Soil mechanics and hydraulics laboratory. This project sets up a laboratory and will furnish technicians for soils, cement, and hydraulic tests and their application to engineering projects.	415	145	270	35	1958
12-058	General water resources advisory services. This project provides personnel to furnish advice and assistance to the Government of Pakistan in connection with planning and execution of projects for the development of the country's water resources.	259	256	3	99	--------
21-073	Bureau of Mines and Geological Survey advisory services. This project provides services of a mining adviser and a Geological Survey adviser to assist and advise in the establishment of a Central Bureau of Mines within the Ministry of Industries.	34	31	3	92	1958

See footnotes at end of table.

List of nonmilitary projects in Pakistan through United States fiscal year 1956—Continued

[All figures in thousands of dollars]

Project No. 91-	Project and brief description	Total project cost	United States contribution	Pakistan contribution	Percent United States of total	Completion estimate end United States fiscal year [1]
22-033	Industrial research and development center. This project provides for the establishment of an industrial research and development center in Lahore, West Pakistan, which will carry on research in the use of raw materials, develop processes best suited to the production of consumer goods of common use, and establish a nucleus of a tool and die industry. The project is aimed at encouraging and assisting private enterprise in the improvement of existing small industry and the sound development of additional small industry.	$1,301	$876	$425	67	1960
23-052	Industrial development survey. This project provides for the services of American industrial consultants. The consultants assist the Government of Pakistan in analyzing and evaluating different possible lines of industrial development in Pakistan; they prepare development studies of specific industries, and give on-the-job training to Pakistanis in methods and techniques of industrial development planning.	343	320	23	93	1958
23-086	Industrial productivity center. This project will provide for a center to develop a body of experts for increasing production, efficiency, and technical information in industrial operations.	981	921	60	95	1960
21-082	Development of industrial potential of Sui gas. This project will provide for the establishment of various industries such as synthetic rubber, carbon black, industrial gases (carbon dioxide, etc.), and chemical industries. Feasibility of the establishment of particular industries will be developed in connection with the survey phase of this project.	78	75	3	96	1957
25-076	General engineering services. This contract with the Ralph M. Parsons Co. furnishes engineering technicians for various projects.	925	925	--------	100	1958
33-032	Diesel locomotive training school, with Pakistan. This project provides 1 American diesel locomotive specialist to train railroad personnel in the maintenance and operation of diesel electric locomotives, the training and experience of the personnel having been limited previously to steam locomotives. Provision has also been made for United States training of participants. The school has already been equipped through ICA aid.	226	194	32	86	1957
33-049	Diesel locomotive training school, East Pakistan. A school to train East Bengal railway operating and maintenance personnel in diesel locomotive equipment is being established through this project which provides finances for 1 technician, equipment for the school, and United States training of participants.	92	70	22	76	1959
37-077	Development of Northwestern Railroad production shops. This project provides the services of a railway shop production specialist to instruct railroad personnel concerning maintenance and operation of machines and equipment.	25	24	1	96	1957
37-062	Development of civil air transportation. This project provides technical assistance for the improvement of air transportation of the Pakistan International Airlines through a contract with Pan American Airlines.	1,756	1,603	153	91	1959

See footnotes at end of table.

List of nonmilitary projects in Pakistan through United States fiscal year 1956—Continued

[All figures in thousands of dollars]

Project No. 91-	Project and brief description	Total project cost	United States contribution	Pakistan contribution	Percent United States of total	Completion estimate end United States fiscal year [1]
59-012	General public health advisory. This project includes health and sanitation technicians who function in an overall evaluation and planning capacity with the Government of Pakistan and who provide general administrative direction and technical supervision of American health and sanitation technicians assigned to health activities.	699	699	(2)	100	--------
59-092	Massachusetts contract. This contract finances technicians for the various health and sanitation projects receiving ICA assistance.	568	568	(2)	100	--------
66-009	Intercollege exchange project. This project provides the exchange of teachers, administrators, students, information and educational supplies between 5 colleges in Pakistan and 5 colleges in the United States.	7,046	5,190	1,856	74	--------
69-039	General educational advisory services. This project provides personnel to supervise the educational activities and programs which the United States is helping to sponsor.	218	212	6	97	--------
78-037	Public administration (development of statistical services). This project consists of American technical assistance to the Government of Pakistan in the development of its statistical services, with particular emphasis on strengthening the statistical work of the Central Statistical Office. United States technicians are provided and training in the United States of Pakistani statisticians is also arranged.	268	206	62	77	--------
81-001	V-AID (village agricultural and industrial development). This project provides United States advisers and equipment at national and provincial levels for the establishment and operation of V-AID training centers to train multipurpose village-level workers to assist in the self-help programs for villagers.	9,007	4,952	4,055	54	--------
83-063	Community development, social welfare, and housing. This project provides for 2 architectural advisers to assist on Government of Pakistan plans for refugee and V-AID housing programs.	75	75	(2)	100	1957
91-064	General and miscellaneous trade and investment. This project provides for 1 American trade and investment expert to advise on means of improving the investment climate in Pakistan and to give assistance in arrangements for initiation of investment by foreign and local investors.	28	19	9	68	1958
29-059	General industrial and transportation development advisory services. This project provided for American technicians in industrial and transportation activities.	151	151	--------	100	1955
37-089	Aircraft maintenance facilities. This project provides equipment for modernization and expansion of Pakistan International Airways workshops. It supplements project 37-062 with which it is being combined in fiscal year 1957.	262	262	--------	100	1956
99-000	Technical support, general (including program direction costs for period fiscal year 1952-54). The purpose of this activity is to provide personnel, facilities, supplies, and contract services which are indirectly related to the development, support, and implementation of project activities, and the technical personnel assigned thereto.	8,114	8,114	--------	100	--------

See footnotes at end of table.

List of nonmilitary projects in Pakistan through United States fiscal year 1956—Continued

[All figures in thousands of dollars]

Project No. 91-	Project and brief description	Total project cost	United States contribution	Pakistan contribution	Percent United States of total	Completion estimate end United States fiscal year [1]
18-054	Fisheries development, West Pakistan. This project consists primarily of providing for construction of a fish harbor in Karachi (formerly project 18-011) and for exploratory fishing in West Pakistan in order to exploit a large source of protein foods.	2,193	984	1,209	45	-------
18-055	Fisheries development, East Pakistan. This project consists primarily of providing in East Pakistan exploratory fishing in order to exploit a large source of protein foods.	270	243	27	90	-------
12-017	Makhi Dhand reclamation. This project provides equipment and technical services to reclaim land under the Kotri Barrage command for resettlement of military families.	1,756	780	976	44	1956
12-026	Ganges Kobadak irrigation project. Under this project aid is being given in the construction of a canal system, a drainage system, and pumps to provide irrigation from the Ganges River to 175,000 acres of land during the dry season. This will permit double and triple cropping in an area where now only 1 crop is produced. Eventually the project will cover an area of 2 million acres.	7,515	2,135	5,380	28	1958
12-028	Taunsa barrage. A barrage to divert the Indus River and irrigate 875,000 acres of land is being built, for which United States aid is provided for the establishment of a workshop and the fabrication of gates in that workshop.	20,749	6,205	14,544	30	1957
12-035	West Pakistan ground water survey. Under this project expansion of exploration of water resources, chiefly ground, and drilling of wells in areas of proven resources is being undertaken in the Punjab area to provide irrigation for increased agricultural production.	7,747	5,351	2,396	69	1961
15-034	Modern storage on food grains. This project is introducing modern methods of foodgrain storage, with silos and elevators of modern designs, to provide safe storage of grain for long periods reducing the risks of recurrent food shortages and preventing waste of grain from deterioration.	2,281	1,555	726	67	1959
22-023	Karnaphuli multipurpose project. This project includes the construction of an earth dam, powerhouse, spillway, and related works on the Karnaphuli River in East Pakistan. The dam will provide electrical power, flood-control benefits, and irrigation and drainage benefits.	28,129	12,259	15,870	44	1960
23-085	Sui gas fertilizer factor. This project provides for a technical study to determine the fasibility of constructing a nitrogenous fertilizer factory with a 100,000 ton annual capacity, using Sui gas as the raw material.	125	100	25	80	1957
21-066	Development of Makarwal collieries. This project is to develop the coal supplies necessary to maintain production of the fertilizer and cement factories in the Daud Khel region.	1,829	502	1,327	27	1957
31-006	East Pakistan road development and training program. This project provides for the training of East Pakistani engineers and technicians in the development of roads. It encompasses a laboratory and machine shop and the acquisition of spare parts for the repair of existing road equipment.	2,076	1,458	618	70	1959
11-015	Locust control. This project assists in the development of agriculture through control of locusts and other harmful insects. This project has been combined with No. 13-022.	167	105	62	63	1955

See footnotes at end of table.

List of nonmilitary projects in Pakistan through United States fiscal year 1956—Continued

[All figures in thousands of dollars]

Project No. 91-	Project and brief description	Total project cost	United States contribution	Pakistan contribution	Percent United States of total	Completion estimate end United States fiscal year [1]
13-021	Acquisition and distribution of fertilizer. Purchase of imported fertilizer under this project was necessary to increase production of food, fodder, and fiber crops.	16,046	10,600	5,446	66	1955
12-016	Bolam Dam. This irrigation and reclamation project is to provide farmland for the permanent resettlement of 2,500 small cultivators and families. Engineering survey was provided by ICA.	555	75	480	13	1955
31-047	West Pakistan road construction project. This project provides for the training of Pakistani engineers and aid in road construction on a demonstration basis. Surveying and designing of the roads is yet to be completed. Imported equipment will be furnished by ICA with sufficient technical assistance to assure proper design and construction.	1,054	742	312	71	1958
31-056	Pakistan highway system and research development program. This project is providing a specialized statistical survey necessary as a basis for road improvement. It provides research in soils, soil analyses for engineering purposes, and provides aid in a materials-testing laboratory.	182	151	31	83	1958
56-014	East Pakistan TB hospital. This project has already provided equipment for the establishment of a TB hospital in East Pakistan.	300	150	150	50	1955
71-069	Public administration (bank inspection). This project provided an American technician to assist in strengthening the bank inspection system.	39	36	3	92	1956
73-075	Public administration (general). This project made provision for training of 1 participant in general public administration.	6	5	1	84	1956
99-020	Baluchistan States union development. This project provided for technicians equipment to assist in the development of mineral and water resources. This activity has been abandoned because it was ill conceived. Discussions are underway on the disposition of the equipment delivered for the project.	543	300	243	54	1955
37-051	Improvement and expansion of aviation ground facilities. The purpose of this project is to assist in a long-range program for the expansion and modernization of Pakistan's aeronautical ground services and facilities.	27,944	3,493	24,451	13	1958
33-100	Rehabilitation of Pakistan Railroad. This project provides a broad program of rails and diesels and technical assistance to Pakistan railways.	15,649	6,201	9,448	40	1960
51-005	Mass disease control. This project along with U. N. technicians aids in the control of malaria and the training of Pakistani sanitarians and sanitary workers in methods of combating malaria through the proper use of DDT and dieldrin and the equipment for their application.	2,018	1,062	956	48	--------
51-090	Basic nursing education. This project provides 6 nursing educators to upgrade basic nursing training in 5 nursing schools. It also provides teaching aids.	133	118	15	88	1960
52-024	Greater Karachi water supply. This project is for construction of sewage and water supply system for Karachi.	9,992	5,545	4,447	56	1957
52-079	Municipal water supply. This project aids in improving city water supply by providing electric pumps, piping, etc., and 2 American sanitary engineers to train a Pakistani staff to carry on this work.	224	99	125	45	1961

See footnotes at end of table.

List of nonmilitary projects in Pakistan through United States fiscal year 1956—Continued

[All figures in thousands of dollars]

Project No. 91-	Project and brief description	Total project cost	United States contribution	Pakistan contribution	Percent United States of total	Completion estimate end United States fiscal year [1]
52-080	Village water supply. This project primarily entails the installation of tube wells for clean drinking water in the villages and technical aid in the proper installation and maintenance. Such wells will materially reduce waterborne diseases.	2,321	1,730	591	74	1961
54-061	Postgraduate college of nursing. This project provides United States nurse administrators and teachers to aid a national center for postgraduate education for registered nurses in the teaching and administrative areas.	1,100	368	732	34	1960
54-084	Medical school library and teaching equipment. This project provides medical teaching institutions with basic libraries, reference materials, and teaching aids.	44	44	(2)	100	1957
54-088	Basic medical science institute. This project is providing anatomy, microbiology, and pathology instructors along with scientific equipment to a national center which will train instructors for medical colleges. Teaching aids are also provided.	153	121	32	78	1960
55-083	Medical instrument repair. This project provides three medical instrument repair technicians and limited shop equipment to aid a medical instrument repair shop and training center in East Pakistan. Pakistani counterparts will be trained to take over full operation of the repair shop.	91	91	(2)	100	1958
52-094	Chittagong water supply and sewage disposal. To study the water-supply system and to design an adequate water and sewerage system.	420	420	(2)	100	1957
52-095	Dacca water supply and sewage disposal. (Same as above.)	420	420	(2)	100	1957
54-099	Undergraduate medical education. This project provides United States medical professors, teaching aids, and reference material to the Peshawar University medical college to aid in the establishment of this new medical college.	663	137	526	20	1961
83-048	Housing research experiment and demonstration station. This project provides for a building materials testing research center including woodworking and cement block pilot plants.	325	210	115	67	1957
92-065	Audiovisual aid project. This project bridges the gap between research laboratories, technical schools, subject matter specialists, and the populace through quick instructing audiovisual means, as training materials, pamphlets, etc. 2 American technicians and equipment are provided here.	754	418	336	55	—
23-007	Construction of fertilizer factory. To construct a 50,000-ton capacity fertilizer factory at Daud Khel.	21,062	13,002	8,060	62	1957
98-050	Atomic energy development. Training of physicists and engineers in nuclear reactor school. Project to be expanded in fiscal year 1957.	22	22	(2)	100	—
--------	Special participants. Training in various fields of activity from fiscal year 1952 to fiscal year 1955.	771	771	(2)	100	1955

[1] It is not feasible to estimate a completion date for many projects such as village-AID which will continue long after United States assistance is terminated. Hence dates are shown only for capital projects.
[2] Not available.

MIDDLE EAST

This section of my report, for convenience and ready reference, will embrace our Government's operations in Lebanon, Syria, Jordan, and Israel. I have grouped these four nations together primarily because of the current Israeli-Arab controversy and the impact of attitudes and political positions in this area upon the destinies of the free world.

LEBANON

In this tiny land, as in the other Arab States I visited, I found an increasing volume of resentment directed against the United States because of our initial recognition of and subsequent assistance to Israel. Almost every Arab leader with whom I spoke, blamed the United States for much if not all of the trouble that now exists in this area.

We have maintained a technical cooperation program here for 6 years. Primary achievement of this effort has been the completion of a detailed survey of the Litani River Basin. In August 1955 the Government of Lebanon signed a $27 million loan agreement with the International Bank for Reconstruction and Development, to implement the first phase of this major water resources project.

In June of 1954 an economic aid agreement was signed with Lebanon, under which projects have been undertaken in the fields of agricultural production, village water supply, and road construction. The United States contributed $6 million to these projects. In April of 1956 the United States granted Lebanon $2 million to assist in repairing damage caused by the March 16, 1956, earthquakes.

In 1955 Lebanon and the United States signed an agreement for cooperation and research in the peaceful uses of atomic energy.

Assuming the expenditure of ——— during fiscal years 1957, total United States expenditure during the period fiscal year 1954–57 will have aggregated ———. As of June 30, 1956, unexpended balances totaled $10.3 million with $56,000 of this amount unobligated. Allocations to Lebanon from the budget for fiscal 1957 mutual security totaled ———. When this amount is added to the unexpended balances, there will be available in Lebanon for expenditure in fiscal 1957 roughly ——— with ——— of this amount available for obligation.

Attached to this report is a summary of operations of the International Cooperation Administration in Lebanon (exhibit A), which lists the various nonmilitary foreign aid projects including technical assistance which we have undertaken or are presently pursuing in Lebanon. Unfortunately, my schedule did not permit me to visit these projects. I visited most of them in 1954 and again in 1955. The list, however, is self-explanatory. It indicates that of the programs presently in effect, the majority deal with the development of educational facilities, and the provision of an adequate transportation network. I traveled over many miles of improved highways along the west coast of the country through its capital, Beirut.

We maintain a sizable information program here. In fiscal year 1956 the USIS budget totaled $115,452. For fiscal year 1957, a $44,184 increase was approved, raising the total operating budget to $159,636.

Also attached (exhibit B), is a classified discussion of the mission of the Information Service in Lebanon, the methods used, and some of the problems faced.

SYRIA

The United States has no economic assistance, technical assistance, or military agreements with Syria. However, we do maintain an information program here. Our activities are centered in Damascus, the principal post, where we maintain libraries. Last year, the budget for this country was $372,912. Of this amount, $255,692 consists of operating costs, $66,272 American salaries, and $50,948 represents reimbursement to the State Department for shared administrative costs.

Primary objective of the information program here is to expose Soviet strategy and the dangers of Communist subversion and to create confidence in United States policies and programs with respect to Syria and the Near East. It should be noted, however, that the Syrian Government is most unsympathetic to our information program, and I fear that the Soviet Union and Red China are making great headway in their propaganda activities in this country. For example, a group of Syrian lawyers recently visited Red China, and the Syrian exchange of persons program with both Russia and Red China is on the increase. Again here, the Syrian "man on the street" displays an intensive distrust of Americans. Perhaps the only country in greater disrepute than the United States is the United Kingdom. It was my impression that the people of Syria are extremely aroused and dislike the British to the point where they would not hesitate to stone them. Unfortunately, the United States is gradually falling into that same position. We are being blamed first and foremost for our assistance to Israel.

I am attaching as exhibit C a verbatim transcript of my conversation with the President of Syria, the Honorable Shukri Quwwatli, on October 11, 1956. He did not offer any plan by which the Arab-Israeli problem could be settled. To the contrary, there seems no hope of settlement if I am to judge from what he stated to me.

JORDAN

It was in Jordan that I had the most free and open discussion of prevailing Arab attitudes toward the United States. It was my privilege to be present at a dinner given by the Honorable Lester D. Mallory, our Ambassador, at which, were also present former high officials of the Government of Jordan. I quote now from my verbatim notes.

I suggested that the persons meet with me in an adjoining room where we could confer in private. I was most anxious to obtain a full picture of the situation here and find out if there were perhaps a way by which the Israeli-Arab dispute could be resolved. I had been hopeful that I would be able to confer with King Hussein whom I met 2 years ago, but unfortunately he was at the front where activity was taking place due to a recent raid by Israeli guerrillas. I was informed that the attack was made in retaliation by the Israelis after they found two of their people dead in fields located near the boundary between Israel and Syria.

Our discussion revolved around the solution of this dispute. Unfortunately, the prevailing view among Jordanian leadership seems to be that there will be no settlement since the Israeli will probably not accept the proposal to confine their territory to boundaries outlined in the United Nations resolution of 1947. The Arabs feel that they are bound to the 1947 resolution, particularly that portion which calls for repatriation of Arab refugees. The contention advanced was there could not and would not be any immediate settlement and that even if Israel accepted the terms of the 1947 resolution, that acceptance would not be satisfactory to the Arab world and would not mean peace.

When pressed as to why not, it was indicated that the only solution was to restore the entire area which is now Israel to Arab control, permitting the Jewish

population to remain there but denying them their independence. My impression was that here, as in other portions of the Arab world, the objective is to advance a settlement which the Israeli will refuse in order to place the Arab world in a position of having offered to settle differences but being blocked by Israel.

If such a proposal is advanced, then I feel that the Arab leadership will probably seek to force the Government of Israel to accept it. Should Israel still refuse, then an effort will be made to deny Israel further aid. This, of course, would mean a complete collapse of the State of Israel. It was my impression that the Arab leadership is determined to bide their time until assistance to Israel tapers off, in which case the time would be ripe to completely destroy the Israeli State.

Again the argument was advanced that it was legally and morally wrong for the United States to recognize Israel as an independent State in the first place and that by extending economic and similar assistance subsequent to this recognition, the United States merely "compounded its felony" in the eyes of the Arab world.

During my stay in Jordan I visited hospitals to which I referred in my report of last year. I noted that a maternity clinic was complete as was a tubercular clinic. A third building, designed as a nurses' training school, was also complete and in actual operation. Yet, as I indicated would be the case, there is already a cry for more buildings. We are being told that space is available for greater expansion, and a great need exists.

I also visited the vocational training school where young men are being trained in auto mechanics, etc. This facility was undertaken under the former technical assistance program. As the committee will recall, prior to the introduction of restrictions on technical assistance legislation, technical aid was frequently used for capital developments. It appears that the school is now making progress, since at the time of my visit only one of the eight rooms was not in use.

In the economic assistance field, our emphasis is upon the construction of highways—particularly roads linking important sectors in the country.

The committee will note from the attached data (exhibit D) that, assuming an expenditure in dollars of ——— in fiscal year 1957, total United States dollar expenditures in Jordan during the period fiscal year 1954-fiscal year 1957 will have aggregated ———. Unexpended balances on hand as of June 30, 1956, aggregated $9.4 million, of which amount $223,221 was unobligated. There will be available for expenditure during fiscal year 1957 a total of ——— of which ——— will be available for obligation.

As of the time of my visit, there were 155 International Cooperation Administration employees on the job here. Of this number, 80 were Americans—57 employed by the Government, 9 under contract, and 14 others. In addition, there were 75 local technicians in our employ.

The United States maintains no military assistance programs in Jordan.

The information program here during fiscal year 1957 has received a total allotment of $83,213 compared with $43,592 in 1956. The big reason for the increase can be attributed to high rentals. Late in 1956 information centers in Amman and Jerusalem were moved to new locations. Prior to that time, the information center in Jerusalem had occupied space rent free at the consulate. After rather severe riots in January, it was the Department of State's decision that this arrangement could not be continued and new quarters were

acquired. In Amman, the center had been temporarily located in the Embassy building following the burning and looting in 1954. These two moves account for about $6,000 of the increase.

It is also planned to expand the information program in a number of ways. These will include exhibits, book centers, film production, cultural activities, a wireless file and book translations. Prior to the 1957 fiscal year, these programs were either nonexistent or were maintained at a very low level of activity.

Book centers are planned near the refugee camps, with one now located at Nablus. Establishment of the others depends upon the political climate.

For further details I refer the committee to the attached exhibit E, entitled USIS/Amman. It will be noted that while there are no new programs, the existing programs have been broadened.

As an indication of the prevailing attitude toward Americans, the following excerpt from my diary, made while in Amman, Jordan, may prove enlightening:

> We are not well liked here; for example, I was prevented from taking pictures. The local police had to intervene. It was suggested by the officer with whom I spoke that I proceed to his office for a picture-taking permit. I told him that if there were the least objections to my taking pictures, I would certainly stop.
>
> The people are definitely on edge. All the men seem to be "trigger minded," even the younger generation. The English are hated and we are beginning to be despised. The United States is blamed for all the evils that have befallen these people—first and foremost because of our assistance to Israel.

ISRAEL

A considerable amount of the data that I obtained while in Israel is classified. I regret that, because of the confidential nature of this material, I am not at liberty to go into much detail in this report. However, it should be noted that during the period fiscal years 1954–57, assuming an estimated expenditure in the latter year of $37 million, a total of ——— will have been spent in connection with our aid to Israel. This is exclusive of Public Law 480 sales, which totaled $38.5 million in fiscal year 1956 alone.

Balances as of June 30, 1956, aggregated $20.4 million in unexpended funds, of which amount $53,000 was unobligated. A tentative allocation of ——— from the fiscal year 1957 appropriation will make a total of ——— available for expenditure here in the 1957 fiscal year, of which some ——— will be available for obligation.

During fiscal year 1957, it is proposed to spend ——— on a grant basis. This includes ——— for petroleum and other lubricants, ——— for tin plate, ——— for skins and hides, ——— for chemicals, ——— for kraft liner for exports, and ——— for deep drawing iron sheets. In addition, ——— will be used to import foodstuffs, ——— for wheat, ——— for fodder, and ——— for cotton.

An additional ——— will be used in so-called triangular trade, specifically, ——— to finance the import of ferrous metals (round bars, iron bars for construction, flat iron, etc.) from Germany, and ——— to import logs for plywood, artificial yarns, and cold rolled iron sheets from France.

An additional ——— will be used to fianance the fiscal year 1957 technical assistance program.

I had a most enlightening visit in Israel. My initial act was to confer with Hon. Theodore Kalleck, Director General of the Prime Minister's office. According to Mr. Kalleck, Israel is faced with three serious problems.

The first is immigration. Mr. Kalleck still is of the opinion that Israel can maintain a population of at least 2½ million, and perhaps up to 4 million. He does not believe, however, that the 4 million figure will be reached because many of the nations which formerly engaged in activities which more or less forced the Jewish populations to migrate are now displaying conciliatory attitudes.

The next problem facing Israel is the tight economic situation. Israel is finding it increasingly difficult to make both ends meet. Her trade deficit last year was about $250 million and in 1957 it may reach $285 million. The reason cited for the additional deficit is that more and more capital investments are underway. It should be noted that the dollar gap was somewhat reduced last year due to contributions by the United States of $53 million, plus $85 million in German reparations, with the balance of the dollar deficit derived through loans and donations from world Jewry. It is hoped that in 1957 ——— will be contributed by the United States, and $90 million derived from German reparations, with whatever balance required being supplied from loans and by contributions from world Jewry.

In connection with this assistance to Israel from Jewish people throughout the world, I was surprised to learn that funds from the United Jewish Appeal, an American institution which is tax exempt, and to which contributions by American taxpayers are deductible, spends much if not all of its funds to rehabilitate Jews who settle in Israel. Money is advanced to immigrants to provide day-to-day living expenses, and then grants are made to permit them to build homes and prepare the land for tilling. Actually, the United Jewish Appeal makes a part of its funds available to the United Israel Appeal, an American Jewish agency, which finances the immigration of refugees to Palestine.

It should be noted that this money is not used as the Red Cross uses its funds—for disaster purposes—or as other tax-exempt organizations operate. On the contrary, United Jewish Appeal funds are used to rehabilitate and settle foreign Jews who immigrate to Israel.

It should be noted that the land on which the Jewish immigrants settle is owned by the state, and settlers hold under a lease arrangement only.

I recommend that the question of tax exemption for these organizations be thoroughly studied in order to determine if such exemptions are legal. On several occasions in the past 3 years while traveling in Arab countries I heard much complaint from Arab leaders as to our efforts to assist Israelis to the Arabs' detriment. The pointed up to the abuses of the tax-exemption provision.

In addition to these contributions by the United Jewish Appeal and similar agencies, the local government contributes about two-thirds of the sum required to rehabilitate immigrants.

The third major problem facing Israel is its relationship with neighboring Arab States. This relationship seems to be deteriorating rapidly and no one knows what will be required to settle this dispute or how long it may require to reach a settlement, if at all.

While in Israel I conferred with Mrs. Golda Meir, Foreign Minister. Mrs. Meir appears to be a very capable person, but she does not seem to be disposed to give an inch in her views. She expressed the hope that the United States would furnish the necessary weapons to properly arm Israel so that, in her words, "war can be averted." She is of the belief that unless Israel is adequately armed, preferably by the United States, war is bound to result because she feels that Israeli weakness invites armed aggression from the neighboring states. This was the gist of her viewpoint, and it is a viewpoint which is not only apparently unchangeable but which is diametrically opposed to the views expressed by representatives of the Arab States.

I also had occasion to confer with the Israeli Prime Minister, Hon. David Ben-Gurion. He also feels that if war is to be averted, Israel must receive arms in large quantities from America. Mr. Ben-Gurion declared most emphatically that under no condition would Israel return to the boundaries established in the 1947 United Nations resolution.

With such a divergency in views between the Israelis and Arabs, I frankly can see no hope for an immediate settlement of this pressing problem. The Arab world seems to be united in not desiring to give an inch in an effort to settle any of the questions involved. The same situation obtains with respect to the Israeli leadership. As a matter of fact, the Arabs are not willing to meet with Israel to merely discuss the problems involved. On the other hand, I am certain that Israel does not have the same attitude.

Tension is high on both sides, but there is apparently no fear on the part of Israel. All of the Israeli leaders with whom I spoke seem to think that the question will settle itself if only given enough time. I also noted much more enthusiasm on the part of the people of Israel than among the Arabs. The people of Israel and their leaders feel that they have powerful friends in the world that that assistance will continue to flow their way. They also feel that the United States will not let them down.

Following my conferences in Israel with Israeli leaders, I left for the field to inspect some of the technical and economic aid projects which are presently underway in Israel. One of the most interesting, and incidentally one of the most expensive, consists of piping water from springs located in an area which was once an almost impenetrable bog, to new land developments. At this point I quote from my verbatim notes:

> What we planned and did was to locate all the springs and box them in with concrete pipes so as to control their flow. A fairly large pool was created into which all the spring water was channeled. Part of that water now flows into a nearby river but much of it is piped over a distance of 66 miles to the south in a pipeline measuring 66 inches in diameter. At the far end, the pipe is reduced to 48 inches in diameter for a few kilometers. There are several pumps located along the way that lift the water to its ultimate destination. The rise in terrain is gradual until it reaches almost 400 feet. I followed the course of the pipeline. At points all along the way, this huge pipe is tapped and the water it carries is combined with water obtained from springs at nearby points and fed into smaller pipelines and thence into a sprinkler system. This sprinkler system is similar to systems frequently seen in private gardens. One can get a good understanding of this operation by picturing the lands now irrigated as a huge garden with pipes running underground through which water is fed and subsequently sprinkled by overhead systems.

I was told that the total cost of this installation, including the pumps, was $40 million. Of this amount the United States provided one-half.

Frankly, it appeared to me that this method of irrigation is most uneconomical. There is, however, another program already underway to build a second pipeline of roughly the same dimensions running in almost the same general direction. This project, too, will cost about $40 million, with the United States contributing about one-half.

Adjoining the existing pipeline are a number of farming projects. Located about 48 miles south of the main source of water and 10 kilometers from the main pipeline is the development which I visited. Villages are being established in order to take care of the immigrants. These people are taught to farm, they are paid to work, and homes are built for them through a Government agency which is supported by the Israeli Treasury and the Israeli charitable institution referred to earlier. Some of the land has been in cultivation with only a scant supply of water available. The supplemental water will help considerably, but I was not told how much this water will cost. I did learn that of the total expenditure, including additions proposed to be made, only 25,000 new acres of land will be brought into cultivation.

A city will be built at this development, with its surrounding villages, and a cotton textile mill is now under construction, using capital from private sources in the United States. Water for this city will be supplied by the pipeline. In addition to the textile mill, a cotton gin will also be constructed. There were two other cotton gins already in operation at the development, one of which is privately owned and another established cooperatively by six local agencies (see below). A fourth cotton gin is scheduled to be built in the immediate future.

At present there are 15,000 acres planted to cotton where only 3 years ago no cotton at all was being produced. In 3 years, cotton production has increased from an initial yield of 5,000 bales to 60,000 bales. It is contemplated that this expansion will increase even further. It was my understanding that an American cotton producer residing in California was the first to finance cotton production here and that he is deeply interested in increasing this production.

In addition to cotton, some of the new land will be planted to peanuts and sugar beets.

It should be noted that the money to erect the cotton gins and some other proposed industrial plants is provided by six different groups, all of which are in existence here. These are as follows: (1) Kibbutzim (plural) (one of the lowest forms of collectivism where the married workers live in boarding houses, their children being raised in nurseries and educated by the organization with ~~little or no family life~~). In a kibbutz (singular) all work for their board, lodging, and clothes and should the family leave, it gets nothing but the clothing on the backs of the husband and wife. (2) Moshavinn (plural), moshav (singular), another form of collectivism where people lease land from the government or own it and work it on a collective basis, with the exception of a small part retained by a cooperator for his own use for gardening and a homesite. The moshavinn are somewhat similar to the Russian type of collectivism, except, of course, they have more say as to the disposal of the commodities produced. Unlike in Russia, they sell on a competitive market. (3) Private owners (some farms are privately owned and operated). (4) Communities; that is, people living in communities that will benefit from the agri-

Absolutely untrue.

cultural development. (5) The Jewish agency referred to above that obtains its money from loans or tax-exempt money from the United States and (6) Histadrut, a huge marketing and labor control organization that owns transportation facilities, cement plants, etc., and controls about 75 to 85 percent of the labor force of the country. In addition, a substantial proportion of the overall cost of the whole project is being financed with American dollars provided under the mutual security program. I question the advisability of fostering in Israel the production of crops which are already in surplus the world over and particularly in the United States. The program director indicated to me that he did all he could to discourage the production of sugar, peanuts, and cotton, but to no avail. It appears that the local government is determined to plant and produce crops at a price which will permit their exportation and thus earn dollars in world markets.

Although this development is small, others are underway and when their productions are totaled together, I fear that the impact on our own world markets may be substantial. Especially is that true when we total the production of other countries that have increased production of surplus crops with funds furnished by us. It is neither right nor just; in fact, it is immoral for American dollars to be used to produce crops abroad that are already in surplus in the United States. I wish that every producer of cotton, peanuts, and sugar could have been with me when I visited this area. I can well understand how they would feel to learn that their hard-earned money, much of which goes to the United States Government in taxes, is used, at least in part, to foster competition for them here and in other parts of the world. In particular, the cotton producers of our country would be interested to learn that cotton production here averages about 4 bales per acre.

In considering these development programs, it should be borne in mind that they are not short-term endeavors. In the one I visited, I noted specific areas marked off where from 80 to 100 families, each assigned 10 acres of land, will live. As I indicated earlier in this report, this land is leased from the Government for 49 years with an option in the lessee to extend the lease for another 50 years. In each of these areas, a village will be established where hospitals, stores, and other facilities for the nearby residents will be available.

Farming is conducted in much the same manner as I saw collective farms in operation in Russia. A machinery pool is established, and the land is worked collectively. The members of the working group are paid daily wages, and the proceeds of the sale of commodities produced are used to pay operating expenses. If profits are made over and above operating expenses, they are divided among the cooperators. The commodities are sold on a free market here instead of to the state as in Russia.

A number of these developments are proposed, but no one could give me the exact area that will ultimately produce crops under irrigation or dry-land farming. The only answer I received was "it will all depend on the water." I fear that an attempt will be made to reclaim too much land, with the result that the available water supply will be insufficient to irrigate these areas properly. Accent seems to be on rehabilitating people and not more production on less acres with the water available.

It should not be difficult to limit the land area to be placed under cultivation since the supply of water is controlled by a Government

agency. It is estimated that the cost of this water is $60 per acre per year in rural areas and $72 per acre per year in urban areas. Much of the cost is subsidized by the Government, but I was unable to determine the precise percentage.

On my inspection of the interior of Israel I also visited a vocational school, built under our foreign-aid program, to teach trades to immigrant youths.

I also visited a flourishing ceramic factory. This factory produces bathroom fixtures, such as wash basins, toilets, and so forth, for export trade. I was told that many of its products are shipped to southeast Asia, the Middle East, and Africa.

Turning now to the United States information program in Israel, the fiscal year 1956 budget, including both operating and administrative costs, totaled $76,181. This amount will be increased to $114,743 in fiscal year 1957, and it is proposed to further raise the amount to (deleted) in fiscal year 1958. There is attached to this report (exhibit F) a comprehensive breakdown of the purposes for which this money is to be spent. The committee will note that the greatest increase is found in the field of press publications and administrative expenses. In the press field, the monthly Hebrew language publication, The Worker in America, is to be further developed. Circulation is to be expanded from 10,000 to 50,000.

There was also a substantial increase in the representation allowances although the gross sum is smaller. Expenditures for this in fiscal year 1956 were $271. The figure will rise to $800 in fiscal year 1957 and (deleted) in fiscal year 1958. I was informed that a large proportion of this increase is due to rising prices.

A bookmobile is also proposed to be placed into operation in fiscal year 1957 in order to "enable USIS to make more effective its work in rural areas." In particular, it is felt that this vehicle will "enable USIS to form and maintain a wider range of contacts in the labor-agrarian segment of the population." I recommend that this proposal be restudied.

The committee will recall that last year during our committee hearings, we sought out some of the details of the international media guaranty fund balance which has built up in Israel. Under this program as operated here, the United States publishers may sell books to Israeli distributors and be guaranteed payment in United States dollars at the rate of approximately 1 American dollar to 1 Israeli pound. When the Israeli agent deposits a pound in an Israeli bank to the credit of the United States Government, the United States Government then pays the publisher 1 American dollar. As of the time of my visit, our Government had accumulated to its credit approximately 8,350,000 Israeli pounds—worth at today's exchange rate about $4 million in United States dollars. In other words, it seems that the official exchange rate under the international media guaranty program in Israel is 1 to 1, whereas the actual exchange rate is somewhat less than 1 to ½.

As to this $4 million—United States equivalent—in Israeli currency on deposit to the United States Government, it will be used for educational, scientific, and cultural projects in Israel. I feel that this is unconscionable. This money should never have been earmarked for these projects; it should, instead, have remained credited to the

account of the United States Government in order to assist in defraying some of the local currency expenses which our normal Government operations incur.

GENERAL OBSERVATIONS

I left this troubled area convinced of one thing, and that is that it will be impossible to establish a self-sustaining State of Israel. Particularly is that true if the minimum goal of not less than 2,500,000 inhabitants is to be reached. Should the population remain at 1,500,000 to 1,600,000, as is now the case, then this tiny little land might eventually become self-supporting. Even with that alternative, however, it would require an investment of many, many millions of dollars to build a sound economic base. As for sustaining a population of 2½ to 4 million without foreign subsidies, this is seeking the impossible. If Israel's population ever reaches that point, world Jewry must be made to understand that it must continue to subsidize Israel heavily and indefinitely.

It is heartwarming to note the progress being made in Israel, although at high costs. Because of an inadequate background in technology, the populations in the neighboring Arab countries are not as well developed for survival in today's atomic age as are the Israeli. What the Middle East needs is the promotion of a political climate under which the Arab and Jewish population could cooperate to raise living standards and develop the economy of the area. If, as I contend, Israel cannot become a self-sustaining state to take care of displaced Jews, it might be well to explore the possibility of reducing the area of the present state to the size proposed in the 1947 United Nations resolution. To this end, fixed boundaries should be promulgated, and any additional Jewish immigration should be channeled into Arab lands, conditioned, of course, upon their being permitted to live in peace there. I feel that if only this could be achieved the Arab and Jewish populations by working together could achieve an unprecedented economic development. In other words, the technological training of the Jewish immigrants should be used as a nucleus around which to build a highly developed Jewish-Arab economic sphere of influence.

I cannot overemphasize the necessity for some early solution to the present difficulties in the Middle East. As I warned the committee in 1954, the Middle East is the most volatile place on earth—it, and it alone, offers the greatest likelihood as the source of world war III.

There is no possibility of lessening the dissension by extending assistance to both the Arabs and Israelis. We are beginning to be hated by the Arabs, and will undoubtedly be despised by the Jews if we refuse to further help them economically and militarily. It is time for the Jewish people of America and of the world to realize the complexities of the problems involved and the difficulties inherent in achieving a solution. It must be borne in mind, too, that comparatively few people of Jewish faith are involved, in contrast to the vast numbers of Arab people. A solution built around the continued existence of the State of Israel—but a state required to remain in fixed boundaries—and designed to promote cooperation between the Jews and peoples of the neighboring Arab countries must be achieved. What the Arab leaders fear most of all is that Israel will expand and eventually take them over.

EXHIBIT A

Summary of operations of International Cooperation Administration (formerly Foreign Operations Administration) as of Aug. 31, 1956

	Fiscal year 1954 amount of obligations [1]	Fiscal year 1955 amount of obligations	Fiscal year 1956 amount of obligations [1]	Fiscal year 1957 (estimated) amount of obligations	Total
(A) Total expenditures:					
United States funds (counterpart funds generated)					
United States funds (no counterpart funds generated)	[2] $12,825,362.35	$1,962,358.73	[3] $7,736,104.25	(Deleted)	(Deleted)
Counterpart funds (in equivalent United States dollars)					
Local government contributions (in equivalent United States dollars)	5,501,825.00	1,660,585.00	5,320,455.00	(Deleted)	(Deleted)
				Unobligated	Unexpended
(B) Balances as of June 30, 1956:					
United States funds				[4] $56,389.45	[5] $10,266,670.76
Counterpart funds (in equivalent United States dollars)					
(C) New allocations (tentative) from fiscal year 1957: Foreign aid appropriation:					
United States funds				(Deleted)	(Deleted)
Counterpart funds (in equivalent United States dollars)					
				Available for obligation	Available for expenditure
(D) Total amounts available for obligation and expenditure in fiscal year 1957:					
United States funds				(Deleted)	(Deleted)
Counterpart funds (in equivalent United States dollars)					

[1] Consolidated fiscal year 1952 program, fiscal year 1953 technician costs, fiscal year 1954 program and SEA.

[2] Includes (*a*) $259,700 fiscal year 1952 training funds retained in Washington. (*b*) $416,759 fiscal year 1952 project funds retained in Washington. (*c*) $333,000 fiscal year 1952 technician costs retained in Washington.

[3] Includes $2,000,000 for earthquake reconstruction program obligated by Washington.

[4] Breakdown of unobligated funds:

Fiscal year 1954	$8,176.13
Fiscal year 1955	21,217.57
Fiscal year 1956	26,995.75
Total	56,389.45

[5] Breakdown of unexpended funds:

Fiscal year 1954	$2,855,240.64
Fiscal year 1955	614,774.74
Fiscal year 1956	6,796,655.38
Total	10,266,670.76

List of all nonmilitary foreign-aid projects (including technical assistance) from beginning of programs through fiscal year 1956

Project No., title, and brief description	Total cost of project	United States contribution	Local government contribution	Percent of United States contribution to total cost	Estimated completion date
(A)	(B)	(C)	(D)	(E)	(F)
68-13-001 Agricultural development. Special economic aid, in form of equipment (farm machinery, fertilizer, extension service equipment) to form adequate base from which Government of Lebanon Ministry of Agriculture could begin an intensive service to the farmers.	$3,294,840	$2,500,000	$794,840	77	June 1958.
68-52-002 Extension of health and medical services to villages. Demonstration of a rural health center to initiate a public health rural service for Ministry of Health; no longer operative, phased out.	186,500	140,500	46,000	79	March 1955.
68-31-003 Public roads development. Coastal (SEA), in form of equipment; a contract with United States engineering firm and local costs to demonstrate construction of 14 kilometers of highway from Beirut to Maameltein.	3,000,000	1,500,000	1,500,000	50	June 1957.
68-53-004 Central public health laboratory to provide the Ministry of Health with central testing point and laboratory facilities. United States provided equipment and some construction, training costs, and 1 technician for 2 years.	400,000	170,000	195,175	42	December 1958.
68-53-005 Demonstration urban health center. A co-op project between AUB, Tapline, municipality of Beirut, and United States to show how to operate an urban health center until it is taken over by the Government of Lebanon.	62,460	44,340	18,120	69	June 1957.
68-78-006 Rural statistical surveys. To conduct rural surveys concerning agriculture and rural life to determine statistics and information for future projects.	82,265	72,470	9,845	88	December 1953.
68-11-007 Agricultural extension and related activities. To establish an extension service in the Ministry of Agriculture.	303,330	149,800	153,530	49	1960.
68-13-008 Horticulture. To upgrade production of fruits and vegetables; project now combined with plant resources.	59,650	37,050	22,600	62	June 1956.
68-13-009 Agronomy research and tests of grains cereals to increase production. Project now combined with plant resources.	125,535	78,350	47,185	62	Do.
68-13-010 Animal husbandry introduction of new breeds of cattle and upgrading production of milk and meat. Project continued with animal resources.	384,960	258,800	126,160	67	June 1955.
68-13-011 Poultry. Technical advice to begin commercial poultry industry and set up service in Ministry of Agriculture to encourage poultry production in Lebanon; now combined with animal resources.	148,570	103,350	45,220	70	Do.
68-13-012 Veterinary. To establish a veterinary service in Ministry of Agriculture to improve animal production; dearth of veterinarians in Lebanon makes training in this field important; now combined with animal resources.	198,265	90,295	107,970	48	Do.

NOTE.—Only 1 project fits (G) category—Industry Institute 68-27-025—which is privately operated, incorporated under Lebanese law, supported by the Lebanese Government, Association of Lebanese Industrialists, and the United States until it becomes self-supporting, estimated at 195

List of all nonmilitary foreign-aid projects (including technical assistance) from beginning of programs through fiscal year 1956—Continued

Project No., title, and brief description	Total cost of project	United States contribution	Local government contribution	Percent of United States contribution to total cost	Estimated completion date
(A)	(B)	(C)	(D)	(E)	(F)
68-12-013 Irrigation to create an irrigation service in Ministry of Agriculture which is charged with this responsibility. Training and inservice work; now combined with agricultural engineering.	$125,680	$87,000	$38,680	69	June 1956.
68-15-014 Agricultural marketing. To set up standards in packing, grading, and sorting of fruits and vegetables, particularly related to export market.	288,900	119,650	159,250	41	January 1957.
68-11-015 Agriculture administration. To provide overall direction of all agriculture projects and coordinate all activities with Ministry of Agriculture; now combined with technical support.	77,860	44,750	33,110	56	June 1954.
68-14-016 Credit and cooperatives. To organize and guide cooperatives and set up a system of farm credit, where private credit is not available.	78,525	45,165	33,360	57	June 1958.
68-19-017 Farm machinery. To introduce mechanization where applicable and establish a service in Ministry of Agriculture to help farmers on a continuing basis; now combined with agricultural engineering.	414,450	267,550	146,900	62	June 1956.
68-17-018 Range management and forestry. To advise on a reforestation program and better use of some marginal lands; now combined with plant resources.	186,835	55,650	131,185	29	Do.
68-99-019 Joint planning and economic development. Maintain a liaison office with Government of Lebanon on joint programing and planning.	22,085	10,825	11,260	49	Indefinite.
68-59-020 Health and vital statistics. To establish an office in the Ministry of Health to gather and compile statistics relative to instituting a sound program of public health in Lebanon.	57,550	18,250	39,300	32	1960.
68-59-021 Vital registration. To establish a national office of vital registration in Ministry of Interior for purposes of aiding the Ministry of Health in its public-health program.	417,865	39,450	378,415	9	1960.
68-12-022 Kasmie construction. Complete building of main canals in area between Sidon and Tyre to provide for more irrigated land to grow crops.	881,375	549,500	331,875	62	December 1956.
68-81-023 Kasmie rural improvement. Community development involving self-help to villages in education, social welfare, agriculture, and irrigation; project closed due to back of funds on part of Government of Lebanon.	172,620	141,370	31,250	83	June 1955.
68-12-024 Litani River Basin investigation. Make thorough and complete engineering survey of Litani Basin for hydro power development and irrigation potential.	793,375	746,500	46,875	91	June 1954.
68-27-025 Industry Institute. A productivity and industrial research center to help and guide Lebanese industry toward better productivity and management.	1,074,755	728,900	345,855	67	1960.
68-69-026 School health. To initiate a school health program in Government schools by adding hygiene classes and demonstration of better health through proper care.	75,985	58,355	17,630	79	June 1955.
68-67-027 Adult education—English. Provide English instruction to Government of Lebanon employees, schoolteachers, labor syndicates.	179,360	139,860	39,500	78	Indefinite.

List of all nonmilitary foreign-aid projects (including technical assistance) from beginning of programs through fiscal year 1956—Continued

Project No., title, and brief description (A)	Total cost of project (B)	United States contribution (C)	Local government contribution (D)	Percent of United States contribution to total cost (E)	Estimated completion date (F)
68-69-028 Educational statistics and research. To establish a statistical unit in the Ministry of Education to aid in developing a program of public education throughout Lebanon; project terminated as partially completed.	$178,715	$110,900	$67,815	62	June 1956.
68-61-029 Young Lebanese Artisan Schools. Introduction to and equipment of technical vocational training and equipment.	562,625	82,000	480,625	15	June 1954.
68-81-030 Saneen rural improvement. Community development in Saneen area, self-aid to villages in irrigation, agriculture, and education; project terminated due to noninterest on part of Government of Lebanon.	175,625	85,000	90,625	49	June 1955.
68-64-031 Demonstration Elementary School. To provide example of how an efficient well-staffed school could help public education in Lebanon; project terminated after 1 year.	83,035	83,035	----------	100	June 1953.
68-37-032 Air navigation. To provide VOR equipment at Beirut Airport for safety, and train persons in its use.	136,680	159,600	77,080	43	June 1957.
68-81-033 Kasmie Rural Community Service Training Center. A contract with AUB to train village workers in community improvement project; completed.	3,635	3,635	----------	100	December 1952.
68-54-034 Demonstration Nursing School. To establish a nursing school at Makassid Hospital; project in operation and will be completed when 1st class will graduate.	133,505	65,500	68,005	49	June 1958.
68-12-035 Water reconnaissance surveys. To make engineering investigations on 9 secondary rivers to develop their potential for power and irrigation.	189,370	108,580	80,790	57	June 1957.
68-52-036 Village water supply. Technical assistance to plan, construct, and train personnel to run water-supply systems in the rural areas of Lebanon.	1,390,865	331,000	1,059,765	24	Do.
68-29-037 Youth hostel. To build youth hostel; project canceled; funds transferred to Industry Institute project.	----------	----------	----------	----------	
68-69-038 General education. General expenses to begin studies and surveys to develop projects in education.	40,630	25,000	15,630	61	December 1952.
68-41-039 Labor Union Development Health Center. Demonstration of health clinics for labor union members now being run by the Ministry of Social Affairs.	64,750	40,000	24,750	61	June 1955.
68-29-040 Rest house. Demonstration tourism facility of type construction and service which can attract tourists.	12,815	5,000	7,815	40	December 1956.
68-61-041 Technical education. Introduction of newer methods and techniques through purchase of equipment and a college contract beefup existing; technical vocational school to train artisans and craftsman.	791,015	482,900	308,115	61	December 1957.
68-61-042 Teacher education (urban). To provide facility and technical assistance in the establishment of a teachers college to train urban teachers.	940,070	258,670	681,400	27	June 1957.
68-61-043 Rehabilitation training. To provide a selected number of private institutions with facilities and equipment for vocational training in the crafts. Project completed.	237,690	140,000	97,690	59	June 1955.

List of all nonmilitary foreign-aid projects (including technical assistance) from beginning of programs through fiscal year 1956—Continued

Project No., title, and brief description	Total cost of project	United States contribution	Local government contribution	Percent of United States contribution to total cost	Estimated completion date
(A)	(B)	(C)	(D)	(E)	(F)
68-92-044 Training in all fields. Designation of a project not operative as training is a segment of the specific projects listed.					
68-29-045 Promotion of handicrafts. Project not numbered but not operative.					
68-29-046 Administration of industry. Overall studies and surveys to initiate industry projects. No longer operative.	$18,950	$18,950		100	December 1952.
68-29-047 Audiovisual laboratory service. Establishment of audiovisual service facility for all projects. No longer operative.	1,000	1,000		100	June 1956.
68-29-048 Administration of tourism. Overhead costs for projects in tourism which did not get started.	6,050	6,050		100	December 1952.
68-29-048 Promotion of tourism. Part of a regional project to promote tourism in the area. No longer operative.	6,000	6,000		100	Do.
68-69-050 Sidon Community Development School. Survey and some equipment. No longer operative.	1,515	1,515		100	Do.
68-61-051 Bishmezzine Vocational School. Survey and some equipment. No longer operative.	1,515	1,515		100	Do.
68-69-052 Tripoli Community Development School. Survey and some equipment. No longer operative.	1,515	1,515		100	Do.
68-26-053 Handicraft cooperative. Distribution center; encouragement in the developing and marketing of locally made handicrafts.	16,700	12,000	$4,700	72	December 1956.
68-23-054 Solar salt. Demonstration in the increase of solar salt production.	20,500	10,000	10,500	49	June 1957.
68-26-055 Olive oil demonstration plants. Demonstration in the increase and betterment of the olive oil production in Lebanon.	29,400	18,000	11,400	61	Do.
68-21-056 Mineral survey. To make a complete study of Lebanese mineral resources to determine if production is commercially feasible.	51,250	20,000	31,250	38	December 1957.
68-54-057 Municipal sanitation. Design and studies of municipal water supplies, sewage system, and train Lebanese engineers in the process.	85,300	46,400	38,900	54	Do.
68-23-058 Industry manufacturing and processing. Project planned for improvement of biscuit manufacturing. Project did not start.					
68-29-059 Census of industrial establishments. A complete count and survey of Lebanese industry to be used for future planning.	60,000	30,000	30,000	50	Do.
68-27-060 Industrial management. Team of Lebanese industrialists visited the United States to observe production and management techniques.	4,000	2,000	2,000	50	December 1955.
68-24-061 Improvement of industrialist practices. A United States management expert advising Lebanese Chamber of Commerce, Association of Industrialists, and others in management problems.	10,000	5,000	5,000	50	Do.
68-54-062 General sanitation. Beirut inservice training for municipality employees in food handling and sanitation.	32,300	7,300	25,000	22	December 1956.
68-92-063 Audiovisual training. One participant to United States to study audiovisual technique.	4,500	3,600	900	80	October 1956.

List of all nonmilitary foreign-aid projects (including technical assistance) from beginning of programs through fiscal year 1956—Continued

Project No., title, and brief description (A)	Total cost of project (B)	United States contribution (C)	Local government contribution (D)	Percent of United States contribution to total cost (E)	Estimated completion date (F)
68-99-064 Reactor Training School. Training in United States for 1 Lebanese. Project not activated.	----------	----------	----------	-------	
68-67-065 Supervisory training in education. Training in United States for 2 school principals. Project not activated.	----------	----------	----------	-------	
68-69-066 Library administrator. Training in United States for 1 person at Library of Congress from law school in Beirut.	$2,700	$1,800	$900	66	September 1956.
68-31-067 Public roads development. Beirut to Syrian border (SEA) loan; project not activated.	----------	----------	----------	-------	
68-52-068 Village water supply. Special economic aid furnishing pipes, pumps, and equipment to compliment Government of Lebanon program.	3,525,000	2,000,000	1,525,000	56	June 1957.
68-13-069 Animal resouces. To improve livestock and poultry production in Lebanon through technical advice and small demonstrational equipment; combination of former poultry, veterinary, and animal husbandry projects.	113,120	8,500	104,620	7	1960.
68-64-070 Rural Teachers College. To provide facilities and trained personnel to operate a college which will produce Lebanese teachers to work in the rural areas.	224,950	14,950	210,000	6	December 1957.
68-49 071 Labor statistical research. To establish a unit in the Ministry of Social Affairs to gather information and statistics designed to create a social security system.	42,900	17,900	25,000	41	December 1958.
68-71-072 Police administration. Training Lebanese police and gendarmes in the internal security program.	33,790	18,040	15,750	56	September 1956.
68-19-073 Agriculture training, AUB. Lebanese participants studying agriculture (undergraduate work).	15,400	15,400	----------	100	June 1956.
68-69-0744 Education training, AUB. University training for teachers for Lebanese at AUB.	13,825	13,825	----------	100	Do.
68-59-075 Public health training, AUB. 1 year subprofessional training in laboratory technique sanitation; nursing at AUB.	8,250	8,250	----------	100	Do.
68-25-076 Engineering training, AUB. Undergraduate training for Lebanese engineers at AUB.	20,750	20,750	----------	100	Do.
68-79-077 Public administration, AUB. Graduate and undergraduate training for Lebanese at AUB.	7,250	7,250	----------	100	Do.
68-54-078 Public health nursing, Beirut. Training courses for midwives and nurses of Beirut municipality and Ministry of Health.	7,050	4,400	2,650	62	December 1956.
68-54-078 General sanitation, Tripoli	8,450	3,400	5,050	40	Do.
68-41-080 Labor union leaders. A team visit of Lebanese syndicalists to observe American labor and management.	21,300	21,300	----------	100	September 1956.
68-31-081 TAMS extension. Contract extension for Tibbett-Abbott-McCarthy-Stratton engineers for road building.	126,875	100,000	26,875	78	February 1956.
68-31-082 Lebanese highway program. Technical assistance in planning a 5-year highway program. Project not operative.	----------	----------	----------	-------	

List of all nonmilitary foreign-aid projects (including technical assistance) from beginning of programs through fiscal year 1956—Continued

Project No., title, and brief description (A)	Total cost of project (B)	United States contribution (C)	Local government contribution (D)	Percent of United States contribution to total cost (E)	Estimated completion date (F)
68-98-083 Peaceful uses of atomic energy. Training program for 1 Lebanese member of atomic energy committee for observation of United States atomic-energy facilities.	$3,000	$1,500	$1,500	50	September 1956.
68-31-084 Beirut-Syria border highway. Economic aid in form of equipment, contract services, and local costs to build 4-lane highway from Beirut east to the Syrian border.	6,000,000	3,000,000	3,000,000	50	1959.
68-37-085 Expansion of Beirut International Airport for jet airliners. Economic aid in furnishing equipment for the airport.	940,000	470,000	470,000	50	1958.

Number of ICA employees on Board as of Sept. 30, 1956

	Locals	United States	Total
(a) Technicians:			
1. United States employed	78	[1] 65	143
2. Contract employees	0	15	15
(b) Others	0	0	0
Total	78	80	158

[1] Includes (17) regional.

EXHIBIT D

International Cooperation Administration—United States of America Operations Mission ot Jordan—Summary of operations

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956	Fiscal year 1957 (estimated)	Total
(A) Total expenditures:					
1. United States funds (counterpart funds generated)	N/A	$3, 548, 512. 34	$4, 106, 567. 90	$59, 669. 76	$7, 714, 750. 00
2. United States funds (no counterpart funds generated)	$6, 226, 222	3, 378, 848. 25	7, 544, 285. 32	7, 250, 000. 00	24, 399, 355. 57
3. Counterpart funds (in equivalent United States dollars)	N/A	3, 548, 512. 34	4, 106, 567. 90	59, 669. 76	7, 714, 750. 00
4. Local government contributions (in equivalent United States dollars):					
(a) In kind	787, 868	728, 600. 00	1, 542, 237. 00	2, 000, 000. 00	5, 058, 705. 00
(b) Cash	414, 400	243, 600. 00	322, 000. 00	350, 000. 00	1, 330, 000. 00
Total	1, 202, 268	972, 200. 00	1, 864, 237. 00	2, 350, 000. 00	6, 388, 705. 00

	Unobligated	Unexpended
(B) Balances as of June 30, 1956:		
1. United States funds:		
(a) Project assistance	$223, 221. 42	$7, 113, 118. 14
(b) Nonproject assistance	0	2, 340, 353. 99
2. Counterpart funds (in equivalent United States dollars)	0	1, 740, 676. 52
(C) New allocations (tentative) from fiscal year 1957: Foreign aid appropriation:		
1. United States funds	(Deleted)	(Deleted)
2. Counterpart funds (in equivalent United States dollars)	(Deleted)	(Deleted)
	Available for obligation	Available for expenditure
(D) Total amounts available for obligation and expenditure in fiscal year 1957:		
1. United States funds:		
(a) Approved operational program	(Deleted)	(Deleted)
(b) Illustrative program	(Deleted)	(Deleted)
2. Counterpart funds (in equivalent United States dollars)	(Deleted)	(Deleted)

1. Itemized list of all nonmilitary foreign aid projects (including technical assistance project) from beginning of programs through fiscal year 1956.

(a) through (g): A complete description and justification of projects in Jordan is contained in the attached set of project proposal and approval documents.

2. Copy of fiscal year 1957 proposed country budget, as submitted to Washington in justification of proposed fiscal year 1957 allocations, including detailed description of each proposed project.

See Annex A attached.

3. List of projects proposed for fiscal year 1957, under allocations from fiscal year 1957 appropriations.

Fiscal year 1957 program not yet approved by ICA/W.

4. Number of ICA employees as of October 1, 1956:

	Locals	United States	Total
(a) Technicians:			
1. United States employed		57	57
2. Contract employees		9	9
(b) Others	75	14	89
Total	75	80	155

FOREIGN MILITARY AID PROGRAM

No United States military aid program in Jordan.

OCTOBER 11, 1956.

TURKEY

My visit to Turkey was an eye-opening experience. While most of my time was spent at Ankara, since information with respect to our operations in this country was more readily available there, I entered Turkey through Istanbul. This latter city appears most prosperous. Many of its streets are being widened, and everywhere there is an air of confidence and good will.

The magnitude of our assistance to Turkey has been substantial. Since the inception of the aid program in 1948, through June 30, 1956, dollar expenditures for economic aid have totaled $470 million, of which $324 million were represented by outright grants, and the remainder by loans. Of the dollars spent, about 30 percent was used to improve agriculture, 25 percent for public works, 30 percent for industry and capital investments, and the remaining 15 percent for consumer goods and ocean freight.

Agricultural production has increased to 160 percent of prewar and industrial production to roughly 200 percent of prewar.

Of the counterpart funds generated to date under the mutual security program, 85 percent has been used to support the Turkish defense budget, an additional 5 percent was channeled into agriculture, and the remaining 10 percent into the area of public works. In this connection, it might be noted that the Government of Turkey has devoted the following percentages of its total budget for defense purposes during the indicated periods:

	Percent		*Percent*		*Percent*
1948	35.5	1951	28.4	1954	27.7
1949	37.3	1952	27.4	1955	23.9
1950	29.3	1953	26.6	1956	22.8

These percentages compare with between 60 and 65 percent of the United States budget which is earmarked for defense.

In addition to the $470 million expenditure for economic aid, the United States has advanced ——— million to Turkey for direct forces support, of which ——— million was spent under the direction of the joint military mission here during the 1956 fiscal year. That entire sum was used to purchase oil, gasoline, food, clothing, and similar items for the Turkish military forces.

During the fiscal years 1954, 1955, and 1956, ICA dollar expenditures totaled $183.6 million, Proposed expenditures for fiscal year 1957 will aggregate ——— with ——— of this amount earmarked for defense support and ——— for technical assistance.

Unexpended dollar balances as of June 30, 1956, totaled $142.8 million. Tentative allocations from the fiscal year 1957 mutual security budget total ———. Thus, there will be available for expenditure here during the 1957 fiscal year a total of ———.

The committee will note, by reference to exhibit A, that note 4 indicates an economic/technical-aid pipeline of only $93.8 million as of June 30, 1956. However, this figure is obtained by subtracting

from the actual unexpended balance of $142.8 million as of that date, the following amounts:

1. First slice fiscal year 1957 aid obligated June 29, 1956	$25,000,000
2. Ocean freight for Public Law 480	892,000
3. Emergency relief	635,000
4. Direct forces support reallotments	567,000
5. Direct forces support, fiscal year 1955 and prior years	18,293
6. Technical cooperation fiscal year 1956	3,549,000

Thus, the total pipeline as of June 30, 1956, our planners insist, is really $93.8 million instead of $142.8 million. I frankly think the position taken by ICA in this matter is misleading, since $142.8 million represents the actual amount carried over from the prior fiscal years which is available for expenditure, without taking into account allocations from the fiscal year 1957 mutual security budget.

I also want to point out to the committee that, in addition to the ——— available for obligation from the fiscal year 1957 budget, the ICA mission here would have had an additional $25 million available for obligation during the fiscal year 1957 if it had not obligated on June 29, 1956, that amount as the first slice of the fiscal year 1957 program. Practices such as this are unconscionable, and the committee should take pains to warn ICA that it will not continue to tolerate last-minute obligations such as this, which are apparently directed at keeping unobligated balances as low as possible. Practices such as these lend themselves to waste and are certainly not consistent with good management or fiscal procedures.

At the time of my visit there were 202 technicians employed by the United States in Turkey. Of this number 135 were directly employed by the Federal Government, and the remainder were contract employees. I fear that if the staff is kept as large as it was at the time of my visit, this factor coupled with huge unexpended and unobligated balances will result in the undertaking of constantly expanding programs for this country. I realize full well that Turkey is a large country, and that it is willing to fight, and will fight well, for its freedoms. It is deserving of United States assistance. However, Turkey is endowed with abundant natural resources and, its leaders have a genuine, progressive, and constructive desire to raise the population's living standards. I recommend that increasing attention be given to fostering Turkish economic development by private enterprises and foreign investments, and a consequent reduction in our economic-aid program. An early switch to a program of this kind would make possible the return of considerable amounts of unobligated and unexpended funds to our Treasury.

In the section of this report dealing with military assistance, I will refer in detail to the Turkish program. I conferred with Maj. Gen. Lawrence R. Dewey, Chief of the Joint American Military Mission for Military Aid to Turkey. I was not able to obtain specific information from him since he had been ordered by Washington not to provide me with any data. (Certain basic information was subsequently provided to my Washington office. It was the bare minimum.) He did give me a briefing on the assistance provided over the last few years and it was his judgment that much progress had been made. However, he indicated that there is still much to be done, particularly for the air force and the army. He said that more modern equipment is an urgent necessity, particularly in the field of airpower.

Under our military-aid program, shops are maintained to repair damaged equipment. These shops were equipped by the United States. I was unable to visit them due to lack of time, but I understand that much is being done to train Turkish military personnel in the repair and maintenance of advanced-type military equipment. I am sorry I am unable to give figures on our military-assistance program. They are quite large. With all the assistance made available by us to Turkey and her great advance in industrial and agricultural expansion, I am surprised to note that her defense budget has been steadily declining to the point where it is now 22.8 percent of her expenditures. It will keep on decreasing if we continue to pile in United States borrowed dollars.

The information program here is large and growing larger. The budget for the 1956 fiscal year was $180,197; for fiscal year 1957 this amount was increased to $354,762. It should be noted by the committee that the USIS mission here originally requested only $307,199 for fiscal year 1957. This request was prepared July 8, 1955, prior to the raising of the priority of the USIS Turkish program. It is indicated to me that the raising of the priority undoubtedly induced ISIA, Washington, to increase that figure in its submission to the Congress.

This is a grade A example of how the information budget is determined—that is, it is not based upon recommendations sent from the field, but, rather, is promulgated in Washington, submitted to Congress, approved in almost rubberstamp manner, and then the increased funds are sent down to the field for whatever use the missions can find for them. Of course, it is needless to point out that this is a most wasteful procedure. Steps should be taken to eliminate this type of budgetary programing.

I referred to the fact that higher priority has been given to the USIS program in Turkey. It was indicated to me that the reason for this increase is that during fiscal year 1956 Turkish-American relations were considered to be free of serious psychological problems. ———.

I doubt that, in view of the traditional Turkish hatred of things Russian and, more recently, things both Russian and communistic, that a doubling of the information program here is either necessary or desirable.

For the information of the committee I attach hereto a detailed outline of the proposed fiscal year 1957 technical cooperation program for Turkey (exhibit B) and a similar outline of the proposed fiscal year 1957 defense-support program (exhibit C).

Also attached is a list (exhibit D) of all nonmilitary projects undertaken from the beginning of the program here through fiscal year 1956, indicating the total cost of the various projects, United States contributions, local-government contributions (both from country budget and counterpart funds), and the percent of the United States contribution represents of the whole. As an annex to this, I am including a mimeograph list (exhibit E) of all nonmilitary-aid projects, which supplements the fiscal data referred to previously, and which describes in general terms the scope and purpose of these expenditures.

Both the military- and economic-aid programs should be reevaluated in the light of the great progress made here, both industrially and agriculturally. Business seems to be flourishing, with taxes at a very low rate. I was surprised to learn that no taxpayer, no matter his size, pays more than one-third of his income for all manner and form of taxes.

EXHIBIT A

Summary of operations of International Cooperation Administration (formerly Foreign Operations Administration)

[In thousands of dollars or equivalent]

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956	Fiscal year 1957 (estimated)	Total
(A) Total expenditures:					
United States funds (counterpart funds generated):					
Total	40,873	42,622	68,347	(Deleted)	(Deleted)
Defense support	40,353	41,987	67,447	(Deleted)	(Deleted)
Technical Cooperation [1]	520	635	900	(Deleted)	(Deleted)
United States funds (no counterpart funds generated):					
Total	1,168	16,427	14,197	(Deleted)	(Deleted)
Defense support		15,282	12,007	(Deleted)	(Deleted)
Technical cooperation [1]	1,168	1,145	2,190	(Deleted)	(Deleted)
Counterpart funds (in equivalent United States dollars)	46,007	47,019	[2] 53,745	(Deleted)	(Deleted)
Local-government contributions (in equivalent United States dollars) [1] [3]	17,287	16,137	17,641	(Deleted)	(Deleted)

	Unobligated	Unexpended
(B) Balances as of June 30, 1956:		
United States funds		[4] 142,763
Counterpart funds (in equivalent United States dollars)	197	197
C) New allocations (tentative) from fiscal year 1957 foreign-aid appropriation:		
United States funds (as of Sept. 30, 1956):		
Total	(Deleted)	(Deleted)
Defense support	(Deleted)	(Deleted)
Technical cooperation	(Deleted)	(Deleted)
Counterpart funds to be derived from fiscal year 1957 dollar allocations (in equivalent United States dollars)	(Deleted)	(Deleted)

	Available for obligation	Available for expenditure
(D) Total amounts available for obligation and expenditure in fiscal year 1957:		
United States funds:		
Total	(Deleted)	(Deleted)
Defense support	(Deleted)	(Deleted)
Technical cooperation	(Deleted)	(Deleted)
Counterpart funds (in equivalent United States dollars)	(Deleted)	(Deleted)

[1] Estimated.

[2] Includes the equivalent of $12,245 in fiscal year 1956 and (Deleted) in fiscal year 1957 advanced as a portion of the mutual security program loans.

[3] Estimated direct contributions. The funds expended in indirect support of the programs by the Turkish central and local governments and government and private enterprises would be several times larger but exact data are not available. On all defense-support projects since the inception of the program, the United States contribution represents 35 percent of the total cost while the Turkish contribution represents 65 percent.

[4] Analysis of defense-support pipeline, as of June 30, 1956:

	In thousands
Total unexpended balance shown in ICA/Washington Special Pipeline Report of Sept. 21, 1956	142,763
Less entries not properly chargeable to ICA pipeline (from functional statement as of June 30, 1956):	
1. First slice fiscal year 1957 aid obligated June 29, 1956	25,000
2. Ocean freight for Public Law 480	892
3. Emergency relief (included as additional entry in D. F. S.)	635
4. D. F. S. reallotments	567
5. D. F. S., fiscal year 1955 and prior years	18,293
Total deductions	45,387
Pipeline of ICA fiscal year 1956 and prior-year programs	97,386

The net pipeline of ICA programs for fiscal year 1956 and prior years represents a little more than 13 months of expenditures at the 1956 rate.

Exhibit D

List of all nonmilitary projects from beginning of programs through fiscal year 1956—Cost estimates

Project No.	Project title	Estimated total cost of project	Estimated United States contribution	Estimated local government contribution		Estimated percent of United States contribution	Estimated completion date	Remarks [1]
				Country budget	Counterpart			
77- 1	Cotton survey	Disapproved						
77- 2	Hydraulic engineer	Disapproved						
77- 3	Expansion of salt industry	22,450.00	10,000.00	12,450		44	December 1949	Loan.
77- 4	Turkish State Ry. consultants	198,905.10	126,555.10	72,350		63	March 1952	Do.
77- 5	Statistical study	74,248.57	40,648.57	33,600		54	May 1953	Do.
77- 6	Financial survey	8,049.90	2,304.90	5,745		28	October 1949	Counterpart waived.
77- 7	Consulting metallurgist	Disapproved						
77- 8	Consulting pyro metallurgist	Disapproved						
77- 9	Lead smelting metallurgist	9,606.02	7,046.02	2,560		73	March 1951	Loan.
77-10	Woolen and worsted mills	Canceled						
77-11	Hydraulic engineers	12,448.77	7,138.77	5,310		57	September 1950	Do.
77-12	United States steel specialist	19,348.32	9,228.32	10,120		47	August 1950	Counterpart, $9,228.32.
77-13	Sampling expert	Canceled						
77-14	Business censor	Canceled						
77-15	Statistical group (renumbered 77-115)	97,725.98	54,225.98	43,500		55	February 1952	Loan.
77-16	Buyuk Menderes Valley	354,200.00	167,000.00	187,200		47	December 1950	Do.
77-17	Hydraulic engineer	16,123.00	10,388.00	5,735		64	November 1950	Do.
77-18	City planning group	24,500.00	14,500.00	10,000		59	August 1951	Do.
77-19	Harbor design expert	Canceled						
77-20	Meat packing consultants	54,047.96	35,347.96	18,700		65	June 1951	Counterpart, $35,347.96.
77-21	Seaways consultants	404,067.48	280,495.48	123,572		69	October 1951	Counterpart, $280,495.48.
77-22	Aviation experts (renumbered 77-122)	46,175.00	26,400.00	19,775		57	February 1953	Loan.
77-23	Irrigation and water development training	20,458.27	12,818.27	7,640		62	January 1951	Do.
77-24	Reorganization of social security system	9,415.00	5,000.00	4,415		53	June 1950	Counterpart, $5,000.
77-25	Combustion engineers	Canceled						
77-26	Agricultural advisory group	324,431.59	183,031.59	141,400		56	See 77-126	Loan.
77-27	Agricultural trainees	149,446.13	92,881.13	56,565		62	March 1951	Do.
77-28	Coal miners to United States	69,781.10	23,781.10	46,000		33	December 1950	Do.
77-29	Tourist consultant	Canceled						
77-30	Agricultural professors	15,666.52	8,516.52	7,150		54	February 1951	Do.
77-31	Civil aviation training	25,665.98	15,605.98	10,060		60	April 1951	Do.
77-32	Mining accountant	12,420.00	9,100.00	3,320		73	August 1950	Counterpart, $9,100.
77-33	Gediz Valley survey	6,610.28	3,965.28	2,645		60	November 1950	Counterpart, $3,965.28.
77-34	Meteorological trainees	125,119.23	95,054.23	30,065		76	February 1953	Counterpart, $95,054.23.
77-35	Arrangements branch costs						June 1950	Not authorized. Covers costs in Washington office.

77-36	Fiscal organization and procedures	30,310.00	14,900.00	15,410		49	August 1951	Counterpart waived.
77-37	Economic advisers	Canceled						
77-38	Hybrid seed production	8,681.35	5,041.35	3,640		58	November 1950	Do.
77-39	Hybrid seed corn trainees	Canceled						
77-40	Methods of reforestation	29,335.88	15,700.88	13,635		53	February 1952	Counterpart, $15,700.88.
77-41	Improvement of livestock production and meat industry.	29,830.80	17,230.80	12,600		57	October 1951	Loan.
77-42	Animal nutrition study	6,101.42	4,041.42	2,060		66	February 1952	Counterpart waived.
77-43	Telecommunications (renumbered 77-143)	139,599.90	82,454.90	57,145		59	June 1954	Loan.
77-44	Survey and reorganization of PTT factory	Canceled						
77-45	Telephone administration	69,324.21	48,624.21	20,700		70	February 1952	Loan.
77-46	Soils and soil management	5,471.36	2,051.36	3,420		37	September 1951	Counterpart waived.
77-47	Highway engineers training	142,712.34	84,012.34	58,700		59	January 1952	Counterpart, $84,012.34.
77-48	Semi-arid reforestation	Canceled						
77-49	Sumer bank executive training	90,956.77	56,296.77	34,660		61	December 1951	Counterpart, $56,296.77.
77-50	Murgul copper plant	71,020.15	45,820.15	25,200		64	January 1953	Counterpart, $45,820.15.
77-51	Public utility experts/EIE	Canceled						
77-52	Electrical power engineering	36,459.98	20,359.98	16,100		55	January 1952	Counterpart, $20,359.98.
77-53	Industrial engineering training	Canceled						
77-54	Program management costs						June 1951	Not available. Covers costs in Washington office.
77-55	Ministry of Finance trainees	54,513.02	34,263.02	20,250		62	May 1952	Counterpart waived.
77-56	Maintenance of steam locomotives	2,166.06	766.06	1,400		35	January 1951	Do.
77-57	Oil industry consultant	Canceled						
77-58	Highway traffic study	1,305.39	705.39	600		54	February 1951	Do.
77-59	Adviser public administration	98,278.80	63,278.80	35,000		64	February 1953	Do.
77-60	Gediz Dam review board	12,351.83	8,561.83	3,790		69	February 1951	Counterpart $8,561.83.
77-61	Brucellosis control study	575.31	275.31	300		47	December 1950	Counterpart waived.
77-62	Meat packing industry study	2,215.81	1,020.81	1,195		46	April 1951	Do.
77-63	Evros-Meric River Basin study	109,623.70	73,623.70	36,000		67	July 1952	Do.
77-64	Agricultural resettlement adviser	8,891.80	4,761.80	4,220		53	October 1951	Do.
77-65	Manpower utilization	39,391.80	24,391.80	15,000		62	December 1953	Do.
77-66	Secretarial pool	320,715.00	173,215.00	27,500	120,000	54	June 1960	Do.
77-67	MIT foreign student program	4,230.00	1,260.00	2,970		29	August 1951	Do.
77-68	Airport pilot instructor	Canceled						
77-69	Electrical technician trainees	134,884.91	35,974.91	98,910		26	November 1953	Counterpart, $35,974.91.
77-70	Mine electrification	21,084.25	10,714.25	10,370		51	December 1952	Counterpart, $10,714.25.
77-71	Copper metallurgist and foreman training	8,551.20	4,511.20	4,040		52	November 1952	Counterpart, $4,511.20.
77-72	Meteorological executive training	13,483.69	8,608.69	4,875		64	May 1952	Counterpart waived.
77-73	Air League convention study	13,956.00	8,906.00	5,050			December 1951	Do.
77-74	Harvard advisor management program	Canceled						
77-75	Agricultural extension	321,070.00	171,070.00	150,000		53	June 1960	Counterpart, $154,570.
77-76	Agricultural administrators	60,113.19	30,238.19	29,875		50	August 1952	Counterpart, $30,238.19.
77-77	Agriculture, special subject training	164,675.71	95,565.71	69,110		58	October 1952	Counterpart, $95,561.71.
77-78	Agriculture, home economics	12,740.37	8,230.37	4,510		64	June 1953	Counterpart, $8,230.37.
77-79	Highway engineers training	112,680.93	51,680.93	61,000		46	January 1953	Counterpart waived.
77-80	Military chemical arsenal study	3,543.12	1,003.12	2,540		27	December 1951	Do.
77-81	Production assistance activities						June 1952	Not available. Covers costs in Washington office.
77-82	Land tenure conference	9,491.06	3,871.06	5,620		41	December 1952	Counterpart waived.
77-83	Farm management institute	3,727.88	1,977.88	1,750		53	February 1952	Do.

[1] All projects government operated, except 199, 276, and 280.

List of all nonmilitary projects from beginning of programs through fiscal year 1956—Cost estimates—Continued

Project No.	Project title	Estimated total cost of project	Estimated United States contribution	Estimated local government contribution		Estimated percent of United States contribution	Estimated completion date	Remarks
				Country budget	Counterpart			
77-84	Railroad engineering and dispatching training	Canceled						
77-85	EIE administration trainees	39,552.57	21,982.57	17,570		55	May 1953	Counterpart, $21,982.57.
77-86	Sugarcane experiment study	3,575.55	1,275.55	2,300		35	June 1952	Counterpart, $1,275.55.
77-87	Railway dispatch agents	15,409.00	11,209.00	4,200		72	May 1954	Counterpart waived.
77-88	Airport equipment experts	248,000.00	132,000.00	116,000		53	February 1956	Do.
77-89	Yesilirmak River development	Disapproved						
77-90	Highway equipment study	2,592.88	492.88	2,100		18	October 1951	Do.
77-91	Laboratory and research equipment	Canceled						
77-92	Highway traffic training	Canceled						
77-93	Nutrition and home economics training	36,688.10	19,433.10	17,255		53	October 1953	Counterpart, $19,433.10.
77-94	International payments	2,915.71	1,460.71	1,455		50	April 1953	Counterpart waived.
77-95	Railway office procedure study	13,480.00	8,500.00	4,980		63	October 1952	Do.
77-96	Railway job evaluation study	123,750.00	92,000.00	31,750		74	June 1955	Counterpart, $23,100.
77-97	Railway shop procedure	200,534.50	148,834.50	51,700		70	do	Counterpart, $120,038.13.
77-98	Port of Iskenderun study	30,560.72	11,785.72	18,775		38	November 1952	Counterpart waived.
77-99	Automotive maintenance study	Disapproved						
77-100	Audiovisual aids specialists	89,624.78	45,085.78		44,539	50	May 1956	Do.
77-101	Liquid oxygen expert	Canceled						
77-102	Highway directors training	Canceled						
77-103	Nutrition program technicians	3,972.53	1,392.53	2,580		35	December 1952	Do.
77-104	MKEK defense production specialists	22,942.30	12,942.30	10,000		56	February 1953	Do.
77-105	Highway contractors training	Canceled						
77-106	MIT foreign students project	2,200.00	750.00	1,450		34	September 1952	Do.
77-107	Geology, petroleum consultants	7,126.40	3,626.40	3,500		50	August 1954	Do.
77-108	Rural adult education	3,645.86	1,630.86	2,015		44	November 1952	Do.
77-109	Cotton grading program advisers	7,827.61	4,427.61	3,400		54	February 1953	Do.
77-110	EIE executives training	13,250.91	5,750.91	7,500		42	do	Do.
77-111	Railway ports reorganization	162,577.90	99,788.90	58,057	4,732	62	July 1954	Do.
77-112	United States commercial trade experts	Canceled						
77-113	Grain storage and movement	66,900.00	38,900.00	28,000		58	December 1955	Do.
77-114	Highway engineers training	57,897.24	26,397.24	31,500		46	November 1953	Do.
77-115	Statistical specialists	37,223.40	21,043.40	16,180		56	January 1955	Do.
77-116	Ground water development	12,542.46	6,332.46	6,210		50	September 1953	Do.
77-117	Ground water specialists	103,018.72	59,618.72	43,400		57	August 1955	Do.
77-118	Hydraulic engineers training	11,615.02	6,530.02	5,085		56	August 1953	Counterpart, $6,530.02.
77-119	Small arms munitions study	3,917.59	817.59	3,100		21	December 1952	Counterpart waived.
77-120	Tax and finance trainees	39,081.91	20,081.91	19,000		51	May 1956	Do.
77-121	Seaway consultants	46,868.80	41,128.80		5,740	87	August 1951	Counterpart waived. See 77-21.

77-122	Airways maintenance	29,327.75	15,542.75	13,785		53	February 1953	Counterpart waived.
77-123	Malaria control	Canceled						
77-124	Mine equipment training	Canceled						
77-125	Civil aeronautics training	17,738.83	7,183.83	10,555		40	July 1954	Do.
77-126	Agricultural advisory group	33,807.81	18,807.81	15,000		55	June 1955	Do.
77-127	Malaria surveillance training	4,251.62	1,271.62	2,980		29	June 1953	Do.
77-128	Hybrid seed corn demonstration	2,554.46	1,654.46	900		64	March 1953	Counterpart, $1,654.46.
77-129	Agricultural training	202,753.75	98,753.75	104,000		48	October 1953	Counterpart waived.
77-130	Cotton classification training	29,887.03	16,287.03	13,600		54	January 1955	Do.
77-131	Cotton classification specialists	39,400.00	23,400.00	16,000		59	October 1955	Do.
77-132	Meat packing consultants	268,608.70	177,180.70	91,428		66	September 1954	Counterpart, $177,180.70.
77-133	Cotton research and saw gin training	Canceled						
77-134	Home economic specialists	Disapproved						
77-135	Automotive maintenance	2,050,000.00	543,000.00	1,507,000		26	June 1959	Counterpart, $208,000. $208,000 covered out of DS funds.
77-136	Automotive maintenance equipment	77,733.68	64,733.68	13,000		79	June 1955	Counterpart, $64,733.68.
77-137	Public administration trainees	12,065.25	4,410.25	7,655		36	July 1953	Counterpart waived.
77-138	Soils laboratory equipment	8,550.00	6,800.00	1,750		79	July 1954	Counterpart, $6,800.
77-139	Agricultural training	Canceled						
77-140	Motor spare parts production	Canceled						
77-141	EIE power study	135,000.00	108,000.00	27,000		80	June 1956	Counterpart, $108,000.
77-142	River valley development	560,000.00	339,000.00	221,000		60	June 1959	Counterpart, $339,000.
77-143	Telecommunications	325,200.00	200,200.00	125,000		61	November 1955	Counterpart, $7,000.
77-144	Turkish industrial assistance commission	Canceled						
77-145	Livestock disease control	1,170.00			1,170		June 1953	Counterpart waived. Regional project. Dollar costs not available.
77-146	Pasture and fodder improvement	780.00			780		July 1953	Do.
77-147	Methods of agricultural extension	1,560.00			1,560		August 1953	Do.
77-148	Horticultural training	27,318.01	13,718.01	13,600		50	May 1954	Counterpart waived.
77-149	Soil and water resources	499,500.00	273,500.00	226,000		54	June 1960	Do.
77-150	Livestock and poultry	158,700.00	96,500.00	62,200		61	do	Counterpart, $54,000.
77-151	Crops, grass, and forage improvement	209,900.00	122,900.00	87,000		58	do	Counterpart, $84,000.
77-152	Manufacture of explosives	2,825.85	725.85	2,100		25	July 1953	Counterpart waived.
77-153	Ammunition packing study	Canceled						
77-154	Ammunition packing consultant	Canceled						
77-155	Farm mechanization training	73,183.53	40,683.53	32,500		55	July 1954	Do.
77-156	Wheat breeding training	14,531.37	7,731.37	6,800		53	August 1954	Do.
77-157	Plant protection study	29,699.24	16,099.24	13,600		54	September 1954	Do.
77-158	Home economics training	44,203.41	23,803.41	20,400		53	August 1954	Do.
77-159	Range management training	20,333.92	10,133.92	10,200		49	do	Do.
77-160	Soils use and management	30,757.08	16,757.08	14,000		54	May 1954	Do.
77-161	Utilization of forest products	17,152.78	8,752.78	8,400		51	do	Do.
77-162	Forestry management	16,587.68	9,387.68	7,200		56	do	Do.
77-163	Tree nursery and woodlot development	19,697.30	10,697.30	9,000		54	July 1954	Do.
77-164	Insect and disease control	20,298.05	10,698.05	9,600		52	do	Do.
	Subtotal	5,071,027.81	2,349,524.81	2,712,253	9,250	46		
77-165	Pasture and forage training	20,468.82	11,468.82	9,000		56	August 1954	Do.
77-166	Irrigation training	27,367.96	13,767.96	13,600		50	do	Do.
77-167	Poultry husbandry	27,843.96	14,243.96	13,600		51	September 1954	Do.
77-168	Adviser to IDB	Disapproved						
77-169	Georgetown engineering and language training	633,050.00	331,000.00		302,050	52	June 1958	Do.
77-170	Public administration trainees	108,600.00	60,000.00	48,600		55	December 1954	Do.

List of all nonmilitary projects from beginning of programs through fiscal year 1956—Cost estimates—Continued

Project No.	Project title	Estimated total cost of project	Estimated United States contribution	Estimated local government contribution		Estimated percent of United States contribution	Estimated completion date	Remarks
				Country budget	Counterpart			
77-171	Management training program	617,200.00	135,000.00		482,200	21	June 1955	Counterpart waived. 115-K, Benton-Moody program.
77-172	Railway office and clerical procedure	31,193.94	19,048.94	12,145		61	March 1955	Counterpart, $19,048.94.
77-173	Livestock training	64,462.58	34,462.58	30,000		53	November 1954	Counterpart waived.
77-174	Pullorum antigen production demonstration	2,227.95	1,677.95	550		75	April 1954	Counterpart, $1,677.95.
77-175	Highway engineering adviser	858,000.00	490,000.00	368,000		57	June 1958	Counterpart, $490,000.
77-176	Specialist, weather forecasting	19,030.55	10,230.55	8,800		53	September 1954	Counterpart waived.
77-177	Weather equipment trainees	30,800.00	19,600.00	11,200		63	February 1955	Do.
77-178	Meteorology specialists	115,300.00	44,300.00	71,000		38	June 1957	Do.
77-179	Grain storage handling	Canceled						
77-180	Workers education and training	401,870.00	64,370.00		337,500	16	June 1958	Counterpart waived. 115-K, Benton-Moody program.
77-181	M-1 smokeless powder specialist	8,470.12	4,970.12	3,500		58	June 1954	Counterpart waived.
77-182	Social insurance trainees	16,500.00	8,000.00	8,500		48	October 1954	Do.
77-183	Industrial foremen	Canceled						
77-184	Liquid oxygen explosives	11,278.28	5,078.28	6,200		45	October 1954	Do.
77-185	Retirement fund trainees	5,553.26	2,703.26	2,850		48	December 1954	Counterpart, $2,703.26.
77-186	Technical aids media	56,960.00	51,600.00	5,000	360	90	June 1955	Counterpart waived.
77-187	Feed mixing trainees	7,746.85	4,546.85	3,200		58	February 1955	Do.
77-188	Seed certification and testing	14,100.00	8,100.00	6,000		57	September 1955	Do.
77-189	Farm mechanization training	19,616.96	11,066.97	8,550		56	July 1955	Do.
77-190	Irrigation administration	6,821.16	3,321.16	3,500		48	September 1954	Do.
77-191	Farm irrigation training	15,400.00	7,750.00	7,650		50	September 1955	Do.
77-192	Pasture and forage training	65,950.00	37,950.00	28,000		57	May 1955	Do.
77-193	Agricultural supply agencies	16,600.00	7,600.00	9,000		45	June 1955	Do.
77-194	Livestock management	48,180.67	24,180.67	24,000		50	July 1954	Do.
77-195	Extension organization and methods	43,500.00	21,000.00	22,500		48	do	Do.
77-196	Farm organization and management	14,700.00	7,200.00	7,500		48	do	Do.
77-197	Forest management	46,750.00	24,250.00	22,500		52	November 1954	Do.
77-198	Farm production	14,700.00	7,200.00	7,500		48	September 1954	Do.
77-199	Industrial investment	624,250.00	107,000.00	124,250	393,000	17	June 1958	Counterpart waived. Privately operated. Financed largely from counterpart funds.
77-200	Pasture and forage administration	8,504.16	5,504.16	3,000		64	October 1954	Counterpart waived.
77-201	Sheep feeding and management	14,300.00	8,600.00	5,700		60	September 1955	Do.
77-202	Agricultural visual aids demonstration	42,436.30	36,936.30	5,500		87	June 1954	Local government project.
77-203	Plant protection and insect control	14,300.00	8,600.00	5,700		60	July 1955	Counterpart waived.
77-204	Home economics extension	13,900.00	8,200.00	5,700		58	September 1955	Do.
77-205	Horticulture	27,600.00	16,200.00	11,400		58	do	Do.

77-206	Pountry disease and parasite control	6,950.00	4,100.00	2,850		58	do	Do.
77-207	Forest range and watershed management	36,000.00	21,750.00	14,250		60	do	Do.
77-208	Cattle feeding and management	35,250.00	21,000.00	14,250		59	July 1955	Do.
77-209	Livestock disease control	28,400.00	17,000.00	11,400		59	January 1956	Do.
77-210	MKEK defense industries	Canceled						Do.
77-211	University contract with Nebraska	1,373,430.00	800,000.00	329,145	244,285	58	June 1959	Do.
77-212	University contract with New York	1,380,000.00	670,000.00	225,000	485,000	48	June 1958	Do.
77-213	University contract with Medical	Canceled						
77-214	EIE planning engineers	28,020.00	14,070.00	13,950		50	July 1955	Do.
77-215	Production engineering	177,400.00	70,000.00	100,000	7,400	39	November 1955	Do.
77-216	Ministry of Labor trainees	14,796.00	8,496.00	3,300	3,000	57	July 1955	Do.
77-217	Poultry husbandry	14,300.00	8,600.00	5,700		60	September 1955	Do.
77-218	Dairy processing	14,700.00	9,000.00	5,700		61	July 1955	Do.
77-219	Cotton machinery and agricultural equipment	14,700.00	8,000.00	5,700		61	November 1955	Do.
77-220	Legume breeding	7,350.00	4,500.00	2,850		61	September 1955	Do.
77-221	Agricultural extension and information methods	30,400.00	19,000.00	11,400		62	July 1955	Do.
77-222	Soils productivity research	15,000.00	9,000.00	6,000		60	September 1956	Do.
77-223	Retirement fund actuarial study	6,323.00	3,173.00	3,150		50	February 1955	Do.
77-224	Plant breeding	35,750.00	21,500.00	14,250		60	July 1955	Do.
77-225	Medical teaching and research equipment	Canceled						
77-226	Etibank employee training	16,000.00		16,000			September 1956	Counterpart included in 244. Dollar expenses financed from Sariyar project.
77-227	Food technology	9,100.00	5,200.00	3,900		57	March 1955	Counterpart waived.
77-228	Dairy and livestock marketing	14,700.00	9,000.00	5,700		61	September 1955	Do.
77-229	Trade union leaders training	Disapproved						
77-230	Agricultural extension and information aids	18,190.00	15,000.00	2,250	940	82	June 1955	Do.
77-231	Purse seine fishing specialist	107,500.00	45,000.00	62,500		41	December 1956	Counterpart, $6,000.
77-232	Airline operations	1,471,000.00	1,075,000.00	396,000		73	September 1958	Counterpart, $1,075,000.
77-233	Food industry regulation	5,150.00	2,500.00	2,650		48	June 1955	Counterpart waived.
77-234	Housing adviser	25,290.00	12,750.00	8,000	4,540	50	June 1956	Do.
77-235	Industrial relations research	8,000.00	4,000.00	2,000	2,000	50	January 1957	Do.
77-236	Organization and operation of employment services.	11,650.00	6,150.00	3,500	2,000	52	January 1956	Do.
77-237	Agricultural research education and extension	56,600.00	32,100.00	24,500		56	October 1956	Do.
77-238	Land and water resources	50,400.00	32,900.00	17,500		65	do	Do.
77-239	Crop and livestock development	263,800.00	163,500.00	100,300		62	do	Do.
77-240	Forestry	54,800.00	30,800.00	24,000		56	May 1956	Do.
77-241	Agricultural machinery	41,550.00	24,300.00	16,250		60	do	Do.
77-242	Load dispatching training	20,000.00	10,000.00	10,000		50	October 1956	Do.
77-243	Istanbul arterial highway study	100,000.00	80,000.00	20,000		80	December 1955	Counterpart, $80,000.
77-244	Sariyar hydroelectric project	80,543,558.00	28,503,558.00	52,040,000		35	June 1957	Counterpart, $14,815,000. DS project.
77-245	Bosphorus aerial transmission line	20,501,000.00	7,582,000.00	12,919,000		37	June 1958	Counterpart, $7,582,000. DS project.
77-246	Traffic police administration	16,000.00	9,000.00	7,000		56	September 1956	Counterpart waived.
77-247	Audiovisual aids program	Canceled						
77-248	Cobalt recovery processes	15,000.00	10,000.00	5,000		66	February 1956	Counterpart, $10,000.
77-249	Zonguldak coal basin development	56,913,400.00	19,240,400.00	37,673,000		33	December 1957	Counterpart, $19,240,400. DS project.
77-250	Zonguldak harbor improvement	22,348,000.00	5,460,000.00	16,888,000		24	June 1954	Counterpart, $2,482,287.30. DS project.

List of all nonmilitary projects from beginning of programs through fiscal year 1956—Cost estimates—Continued

Project No.	Project title	Estimated total cost of project	Estimated United States contribution	Estimated local government contribution		Estimated percent of United States contribution	Estimated completion date	Remarks
				Country budget	Counterpart			
77-251	Operation and maintenance of hydro powerplants	194,255.00	121,455.00	72,800		62	September 1957	Counterpart, $121,455.
77-252	Forestry development	60,150.00	36,650.00	23,500		61	June 1960	Counterpart waived.
77-253	Employment service—manpower utilization	Canceled.						
77-254	Zonguldak Coal Basin development	Combined with 77-249.						
77-255	Taxation law study	8,200.00	4,200.00	4,000		51	December 1956	Do.
77-256	Operation and maintenance of meat packing plants.	Canceled.						
77-257	Middle East Technical University	13,810.00	8,000.00	5,000	810	58	November 1955	Do.
77-258	Ministry of Labor trainees	26,000.00	16,000.00	5,000	5,000	61	April 1956	Do.
77-259	Grain storage	31,074,222.00	14,093,865.00	16,980,357		45	August 1957	Counterpart, $14,091,865. DS project.
77-260	Handicraft and home industries	Canceled						
77-261	Trade union administration and services	25,500.00	15,000.00	4,500	6,000	58	January 1957	Counterpart waived.
77-262	Agricultural machinery	Canceled						
77-263	General agricultural administration	21,600.00	9,000.00	12,600		41	August 1956	Do.
77-264	Civil aviation training	121,000.00	76,000.00	45,000		62	June 1959	Do.
77-265	Public finance and fiscal administration	Canceled						
77-266	Atomic energy training	145,300.00	79,300.00	65,000	1,000	54	June 1958	Do.
77-267	Power planning specialists	Suspended						
77-268	Electrical network analysis	7,500.00	5,000.00	2,500		66	June 1956	Counterpart, $5,000.
77-269	Murgul copper mine experiment	1,100,000.00	401,000.00	699,000		36	April 1958	Counterpart, $401,000. DS project.
77-270	Agricultural marketing and processing	12,580.00	7,500.00	5,080		59	January 1957	Counterpart waived.
77-271	Industrial center	Suspended						
77-272	Graduate training in economic development	37,145.00	20,500.00	16,645		55	September 1957	Do.
77-273	Murgul copper mine sulfuric acid sea line	170,000.00	100,000.00	70,000		58	May 1957	Counterpart, $1,000,000 DS project.
77-274	Power planning directors	8,320.00	3,500.00	4,820		42	September 1956	Counterpart, $3,500.
77-275	Irrigation and drainage	Canceled						
77-276	Industrial allocation system	39,250.00	18,000.00	21,250		46	June 1957	Counterpart waived. Privately operated-financed from Union Treasury.
77-277	Crop and livestock insurance	7,000.00	4,000.00	3,000		57	December 1956	Counterpart waived.
77-278	Rural youth leadership	15,600.00	7,600.00	8,000		48	do	Do.
77-279	Western lignite mines	Canceled						

77-280	Turkish students instruction adviser	21,100.00	12,500.00	8,600		59	June 1957	Counterpart, $12,500. Privately operated. Financed from institution treasury. Project unilaterally sponsored by mission. Covers mission staff and operations costs since fiscal year 1955.
77-000	Technical support	776,883.00	776,883.00			100	Indefinite	Not available.
	Gross total	234,519,840.27	87,146,605.27	144,917,629	2,455,606	37		$62,790,919.41.
	DS projects only, total	212,678,180.00	75,422,423.00	137,255,757		35		$58,754,152.30.
	TC projects only, total	21,841,660.27	11,724,182.27	7,661,872	2,455,606	53		$4,036,767.11.

EXHIBIT E

USOM/TURKEY

List of all nonmilitary aid projects from beginning of programs through fiscal year 1956

Code: A—Participants going to United States or other countries.
B—Experts coming to Turkey.
E—Equipment and supplies.
H—Local currency demonstration project.

Project No.	Title	Description and purpose	Type	Year implemented
77-1	Cotton survey		B	Disapproved.
77-2	Hydraulic engineer		B	Do.
77-3	Expansion of salt industry.	To provide for a survey of the Turkish salt industry with a view toward an increase in production through modernization.	B	1949.
77-4	Turkish State Railway consultants.	(1) To prepare a revised system of accounts and statistics; (2) to improve locomotive operations and conditions at the engine houses; (3) to study freight rate structure, passenger fares, baggage charges, express rates and charges, etc., and with advice and consent of Turkish officials, establish new schedules; and (4) to increase production in locomotive and freight car repair shops.	B	1949.
77-5	Statistical study	To train individuals in theoretical and practical statistical techniques for subsequent application in Central Statistical Office.	A	1950.
77-6	Financial survey in Turkey.	(1) To make preliminary study of financial system; (2) to make short term recommendations on basis of 1; and (3) to report and make recommendations on long-range fiscal problems.	B	1949.
77-7	Consulting metallurgist.		B	Disapproved.
77-8	Consulting pyro metallurgist.		B	Do.
77-9	Lead smelting metallurgist.	To survey Balkerdag ore field and Keban lead concentrates with a view to determining "whether or not the production from these properties can be treated, at a profit, in a blast-furnace plant and if so, to suggest a suitable smelter and give an estimate of the probable outcome."	B	1950.
77-10	Woolen and worsted mills.		B	Canceled.
77-11	Turkish hydraulic engineers to United States.	To train 2 civil engineers in hydroelectric developments for application in Turkish Public Works Administration by planning and designing hydraulic works.	A	1949.
77-12	United States steel specialist.	To survey the Karabuk steel plant with a view to advising on a sintering plant, lake plant and rearrangement at a 28-inch mill (and on general operations).	B	1950.
77-13	Sampling expert		B	Canceled.
77-14	Business censor		B	Do.
[1] 77-15	Statistical group	To assist the Central Statistical Office in setting up and making a population, agricultural, manufacturing and business census, and to develop a more modern and scientific crop and livestock reporting service.	B	1950.
77-16	Buyuk Menderes Valley.	To thoroughly study and report on the flood-control, irrigation, and hydroelectric power development of the Buyuk Menderes River.	B	1950.
77-17	Hydraulic engineer	Phase 1: To make preliminary survey of hydraulics projects with a view to making exact recommendations on quantity and quality of personnel for phase 2 (later canceled) to plan completion of incompleted irrigation works, improve maintenance and operation of existing irrigation works, plan additional irrigation works, improve maintenance methods, make recommendations for improvement.	B	1950.

[1] Renumbered 77-115.

List of all nonmilitary aid projects from beginning of programs through fiscal year 1956—Continued

Project No.	Title	Description and purpose	Type	Year implemented
77-18	City planning group	(1) To conduct preliminary study of housing, public-building instruction, and community planning with a view to working specific recommendations for 2, implementation.	B	1950.
77-19	Harbor design expert		B	Canceled.
77-20	Meatpacking consultants.	To study meatpacking and cold storage plants. To train veterinarians in inspection methods; to assist in setting up plants.	B	1950.
77-21	Seaway consultants	To make a management audit of State Seaways and Ports Administration, including its organization and operational aspects to determine feasibility and means of efficiency of its operations.	B	1950.
77-22	Aviation experts	To set up repair shop and train Turkish personnel in the maintenance, testing, and overhauling of engines and also to supervise the installation of radio ranges, port-control equipment, and lighting systems and train personnel.	B	1950.
77-23	Irrigation and water development training.	To train 2 engineers and 2 technicians in methods of underground water for irrigation.	A	1949.
77-24	Reorganization of social security system.	To make recommendations and assist in reorganizing the social-security system with special emphasis on the retirement fund.	B	1950.
77-25	Combustion engineer		B	Canceled.
77-26	Agricultural advisory group.	To advise and assist the Ministry of Agriculture in an effort to increase productivity throughout broad agricultural activities.	B	1950.
77-27	Agricultural trainees	To train participants in advanced agricultural methods.	A	1950.
77-28	Coal miners to United States.	To receive training in operation and maintenance of modern coal and lignite mining equipment.	A	1950.
77-29	Tourist consultant		B	Canceled.
77-30	Agricultural professors to United States.	To expose agricultural educators to United States agricultural methods for application in Turkish universities on return to Turkey.	A	1950.
77-31	Civil aviation training	To train participants in aircraft and engine overhaul, air traffic control and radio maintenance for application at Turkish airfields.	A	1950.
77-32	Accountant for Turkish coal mines.	To assist managements of Turkish coal mines in establishing a simplified card-accounting system for minimum operations.	B	1950.
77-33	Gediz Valley survey	To survey Gediz Valley Dam site with a view to recommending best type of construction.	B	1950.
77-34	Meteorological trainees	To provide 1 year's training as weather observers in United States for 14 employees of Turkish Weather Bureau and additional year's study in weather forecasting for 5 of group.	A	1950.
77-35	Arrangements Branch, Washington, D. C. (program management).	To cover program management expenses, Arrangements Branch, Washington, D. C., in connection with training and observation visits of Turkish experts under TA program.	A	1950.
77-36	Fiscal organization and procedures.	To survey Ministry of Finance functions, organization, procedures, and problems with a view to improving financial management.	B	1951.
77-37	Economic advisers		B	Canceled.
77-38	Hybrid seed corn production.	To assist in evaluation and application of information to be obtained from field trials of hybrid seed corn.	B	1950.
77-39	Hybrid seed corn trainees.	Canceled so that trainees could work with consultant under 77-38.	A	Canceled.
77-40	Methods of reforestation.	To provide training in modern reforestation techniques for Ministry of Agriculture Specialists for application on return to Turkey with a view to developing needed timber areas built for material and to halt erosion.	A	1951.

List of all nonmilitary aid projects from beginning of programs through fiscal year 1956—Continued

Project No.	Title	Description and purpose	Type	Year implemented
77-41	Improvement of livestock production and meat industry.	To provide on-the-job training in United States packing plants and in field working with United States veterinarians with special training designed to fit needs of individuals.	A	1950.
77-42	Animal nutrition study.	To study methods of animal nutrition with a view to putting techniques into practice on return to Turkey.	A	1951.
77-43	Telecommunications	To modernize telephone facilities and to set up plant for public administration of facilities.	B	1951.
77-44	Survey and reorganization of the PTT factory.		B	Combined with 77-43.
77-45	Training in telephone administration.	To receive on-the-job training and to study all phases of modern telecommunications for application in PTT.	A	1951.
77-46	Soils and soil management study.	To study modern soil techniques for transmittal through testing on return to Turkey.	A	1951.
77-47	Highway engineers training.	To study latest developments in programing, administration, and construction of modern highways by direct observation of highway system in United States.	A	1950.
77-48	Semiarid forestation		A	Canceled.
77-49	Sumer Bank executive training.	Training in theory and techniques of industrial management. Program developed and managed by Cornell University, academic, and in-plant training.	A	1951.
77-50	Murgul copper plant training staff.	To provide supervisory personnel to effect on-the-job training for the Turkish operating staff at the Murgul copper plant. The supervisory personnel to train Turks in operation of entire plant as well as assist in the actual operating of plant until Turkish staff can take complete charge.	B	1950.
77-51	Public utility experts for EIE administration.		B	Canceled.
77-52	Electrical power engineering training study.	To train 4 engineers at Bureau of Reclamation in modern planning, design, construction, and management of power-generation facilities.	A	1950.
77-53	Industrial engineering training.		A	Canceled.
77-54	Program management costs.	To cover program-management costs of TA Division, Washington, D. C., incurred for fiscal year 1951 in connection with training and observation visits of Turkish experts and with implementation of other projects under TA program. Costs for fiscal year 1952, originally authorized under this project, later transferred.	A	1950.
77-55	Ministry of Finance trainees.	To train personnel of Ministry of Finance in budgetary matters, national income, revenue and treasury functions, and methods and vouchers used in payment of state expenditures, legal methods used to regulate procurement, etc.	A	1951.
77-56	Maintenance steam locomotives.	To provide training in steam locomotive maintenance and repair operations and managerial techniques for a period of 2 months following completion of TA OEEC 14.	A	1950.
77-57	Oil industry consultant	Canceled because need otherwise satisfied		Canceled.
77-58	Highway traffic study	To provide Chief of Traffic Section, General Directorate of Highways, Ministry of Public Works with training in correlation and analysis of field study data for latest techniques to provide designing and planning divisions of highway department with prompt and complete information upon which to function.	A	1951.

List of all nonmilitary aid projects from beginning of programs through fiscal year 1956—Continued

Project No.	Title	Description and purpose	Type	Year implemented
77-59	Advanced public administration training.	To provide training in American theory and practices in field of public administration, particularly public finance, including public debt, taxation, fiscal policy, government accounting, general theory, monetary theory, central banking theory and practice, etc., for faculty members to import on return to Turkey.	A	1951.
77-60	Gediz Dam Review Board.	To analyze and evaluate existing data on the proposed Demirkopru Dam, and to make recommendations concerning its construction.	B	1951.
77-61	Brucellosis control study.	To spend 1 month at brucella laboratory in United States (following attendance at Third Inter-American Conference on Brucellosis Control) for preparation to to assume charge of new brucella laboratory to be set up within Institute of Bacteriology of Ministry of Agriculture with aid of equipment and personnel training from WHO.	A	1950.
77-62	Meatpacking industry study.	To study meatpacking industry (participant already in United States at time), particularly to receive practical training and study in evaluation and use of by-products, e. g., meats, skins, blood, for application by training technicians.	A	1951.
77-63	Evros-Meric River Basin survey.	To thoroughly study and prepare report on flood control, drainage, irrigation, watershed-erosion control, and hydroelectric power possibilities of Evros-Meric River Basin.	B	1951.
77-64	Agricultural resettlement adviser.	To advise on current resettlement problems in Turkey and for the studying and development of plans for a long-range resettlement program.	B	1951.
77-65	Manpower utilization experts.	Phase I: Pilot project to advise and assist Turkish Government in formulation of plans and procedures for development of an overall manpower utilization program. Phase II: Implement.	B	1951.
77-66	TA secretarial pool supporting projects.	To perform stenographic services for various type BTA projects.	B	1951.
77-67	MIT foreign student project 1951.	To provide MIT training for an employee of Turkish State Seaways Administration, and a chemical engineer at Karabuk Iron & Steel Works in subjects with direct bearing on work.	A	1951.
77-68	Aircraft pilot instructor.	----------	B	Canceled.
77-69	Electrical technician trainees.	To train electrical technicians in the operation and maintenance of an interconnected hydroelectric power system.	A	1952.
77-70	Mine electrification specialist.	To provide expert to supervise and train electrical technicians in installation and maintenance of electrical equipment in Turkish coal mines.	B	1952.
77-71	Copper metallurgist and foremen training.	To provide for the training in United States of foremen lacking formal engineering training for the Ergani copper mine smelter.	A	1952.
77-72	Meteorological executive trainees.	To study by observation operational techniques and procedures in United States military and civilian meteorological organizations. Participants are most influential men in field.	A	1951.
77-73	Conversion air league plants.	To study aircraft factory with a view to converting it into one for manufacture of spare parts for military equipment.	B	1951.
77-74	Harvard advanced management program.	----------	A	Canceled.
77-75	Agricultural extension specialists.	Original purpose: To provide specialists to develop an extension service for Turkey in implementation of views arrived at under project 77-26.	B+A	1952.
77-76	Agricultural administrators' training.	To give training in administrative management to 15 executive and administrative officials from the Ministry of Agriculture.	A	1952.

List of all nonmilitary aid projects from beginning of programs through fiscal year 1956—Continued

Project No.	Title	Description and purpose	Type	Year implemented
77-77	Agricultural special subject training.	To provide basic training in both subject matter and methods leading to the application of technical and scientific agricultural information for increased agricultural production in Turkey and for more efficient distribution of products.	A	1952.
77-78	Home economics training.	To provide 1 year's basic and intensive training in the fields of home economics and nutrition in the United States for 2 Turkish women.	A	1952.
77-79	Highway engineers training.	To provide training in United States methods of highway construction and maintenance to Turkish engineers.	A	1952.
77-80	Military chemical arsenal study.	To enable director of chemical research and director of Elmadag powder factory for Turkish MKEK to study processes and production of ballistite, TNH and MH propellant powder lead oxide as used in detonators, and purification of TNT with sodium sulphate.	A	1951.
77-81	Production assistance activities.	To cover costs of sending various consultants to Turkey.	B	1952.
77-82	Land tenure conference and training program.	Ibrahim Sargut, career Under Secretary of Ministry of Agriculture and considered by mission to be one of the most progressive and influential men in Turkey, was sent to conference in United States; and Nebih Yalaz was sent for 12 months' training course in land tenure.	A	1951.
77-83	Farm Management Institute.	Director of Bureau of Economics in Ministry of Agriculture to attend institute.	A	1951.
77-84	Railroad engineering and dispatch training.	----------	B	Canceled.
77-85	EIE Administration trainees.	To train civil and electrical engineers in operating power facilities, surveying, and planning power resources and in designing hydroelectric plants, steam plants, and transmission systems.	A	1952.
77-86	Sugarcane experiment study.	To study results of experiments (in cane-sugar extraction and processing) now in process and evaluate the feasibility of establishing cane-sugar industry in Turkey, and to advise on suitable extraction and processing methods.	B	1952.
77-87	Railroad dispatch agents.	To provide for a team of American experts to advise and assist in the planning and supervision of the installation and initial operation of a modern railway telephone dispatching system and to train Turkish personnel in its operation.	B	1954.
77-88	Airport equipment experts.	To provide a team of American electrical engineers to supervise the installation of instrument landing equipment (at Istanbul, Ankara, Diyaribakir, Adana, Afyon, Izmir, Erzurum, Konya, and Elaziğ), and to train Turkish technicians in installation, maintenance, and repair of this equipment.	B	1952.
77-89	Yesilirmak River development plan.	----------	----------	Not approved.
77-90	Highway equipment study.	To familiarize competent Turkish civil engineer with United States methods of repair and maintenance of roadbuilding equipment so as to better equip him to provide leadership in establishing a system of repair shops in Turkey for the roadbuilding equipment now in use under extensive highway development.	A	1951.
77-91	Laboratory and research equipment.	To cover purchase of laboratory and research equipment for various university uses.	E	Combined with 77-136, 77-149, 77-175.
77-92	Highway traffic training.	----------	A	Canceled.
77-93	Nutrition and home economics training.	To give 6 months' training in United States in institutional feeding, food preservation, and nutrition for Turkish women who will be expected, when they return to Turkey, to use their newly acquired knowledge in giving seminars to people actually preparing food in factories, mills, Army messhalls, etc.	A	1953.

List of all nonmilitary aid projects from beginning of programs through fiscal year 1956—Continued

Project No.	Title	Description and purpose	Type	Year implemented
77-94	International payments trainee.	To give Mrs. Iffet Alpaslan Menemencioglu, Chief of Turkish Balance of Payments Division, 3 months training in balance and payments techniques and methods and foreign exchange budgeting and operation according to a program arranged by IMF.	A	1952.
77-95	Railroad office procedure study.	To assist in developing more effective office procedures in the railroad organization.	B	1952.
77-96	Railroad job evaluation study.	To provide for a study of the Turkish State Railways organization with a view to the evaluation of the various jobs for the purpose of assignment and equitable compensation therefor.	B	1952.
77-97	Railroad shop production.	To continue the training program in production engineering initiated under project TA 77-4.	B	1952.
77-98	Port of Iskenderun study.	To determine the changes in administrative organization, operating practices, and minimum additional equipment needed to improve the efficiency of the operations of the port of Iskenderun to put where it can adequately serve needs of Turkish Government in discharging military and economic obligations.	B	1952.
77-99	Automotive maintenance training.	----------	A	Canceled.
77-100	Audiovisual aids specialists.	To advise the Ministry of Education on all matters concerning the organization, structure, staffing, equipment, needs, and operations of its national audiovisual aids center and branches.	B	1954.
77-101	Liquid oxygen expert	Canceled pending plant completion. See 77-184, type A, 2d phase implementation.	B	Canceled.
77-102	Highway director training.	----------	A	Do.
77-103	Nutrition program techniques.	To acquaint the head of the agricultural chemical department, College of Agriculture, with latest techniques in the analysis of materials for animal and human nutrition and the formulation of certain programs in that field.	A	1952.
77-104	MKEK defense production specialists.	To assist MKEK increase plant production by assisting in supervision of parts of plants engaged in special fields and on-jog training.	B	1952.
77-105	Highway contractors training.	----------	A	Canceled.
77-106	MIT foreign student summer project 1952.	To defray cost of student attending MIT summer session.	A	1952.
77-107	Geology and petroleum consultant.	To make 2 months' consultative study and to advise on action which might be taken and services which might be procured in streamlining the agency's organization and sharpening its research and program activities.	B	1954.
77-108	Rural adult education briefing.	To give appointee to the position of Director General of Adult Education in Turkish Ministry of Education approximately 4 months' briefing in effective methods of organizing and administering the agency for which he will be responsible.	A	1952.
77-109	Cotton grading program adviser.	To improve quality and uniformity of cotton production and assist Ministry of Agriculture in developing program in that field.	B	1952.
77-110	EIE executives training	To provide for the observation by Turkish engineering executives and their orientation in American methods of electric power production and distribution.	A	1952.
77-111	Railway ports reorganization.	To assist the Turkish Government in implementing the detailed recommendation presented in the Anderson & Nichols "Report on Iskenderun Operations and Ports Organization."	B	1953.
77-112	United States commerce trade experts.	----------	B	Canceled.

List of all nonmilitary aid projects from beginning of programs through fiscal year 1956—Continued

Project No.	Title	Description and purpose	Type	Year implemented
77-113	Grain storage and movement specialists.	To assist Toprak in improving grain storage and movement facilities with a view to developing potentialities for export.	B	1952.
77-114	Highway engineers training.	See projects 77-47 and 77-79. To provide training for 10 highway engineers excluded when original project became United States Bureau of Public Roads, which could accept only 20.	A	1952.
77-115	Statistical specialist	To complete analysis and interpretation of censuses of agriculture, population, and business manufactures; the improvement of procedures in the cement agricultural estimates program; initiation of cement program for business and manufacturing statistics and the training of required personnel.	B	1951.
77-116	Ground-water development study.	For training in American methods of investigation, drilling, and well installation related to ground-water development.	A	1953.
77-117	Ground-water development specialists.	To make ground-water investigations, initiate projects for their development, and train Turkish personnel to carry on the projects that have been started and develop new ones.	B	1953.
77-118	Hydraulic engineers' training.	To provide training in dam construction, both concrete and earth, for 2 engineers from department of hydraulic works.	A	1953.
77-119	Small arms munition study.	Special training for 2 officials in MKEK, specifically study in United States in conjunction with Logistics Production Committee of NATO meeting on production methods for steel cases on small-arms ammunition.	A	1952.
77-120	Tax and finance trainees.	For training in tax and finance matters in relation to needs and abilities of individuals being sent—including operation of regional and divisional offices, collection methods, excise tax system, organization and management practices Internal Revenue Office, Federal budget.	A	1955.
77-121	Seaways consultants	To make a management audit of State Seaways and Ports Administration, including its organization and operational aspects to determine feasibility and means of increasing efficiency of its operations.	B	1950.
77-122	Improvement of airways maintenance and operations.	To set up aircraft repair shops and train Turkish personnel in the maintenance, testing and overhauling of engines and also to supervise the installation of radio ranges, port-control equipment and lighting systems and train personnel in operation.	B	1950.
77-123	Malaria control group	(1) To provide specialists and supplies to augment the Turkish Malaria Control Campaign; (2) to reduce the incidence of malaria by an impact program to a point where elimination may be obtained within the Turkish economy, and (3) to assure the proper utilization of the supplies and equipment purchased through MSA funds.	B	1951.
77-124	Mine equipment training.	To provide supervision of the installation of underground d. c. equipment, such as rectifiers, trolley equipment, and to train personnel in operation and maintenance of same in Turkey's bituminous coal area.	A	Canceled.
77-125	Civil aeronautics training.	For training in connection with program to install and prepare for the continued operation of a system of air navigation facilities, airports, and air communications within Turkey.	A	1953.
77-126	Agricultural advisory group.	See 77-26 for purpose, as this is a continuation of that project.	B	1953.
77-127	Malaria surveillance training.	60-day briefing on malaria surveillance and environmental health work in United States.	A	1953.
77-128	Hybrid seed corn demonstration.	To procure hybrid seed corn in United States for use in Turkey.	E	1953.

List of all nonmilitary aid projects from beginning of programs through fiscal year 1956—Continued

Project No.	Title	Description and purpose	Type	Year implemented
77-129	Agricultural training	To give top officials in Ministry of Agriculture 3 to 5 months in United States observing the operation of American agricultural programs and organizations.	A	1953.
77-130	Cotton classification and technology training.	To train 4 technicians in modern methods of cotton classification and spinning and fiber analysis techniques.	A	1954.
77-131	Cotton classification and merchandizing specialists.	To teach Turkish personnel improved methods of processing, classifying, storing, baling, and merchandizing cotton.	B	1954.
77-132	Meatpacking consultants.	To train Turkish personnel in the operation of a meatpacking industry and help in setting up of Erzurum, Konya, Ankara, and Instabul plants.	B	1953.
77-133	Cotton research and saw gin training.	----------	A	Canceled.
77-134	Home economics specialists.	2 positions put under TA 77-75	B	Disapproved.
77-135	Automotive maintenance training program.	To establish schools for the training of technicians in mechanical maintenance and repair.	B	1955.
77-136	Procurement of equipment for above training program.	To provide supplies and equipment necessary to implement the training program of TA 77-135.	E	1955.
77-137	Public administration trainees.	To acquaint 4 of the most influential teachers in Turkish public administration with programs and activities in that field and how they are carried out in the United States.	A	1953.
77-138	Procurement of soils laboratory equipment.	To procure specialized machinery to be used in the soil-testing laboratory of General Directorate of Highways and for instruction and training in soil testing for construction work.	E	1954.
77-139	Agricultural training	This project was set up as a matter of practical expediency for processing applicants. Broken down into: 77-148, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, and 173.	A	
77-140	Motor spare parts production.	----------	B	Canceled.
77-141	EIE power study of Turkey.	To replace and cancel 77-51. Designed to provide a comprehensive study of the present facilities for the development of electrical power in Turkey, and on this basis furnish the Turkish Government and mission with information necessary to formulate future plans and programs in field of electrical power development.	B	1954.
77-142	Reclamation experts	To provide corps of United States specialists to assist Turkish Government in establishing a Department of Land and Water Resources Development, patterned after United States Bureau of Reclamation and to train personnel in certain phases of the work.	B+A	1953.
77-143	Telecommunication consultants.	Extension of 77-43 Services. To assist the Turkish Postal, Telegraph, and Telephone Administration reorganize and revitalize entire administration and service facilities and to train engineers, technicians, and administrative personnel of that organization in efficient methods of operating a modern telephone system.	B	1953.
77-144	Turkish Industrial Assistance Commission.	See 77-199. Not implemented as 77-144	B	Canceled.
77-145	Livestock disease control.	To provide for attendance of 3 Turkish veterinarians from Ministry of Agriculture at intra-European TA training course on livestock disease control to be held at The Hague May 18 to June 12, 1953.	A	1953.
77-146	Pasture and fodder improvement and utilization.	To provide for participation of 2 Turkish representatives in intra-European TA training course on pasture and fodder improvement and utilization to be held at Wagoningen, The Netherlands, June 15 to July 10, 1953.	A	1953.

List of all nonmilitary aid projects from beginning of programs through fiscal year 1956—Continued

Project No.	Title	Description and purpose	Type	Year implemented
77-147	Methods of agricultural extension.	To provide for participation of 4 Turkish agriculturalists in intra-European training course on methods of agricultural extension to be held at Wagoningen, The Netherlands, from July 13 to Aug. 8, 1953.	A	1953.
77-148	Horticultural training	To give 4 horticulturalists of Ministry of Agriculture 1 year's training in United States in horticultural subject matter and extension practices.	A	1953.
77-149	Soil and water resources team.	Assistance in developing soils and water resources programs in the Ministry of Agriculture, emphasizing irrigation and drainage, soil and water conservation, soil survey and land classification, soils analysis research and farm management for irrigation and conservation.	B and A	1951.
77-150	Livestock and poultry team.	To assist in carrying out broad program of livestock and poultry improvement by developing the organization and training personnel to staff extension service which will work with village farmers.	B and A	1953.
77-151	Crops, grass, and forage improvement.	To establish an effective grass and forage extension program. Activities will be especially directed toward training Turkish personnel needed to staff an extension organization by means of short courses and on-the-job training.	Band A	1954.
77-152	Study of the manufacturing of explosives.	To train the Assistant Director and Chief Engineer of MKEK in the latest progress for the manufacturing of TNT, smokeless powder, nitroglycerine, etc.	A	1953.
77-153	Ammunition packing study.	----------	A	Canceled.
77-154	Ammunition packing consultant.	----------	B	Do.
77-155	Farm mechanization training.	To give farm machinery employees of the Ministry of Agriculture 1 year's training in the United States in agricultural machinery and extension practices for application as teachers and supervisors in Ministry of Agriculture on return.	A	1953.
77-156	Wheat breeding training.	To send 2 technicians to United States to study wheat breeding methods, with particular reference to infusion of most resistance.	A	1953.
77-157	Plant protection study.	To send technicians to United States to become familiar with the research and extension methods used in United States in combating diseases and insects, with special emphasis on cotton and cereal crops for application in Turkey by organizing research work and also organizing and conducting educational work and control program.	A	1953.
77-158	Home economics training.	To send women to United States for training and practical experience in the field of home-economics extension for application in Turkey by working effectively with housewives and applying methods that will decrease drudgery and improve living surroundings in Turkish villages.	A	1953.
77-159	Range management training.	To provide training in the principles and practices of range management so that trainees will be able to organize and supervise a program in Turkey for the improvement of the range resources.	A	1953.
77-160	Soils use and management training.	To give soils trainees of the Ministry of Agriculture a year's training in United States in soils information and extension, including soil classification, mapping, use and management.	A	1953.
77-161	Utilization of forest products training.	To give foresters from Ministry of Agriculture United States training in utilization of forest products for application on return to Turkey by developing activities in utilization of forest products; e. g., manufacturing of pressboard, chemical byproducts, treating posts by impregnation, and kiln drying of lumber.	A	1953.

List of all nonmilitary aid projects from beginning of programs through fiscal year 1956—Continued

Project No.	Title	Description and purpose	Type	Year implemented
77-162	Forestry management training.	To provide United States training so that upon return can improve forestry management practices.	A	1953.
77-163	Tree nursery and woodlot development training.	To send 3 men to United States for training and practical experience in the management of tree nurseries, practical production of seedlings, and planting of trees under dryland conditions, with application on return by stepping up seedling production on present and enlarged nurseries for use in woodlot planting demonstration.	A	1953.
77-164	Insect and disease control (forestry).	To send to United States for training and practical experience in forestry fire, insects, and disease control.	A	1953.
77-165	Pasture and forage training.	To give training in pasture and forage subject matter and extension practices.	A	1953.
77-166	Irrigation training	To provide training and practical experience in the field of farm irrigation and water use to improve effectiveness in working with owners of irrigated farms.	A	1953.
77-167	Poultry husbandry training.	To provide training in United States in practical experience in several phases on poultry husbandry in order to assist effectively in the industry's developments now in progress.	A	1953.
77-168	Adviser to IDB on basic materials program.		B	Disapproved.
77-169	Georgetown English language program.	To establish under contract a center for the teaching of English to type A participants, military personnel scheduled for training in United States, and Turks whose close relations to American personnel in Turkey make necessary the quick acquisition of a working knowledge of English conversation; also training of teachers of English.	B and A	1954.
77-170	Public administration trainees.	To strengthen public administration by giving participants, all active teachers or practitioners, insight into teaching and practice and research in public administration.	A	1953.
77-171	Management training program.	(1) To survey local conditions of management practices on the basis of which to plan and implement management training course; (2) to train Turkish instructors to teach industrial management subjects and organize classes, and (3) to conduct seminars with top and middle management in the fields of personnel administration, production, marketing, and top-management techniques.	B and A	1953.
77-172	Railway office and clerical procedures specialists.	To implement the recommendation set forth in report of office and clerical organization prepared for Turkish State Railways under TA project 77-95.	B	1954.
77-173	Livestock training	To give Ministry of Agriculture technicians specialized training in bacteriology as related to diagnosis and disease treatment and as related to food control; in artificial insemination, in animal feeding and in poultry disease diagnosis and treatment.	A	1954.
77-174	Pullorum antigen production demonstration.	To procure necessary equipment for the manufacture of pullorum antigen so that it may be made available to Turkish poultrymen.	E	1953.
77-175	Highway engineering advisers.	To assist the Turkish Directorate of Highways plan and implement a program for the building and improving of an adequate system of national highways to meet current and future needs, particularly by training of technicians and administrators to carry out plans and maintain system effectively.	B	1953 (BPR came to Turkey in 1947 under State Department.)
77-176	Specialized weather forecasting trainees.	To furnish intensive specialized forecasting in weather and marine forecasting, the latter to provide more reliable weather service in Black Sea area.	A	1954.

***List of all nonmilitary aid projects from beginning of programs through fiscal year 1956*—Continued**

Project No.	Title	Description and purpose	Type	Year implemented
77-177	Weather equipment trainees.	To provide training in the maintenance of meteorological equipment to enable trainees to operate and maintain radio and radiosonde equipment.	A	1954.
77-178	Meteorology specialists..	To help establish an in-service training school which will create a permanent corps of qualified meteorologists and weather observers for the Turkish weather service.	B	1954.
77-179	Grain storage, handling, and movement team.	----------	B	Canceled.
77-180	Workers' education and training specialists.	To provide training to Turkish workers and trade union representatives in a variety of basic skills needed to build a productive work force and develop and strengthen a sound basic trade union movement. Implementing sec. 115 (K).	B	1953.
77-181	M-1 smokeless powder specialist.	To provide for the services of an American specialist for 2 or 3 months to assist the Turkish mechanical and chemical industries in the manufacture of M-1 smokeless powder.		1954.
77-182	Social insurance trainees.	To provide a study of the organization and administration of federal and state social security systems.	A	1954.
77-183	Industrial foremen's technical training.	Inactive due to unwillingness of United States industry to take people in the fields proposed.	A	
77-184	Liquid oxygen explosives training.	To provide for 4 months' training in United States in manufacture and use of liquid O_2 explosives for 4 technicians who will, upon return to Turkey, assist American liquid O_2 specialists requested on 77-101, establish safe and effective practices in manufacture and use of explosives at Divrigi Iron Mine.	A	1954.
77-185	Retirement fund trainee.	To provide 6 months' training in United States in the establishment and maintenance of record and filing systems, particularly those related to the administration of retirement funds.	A	1954.
77-186	Technical aids media....	To make available during calendar year 1954 to the different type B experts who are in Turkey and to the Turkish Information Center, Istanbul, and A-V Aids Center and Center for Coordination of TA in Ankara, various types of technical aids provided under TAP.	E	1954.
77-187	Feed mixing trainees....	To give 2 employees of Turkish Ministry of Agriculture 5 months' training in United States in proper methods of mixing feed for livestock.	A	1954.
77-188	Certification and laboratory testing of seed training.	To give 2 employees of Ministry of Agriculture a year's training in United States in modern techniques of seed certification and laboratory testing. Specialists to study and observe organization and operation of a State crop improvement association for the production, inspection, and distribution of certified seed.	A	1954.
77-189	Farm mechanization training.	To give 3 employees of Ministry of Agriculture a year's training in United States in operation and maintenance of agricultural machinery and in extension methods used in transmitting these techniques to farmers.	A	1954.
77-190	Training in administration of irrigation programs.	To provide an opportunity for 2 keymen in the Irrigation Section of the Ministry of Agriculture to study the overall aspects of the agricultural phase of irrigation (farm irrigation and water use) as carried out by U. S. Department of Agriculture, land-grant colleges, and Extension Service.	A	1954.
77-191	Farm irrigation training	To give 3 men from Turkish Ministry of Agriculture an opportunity to obtain practical experience in farm irrigation and water use.	A	1954.
77-192	Pasture and forage training.	To give 11 technicians of Ministry of Agriculture training in United States in pasture and forage techniques, including research administration, extension organization and field applications methods.	A	1954.

***List of all nonmilitary aid projects from beginning of programs through fiscal year 1956*—Continued**

Project No.	Title	Description and purpose	Type	Year implemented
77-193	Study of agricultural supply agencies.	To give 5 Donatim directors 3 months' study of American sales agencies of agricultural equipment and supplies.	A	1955.
77-194	Livestock management.	To improve the efficiency of the Ministry of Agriculture Division of Veterinary Affairs which is responsible for livestock improvement and disease control throughout the country.	A	1954.
77-195	Study of extension organization and methods.	To improve the effectiveness of the Turkish Agricultural Extension Service.	A	1954.
77-196	Farm organization and management study.	To give Turkish state farm personnel training which will enable them to organize and administer more effectively the 19 state farms in Turkey which serve as demonstration farms and as distribution centers for seed, fruit tree seedlings, and breeding animals.	A	1954.
77-197	Forest management	To increase the development of forests and improve the processing of forestry products in Turkey.	A	1954.
77-198	Farm production	To improve the efficiency of Turkey's 19 state farms.	A	1954.
77-199	Industrial investment and promotion program.	To facilitate industrial development and expansion by providing a mechanism for ascertaining and evaluating industrial opportunities, stimulating investments, both domestic and foreign.	B	1954.
77-200	Pasture and forage administration.	To give members of Turkey's National pasture and forage Committee opportunity to see and discuss various organizational and operational features of pasture and foraging work in United States.	A	1954.
7-201	Sheep feeding and management.	To provide practical training in sheep husbandry with a view to supporting the implementation of the livestock program.	A	1954.
77-202	Agriculture LC demonstration visual aids.	To demonstrate work and effectiveness of extension advisory and information service, train personnel to use methods designed to teach farmers ways of increasing efficiency and expediting production, and to give public support for continued expansion and improvement of agricultural advisory work.	H	1953.
77-203	Plant protection and insect control.	To contribute toward increase in agricultural production by improving plant protection and pest control.	A	1954.
77-204	Home economics extension.	To increase food availability and improve the health and living standards in rural areas.	A	1954.
77-205	Horticulture	To improve production and quality of fruits and vegetables.	A	1954.
77-206	Poultry disease and parasite control.	To assist in increasing agricultural production in Turkey by study of disease control and prevention.	A	1954.
77-207	Forest range and watershed management.	To increase agricultural production by improving grassland management.	A	1954.
77-208	Cattle feeding and management.	Practical improvement of both milk and meat production.	A	1954.
77-209	Livestock disease control.	To attain livestock disease prevention and control from field operation standpoint.	A	1955.
77-210	MKEK defense industries.		B	Canceled.
77-211	University contract, agriculture and education (Nebraska University).	This project provides assistance to the Turkish Ministry of Education in the planning and development of a new land-grant university (Ataturk) and assistance to the faculty of agriculture in modernizing its teaching methods and curriculums.	B	1955.
77-211	Agriculture and veterinary professors.	This is a subactivity of the Nebraska University project and provides for the study and research training of a number of Turkish professors at American universities.	A	1955.

List of all nonmilitary aid projects from beginning of programs through fiscal year 1956—Continued

Project No.	Title	Description and purpose	Type	Year implemented
77-212	University contract, public administration (New York University.	To assist the Faculty of Political Science, University of Ankara, in developing, strengthening, and extending its activities in the field of public administration.	B	1954.
77-212	School of Law professors (New York University).	This is a subactivity of the New York University project and provides for study in the United States of a group of Turkish law professors.	A	1955.
77-213	University contract, medical.	----------	B	Canceled.
77-214	EIE planning engineers training.	To train Turkish civil and electrical engineers, or staff of EIE in planning and design of hydro and thermal powerplants, and in power transmission line systems.	A	1954.
77-215	Production engineering development and training program.	To provide in-plant training for 50 leading employees of State Railway Administration.	A	1954.
77-216	Ministry of Labor trainees.	To provide intensive practical training in administration in the State and Federal departments of labor.	A	1955.
77-217	Poultry husbandry	To improve the production of poultry and poultry products.	A	1954.
77-218	Dairy processing	To improve the quality of dairy products, particularly milk.	A	1954.
77-219	Cotton machinery and agricultural equipment.	Training in operation of cotton processing equipment.	A	1954.
77-220	Legume breeding and research methods and techniques for investigation.	To assist in increasing agricultural production in Turkey through improved legumes.	A	1954.
77-221	Agricultural extension and information methods.	To improve the facilities for and effectiveness in communicating knowledge of new and improved practices to farmers and farm families.	A	1954.
77-222	Soils productivity research training.	To improve agriculture production and food availability by promotion of soil science.	A	1954.
77-223	Retirement fund actuarial study.	To provide 6 months' training in United States for Ahmet Ragip Ozsoy, Actuary of the Turkish Retirement Fund, in the United States actuarial processes and operations, and specifically to prepare him for Manager of Actuarial Department.	A	1954.
77-224	Plant breeding	To assist in increasing agricultural productivity and food availability in Turkey.	A	1954.
77-225	Medical teaching and research equipment.	----------	E	Canceled.
77-226	Load dispatching trainees.	The project provides for 12 months' training in the United States for 8 employees of the Etibank in all phases of electrical power operation, transmission, and maintenance. It is actually a part of the Chas. T. Main contract.	A	1955.
77-227	Food technology	To improve food quality and availability.	A	1954.
77-228	Dairy and livestock marketing.	To improve quality and availability of livestock and livestock products marketed for food.	A	1954.
77-229	Trade union leaders training.	Disapproved for 1954 funds	H	Disapproved.
77-230	Agriculture extension and informational aids and materials.	The project provided a fund of $15,000 to cover the dollar costs of screening, procurement, and shipment of technical books, literature, and related miscellaneous items required to support type A and B technical assistance projects and 90 percent counterpart and local currency demonstration projects in the field of agriculture.	E	1954.
77-231	Purse seine fishing specialists.	This project is designed to train Turkish fishermen in the techniques of handling California-type purse seines.	B	1955.
77-232	Airline operations program.	This project is designed to provide the services of an American air carrier to assist the Turkish State Airline improve, modernize, and expand its air transport service.	B	1955.

List of all nonmilitary aid projects from beginning of programs through fiscal year 1956—Continued

Project No.	Title	Description and purpose	Type	Year implemented
77-233	Food industry regulation training.	To permit the participant to continue his study in the field of food industry regulations in order to be better qualified to carry on his duties upon return to Turkey.	A	1954.
77-234	Low cost housing adviser.	This project provides an American housing expert to assist the Turkish Government analyze its low-cost housing program and advise it on its more efficient implementation.	B	1955.
77-235	Industrial relations research.	The project provides 4 months' training in the United States for 2 Turkish university professors in the field of industrial relations research.	A	1955.
77-236	Organization and operation of employment services.	The project provides an opportunity for 3 officials of the Turkish Employment Service to study and observe the organization and operations of the United States Employment Service.	A	1955.
77-237	Agricultural research, education, and extension.	The project provides 3 to 12 months' training in the United States for 17 employees of the Turkish Ministry of Agriculture in various phases of agricultural extension, information, home economics extension, and extension organization methods with a view toward developing and strengthening the information and extension service of the Ministry, both in Ankara as well as in the various field offices, institutes, and centers throughout Turkey.	A	1955.
77-238	Land and water resources.	The project provides 12 months' training in the United States for 6 employees of the Ministry of Agriculture and 1 member of the Faculty of Agriculture of the University of Ankara in the fields of soils analysis and research, irrigation research, soil survey principles and methods, soil conservation, irrigation and drainage, and soil conservation education with a view toward enabling the ministry to better staff its new soils laboratories and irrigation stations and to promote a more efficient use of the land and water resources of Turkey.	A	1955.
77-239	Crop and livestock development.	The project provides 3 to 12 months' training in the United States for 46 employees of the Turkish Ministry of Agriculture in the fields of: Poultry production; poultry marketing; hatchery breeding; poultry disease control; control of brucellosis and tuberculosis in cattle; sheep breeding and management; artificial insemination and sterility; livestock disease control; dairy cattle breeding and management; animal husbandry; angora goat breeding and management; dairy processing; beef cattle feeding and management; animal nutrition and feed mixing; milk processing and handling and manufacturing of dairy products; malting, and brewing research and techniques (this phase was disapproved); mixed livestock feed; seed improvement; formulation and utilization of plant protection; chemical, nematode control, pasture, and forage protection and management; hybrid corn breeding; plant quarantine and fumigation; fruit and vegetable canning; plant protection, and general agricultural production and seed improvement; and livestock production and management.	A	1955.

List of all nonmilitary aid projects from beginning of programs through fiscal year 1956—Continued

Project No.	Title	Description and purpose	Type	Year implemented
77-240	Forestry	The project provides 3 to 12 months' training in the United States for 12 employees of the Forestry Directorate of the Turkish Ministry of Agriculture in the fields of afforestation and nurseries, forestry protection and harvesting, utilization and fabrication of forest products, and forest management with a view toward enabling the Ministry to carry out in a more efficient manner its programs in reforestation, forestation, forestry development, and wood manufacture.	A	1955.
77-241	Agricultural machinery	The project provides 3 to 12 months' training in the United States for 8 employees of the Turkish Ministry of Agriculture in the fields of: Irrigation drainage and land leveling equipment; agricultural machinery and farm implements; repair and maintenance of farm machinery; farm machinery testing research; and agricultural supplies and farm requisites with a view toward assisting the Ministry in developing its farm mechanization program in Turkey.	A	1955.
77-242	Load dispatching training.	The project provides 12 months' training in the United States for 2 electrical engineers of the Istanbul municipal works in the phases of load dispatching and utility system operations.	A	1955.
77-243	Istanbul arterial highway study.	This project provides for a specialized engineering and traffic study of the city of Istanbul with a view toward the establishment of (*a*) a primary arterial route including a Bosphorus crossing, and (*b*) a system of feeder routes into the primary.	B	1955.
77-244	Sariyar hydroelectric project.	This project provides engineering services and equipment required for the construction of the Sariyar hydroelectric dam and powerplant.	B and E	1951.
77-245	Bosphorus aerial transmission line.	This project provides equipment and American engineering services to design, supervise, direct, and administer the construction of an aerial transmission line across the Bosphorus.	B and E	1949.
77-246	Traffic police administration.	The project provides 10 months' training in the United States for 2 employees of the Turkish Ministry of Interior in all phases of traffic police administration, with a view toward better preparing them to discharge their duties as chiefs of traffic police in the cities of Ankara and Ismir.	A	1955.
77-247	Syracuse University, audiovisual aids center.		B	Canceled.
77-248	Cobalt recovery processes.	This project provides for a study of the Cobalt recovery process used by Etibank at the Ergani Copper Smelter.	B	1955.
77-249	Mining advisers	This project provides technical assistance to the Turkish Government for: (*a*) Training in maintenance of mining equipment; (*b*) establishment of a mine foreman training program, and (*c*) training in mine safety and rescue work.	B and E	1955.
77-250	Improvement of Zonguldak Harbor.	This project provides for equipment and consulting engineering services required on the construction of Zonguldak Harbor.	B and E	1949.
77-251	Operation and maintenance of hydro powerplants.	The project provides 12 months' training in the United States for 20 employees of Etibank in the fields of: Powerplant maintenance and repair; powerplant electrical maintenance and repair; powerplant mechanical maintenance and repair, and substation maintenance and repair with a view toward developing the nucleus of an operating and maintenance force for the Sariyar, Hirfanli, Gediz, and Akcay-Kemer powerplants, which are presently under construction.	A	1955.

List of all nonmilitary aid projects from beginning of programs through fiscal year 1956—Continued

Project No.	Title	Description and purpose	Type	Year implemented
77-252	Forestry	To help the Ministry of Agriculture increase the effectiveness of its activities in the field of forestry, including forestry management, and harvesting of timber heretofore inaccessible. Major efforts will be made to utilize timber which is available and to establish harvesting on a sustained-yield basis.	B and A	1955.
77-253	Employment service, manpower utilization.		B	Canceled.
77-254	Zonguldak coal basin development.	This project covers equipment and engineering services required on the development of the Zonguldak coal basin.	B and E	1949, combined with project 77-249.
77-255	Taxation law study	The project provides an opportunity for a member of the Faculty of Law, University of Ankara, to study American tax laws as well as to write a report on the tax structure of Turkey for the world tax series which is being undertaken at Harvard University.	A	1955.
77-256	Operation and management meatpacking plants.		B	Canceled.
77-257	Pennsylvania University, Middle East Technical University.	This project provides limited assistance in the establishment of a new school of architecture with related institutes of city and village planning and modernization of construction methods and materials.	B	1955.
77-258	Ministry of Labor trainees.	This project provides 4 months' training in the United States for 5 key officials of the Ministry of Labor in the fields of industrial safety, workers' health, and conciliation and mediation with a view toward improving the efficiency of the Ministry of Labor in its various areas of responsibility and its ability to service the needs of Turkish workers and employers.	A	1955.
77-259	Grain storage project	This project provides equipment and consulting engineering services required in developing Turkish grain storage facilities.	B and E	1953.
77-260	Handicraft and home industries consultant.		B	Canceled.
77-261	Trade union administration and services.	The project provides an opportunity for 6 Turkish top trade union officials to study, for a period of 3 months, the administrative functions of various American trade-union headquarters as well as the numerous special services rendered by local and national unions to their members, such as: Recreation, labor education, medical clinics, insurance, credit organizations, cooperative workers' housing, etc.	A	Pending.
77-262	Agricultural machinery	The project provides 12 months' training in the United States for 4 employees of the Turkish Ministry of Agriculture in the field of agricultural implements with a view toward assisting the Ministry in strengthening its farm mechanization program in Turkey.	A	Canceled.
77-263	General agricultural administration.	The project provides an opportunity for a group of 6 provincial governors from important agricultural provinces in Turkey to become acquainted with United States agricultural methods, practices, and techniques and with agricultural administration, particularly on the State and county levels.	A	1956.
77-264	Civil aviation training program.	This project provides for a team of United States civil aviation experts to assist in the organization of a Turkish Department of Civil Aviation and training of its staff. It is a complementary project to 77-232, airline operation program (PAA).	B and A	1956.

List of all nonmilitary aid projects from beginning of programs through fiscal year 1956—Continued

Project No.	Title	Description and purpose	Type	Year implemented
77-265	Public finance and fiscal administration.		A	Canceled.
77-266	Atomic energy training program.	The project provides funds to finance such training of Turkish scientists and engineers as will best qualify them to participate in atomic energy programs which Turkey will develop in the future.	A	1955.
77-267	Power planning specialists.	The project provides 2 specialists to assist EIE in organization, methods, and techniques relating to hydrologic studies, lead estimating, and power statistics.	B	Suspended.
77-268	Electrical network analyzer study.	The project provides for planning type of electrical network analyzer study on contractor's equipment in England.	B	1956.
77-269	Murgul copper mine extension program.	Project provides equipment required to increase production of copper at Murgul mine.	E	Pending.
77-270	Agricultural marketing and processing.	Project provides 8 months' training in the United States for 2 employees of the Ministry of Agriculture in fruit and vegetable canning.	A	1956.
77-271	Industrial center	Project designed to assist in establishment of Turkish Industrial Center at Ankara, with regional officers at Izmir and Istanbul.	A, B, and E	Suspended.
77-272	Graduate training in economic development.	Project provides 12 months' training in Vanderbilt University in fundamentals of economic research and analysis essential for professional competence in meeting problems of economic growth and development.	A	1956.
77-273	Murgul copper mine sulfuric acid sea line.	Project provides the commodities necessary to convey sulfuric acid from 3 storage tanks to ships loading at Hopa.	E	Pending.
77-274	Electric power planning directors.	Project provides 2 months' training in United States for 2 key engineers of EIE in American power management and organizational procedures, methods used in selecting alternative electrical facilities, and in construction, operation, and maintenance of power facilities.	A	1956.
77-275	Irrigation and drainage engineer.			Canceled.
77-276	Industrial allocation system.	Project provides 2 experts to assist in the development and installation of a system of allocation of imported raw materials, operating supplies and spare parts to Turkish industry.	B	Pending.
77-277	Crop and livestock insurance.	Project provides 4 months training in the United States for 2 employees of the Ministry of Agriculture in all phases of crop and livestock insurance.	A	1956.
77-278	Rural youth leadership	Project provides for participation of 4 Ministry of Agriculture employees in the ICA sponsored rural youth leadership training course.	A	1956.
77-279	Western lignite mines			Canceled.
77-280	Turkish Standards Institution adviser.	Project provides the services of 1 expert to advise on the establishment of testing laboratories in the Turkish Standards Institution.	B	Pending.
77-000	Technical support	Project provides the mission staff and operation costs to enable USOM to supervise, administer, and carry out the mission's project-type assistance activities.	B and E	1955.

Western Europe

ITALY

Italy is relatively prosperous though there are still 2,000,000 unemployed and the same number underemployed. Per capita income, though increasing, is still well below that of most other Western European countries. Nevertheless, the United States still grants a considerable amount of aid. Assistance continues to flow from direct military aid, offshore procurement balances remaining in foreign-aid

accounts of appropriations for prior years, and from funds derived from the proceeds of Public Law 480 sales.

Despite the fact that Italy is a wealthy country, the great bulk of the wealth is concentrated in the hands of the few. The poor, and there are many, appear to either grow poorer, or at best, maintain their status quo, while the rich appear to get richer. The working classes in their endeavor to find a better way of life move into the Communist camp. It appears that selfish big business interests dominate the Government and have little regard for the laboring class. This attitude prevails notwithstanding it is in the interest of big business to maintain a stable government.

An example of this selfishness may be found in the prevailing tax structure. Much property is not subject to tax. The property belongs for the most part to the wealthy class. On the other hand, the poor pay high excise taxes despite their low wages.

With respect to assistance, I conferred with James Fry, head of our military assistance advisory group, and Charles Rogers, our Ambassador's representative on military matters. Unfortunately, the great bulk of information given me is classified. However, the situation in Italy as well as in Western Europe involves the promulgation of force goals by the North Atlantic Treaty Organization. These are then submitted to the Ministers of the various NATO countries. Following this submission, the participating countries determine what proportion of the forced goals they can attain. ———.

There is apparently no effort made to force the other NATO countries to make a few sacrifices in order to contribute more to their own defense. As a matter of fact, instead of reducing local expenditures or increasing taxes to raise more revenue, any future increase in NATO strength will find the United States being obligated to furnish the additional support. I expressed the hope that at perhaps some future time our own officials will become as solicitous of the American economy as they apparently are for the economies of some of our allies.

———.

With respect to economic assistance, we still maintain here a mission of 27 persons. There is absolutely no necessity for this size staff in Italy in connection with what remains of an economic program which, until its flow was curtailed, poured approximately $1.6 billion into the Italian economy. (I have since been notified that the USOM/Rome will be closed on February 28, 1957.)

Some counterpart funds are still being collected from various investments made here, and some triangular transactions are being engineered through the purchase of surplus food under Public Law 480. Additional moneys are being generated on this basis for loans to Italy. It strikes me that there is no need for an American ICA staff to administer these funds. Certainly, the Public Law 480 transactions could be supervised by our agricultural attaché or at least through his office. The other programs could be administered adequately by 2 or 3 persons, since mere supervision is all that is required.

Attached to this report are two comprehensive exhibits. The first of these, exhibit A, deals with current programs in Italy for which the United States Operations Mission is wholly or partially responsible. The committee will note that these programs fall within five basic categories. These are: (1) Local currency loan programs; (2) productivity and technical-assistance programs; (3) triangular trade programs; (4) Public Law 480 programs; and (5) the civil aero-

nautics mission, which is presently winding up a technical-aid project concerning aviation safety and traffic controls.

The Information Service mission received a healthy increase in funds for fiscal year 1957 over and above fiscal year 1956. The fiscal year 1956 budget was $1,908,284. Of this amount, $1,906,311 was actually spent. Yet, an increase in funds is proposed for fiscal year 1957. At this point I quote from memorandums prepared for me by Charles F. Blackman, acting public affairs officer for Italy:

Prior to the submission of our budget plan for fiscal year 1957 and fiscal year 1958, we were advised by telegram from the United States Information Agency that our annual allotment for fiscal year 1957 would be $2,121,170. Our budget for fiscal year 1957 was therefore prepared using this figure of $2,121,170. This amount represented an increase of $214,858.06 over the amount actually obligated by USIS/Italy in fiscal year 1956. It is expected that this increased allotment will be spent as follows:

Salaries	$72,317
Local film production	111,330
Direct administrative expenses	29,517

The committee will also be interested in an attached memorandum dealing with the Information Service. Part of this memorandum consists of a telegram from Theodore Streibert, Director of the United States Information Agency, which indicates, far better than any words I could use, that budgets for grassroots information activities are not programed by the local missions but are determined on the Washington level, with the local missions, in effect, told to find ways and means to spend considerable increases allotted by USIA. I also attach to this report a comprehensive summary of balances in counterpart productivity funds. This exhibit is marked "Exhibit B."

FRANCE

I was shocked by the fiscal situation which prevails in this country. Almost all of French revenues are derived from excise taxes, which bear the same rate for the poor as well as the rich. This generates much resentment among the people of France, since a system of this type works a severe hardship upon the poor, while having no comparative effect on the wealthy.

With respect to military assistance, I shall deal with this in the attached portion of this report concerned with this subject, since the information I obtained was classified. I conferred at length with General Norstead with respect to forces actually available for the defense of Western Europe and the extent to which the United States supports the total NATO defense effort. It should be noted that the French withdrew practically all of their troops [after notification to the North Atlantic Council] for use in North Africa and subsequently in the Suez area.

I also had a most informative conference with Mr. Frederick Payne, American representative to the Organization for European Economic Cooperation. The United States is merely an observer with respect to this agency, although we contribute $1.5 million out of a total OEEC budget of $4 million. At this point I quote from a letter written me subsequent to my visit by Mr. Payne:

You may remember that I told you that the United States is contributing $1,500,000 to the European Productivity Agency of the OEEC. Formerly EPA projects when they were of considerable size had been handled by the United States. This is the first year that a lump sum has been siphoned through the Secretariat of the OEEC who, in consultation with us and other member countries, plans to direct its activities. Your question was: "What are the other

countries contributing?" The answer is that there is approximately $4 million being contributed in all of which $1,500,000 is from the United States. The other $2,500,000 is contributed by each member country of the OEEC in relationship to its respective size. We, as associate member, do not make any other contribution to the OEEC such as any contribution to the administration of the OEEC. This incidentally is a considerable item inasmuch as the Secretariat of the OEEC numbers over 700 people of which I believe only 1 or 2 are Americans, for whom, as I said above, we make no monetary contributions.

Although we may not contribute to the cost of administering the Office of OEEC, we spend a considerable sum to pay those representing us.

The EPA referred to in Mr. Payne's letter is the European Productivity Administration, which is attempting to show these highly advanced Western European countries how to make more and better use of the productive facilities which they have on hand.

I was told that one of the main problems regarding the economic development of Western Europe is the problem of convertibility. This problem however is well on the road to solution and Mr. Payne indicated to me that if the participating countries could only increase productivity, eliminate trade and tariff barriers, and otherwise form an integrated economy, they would be much better off.

With respect to economic assistance, the material available is classified and is attached to this report. At this time the great proportion consists of offshore procurement and related programs. However, there is one small program—$150,000 in scope—which is used to finance the transportation of French labor leaders to the United States in order to acquaint them with the business operations of American labor organizations. This program should certainly be discontinued for obvious reasons.

At the time of my visit there were only 9 Americans and 10 locals in the ICA Mission. The budget of $126,000 is expected to be completely exhausted by March 31, 1957.

While in France I conferred with Mr. Morrill Cody, public-affairs officer for the United States Information Service in France. As of the time of my visit there were 52 authorized American positions and a local employee ceiling of 233. We maintain information centers, including libraries, at Paris, Lille, Lyon, Strasbourg, Marseille, Bordeaux, Tours, and Algiers.

The USIS budget for fiscal year 1957 shows a startling increase over fiscal year 1956—$511,800 to be exact. Part of this increase ($121,000) resulted from an 11 percent wage increase granted by the Embassy to local employees of the United States Government, higher cost of living and increased wages outside, and increases and allowances. The budget for fiscal 1956 was $1,610,500. For fiscal 1957, a total of $2,368,723 was requested. An allocation of $2,122,300 was approved.

The remaining $390,800 provided in the fiscal year 1957 budget over the fiscal year 1956 budget will be used as follows:

(1) Increase in circulation of biweekly publication Informations Et Documents from 30,000 to 100,000	$50,000
(2) Production of 3 locally made documentary films on American musicians performing abroad, on European integration, and on Lafayette	75,000
(3) More prints of documentary films for wider distribution and more adaptations of films now available from Washington	21,800
(4) Increased rent for new central downtown offices for USIS/Algiers, Bordeaux, Lyon, and Strasbourg	90,000

(It should be noted that USIS/France informed me that the initial cost for these new offices is high because the United States is being required in most cases to pay 2 years' rent in advance. Before leaving this particular topic, it is my fervent recommendation that the scope of these programs be reduced. Certainly, it is unreasonable for France—supposedly an ally of ours—to require the United States to carry the whole burden alone.)

(5) Establishment of a new office in the Saar	$18,000
(6) New Information Center, 2 years' rent in advance	68,000

(This center will be used for lectures and motion pictures. This would appear to be a highly unnecessary expense.)

(7) Increase in subsidy for translations of American books into French	$30,000
(8) Increase in materials (books principally) to be presented to institutions and influential persons	13,000
(9) Television and radio programs, increase	25,000

The entire information program here should be drastically reduced. I find that our information agency planners are using the Suez crisis as an excuse for increasing the information efforts in countries such as France and Britain. On the contrary, this crisis points out the fact that our information program must have been an abysmal failure, since it has obviously produced no increase in respect or understanding for America or its policies in these two countries. I therefore recommend that unless the French Government is willing to assist the United States in its effort to inform the people of France of the necessity for free world strength, the program be reduced in scope and size. Under no circumstances, even if reductions are not imposed, should fiscal year 1958 bring any increase in the information agency budget for this country or, for that matter, any other Western European nation.

BELGIUM

The ICA office was closed here as of June 30, 1956. At the time of my visit there was only one employee connected with the mutual security program still on the job. He was checking on the delivery of goods, amounting to $200,000, made quite some time ago. This employee is under the immediate supervision of the Paris office.

I was well pleased with this development, but I was astounded to note that the economic counselor of the Embassy, Mr. Charles Adair, is of the opinion that the United States should undertake further work in Belgium by way of increasing the productivity of Belgian industry. In view of the existence of the European Production Administration (EPA—see my report on France) I recommend that any increase in productivity techniques be undertaken through the EPA, without any additional American assistance. I fear, despite the existence of EPA, the ICA–Washington will no doubt send an additional expert or experts here in order to perform similar tasks.

I was informed that there are no commodity programs presently under study for Belgium, either under section 402 or Public Law 480. By no means should any such programs be considered, for Belgium is most prosperous. As a matter of fact, Belgium should be contributing to the worldwide mutual security program instead of being considered for further United States assistance.

I do wish to call to the committee's attention that the facilities assistance program, under which the United States furnished dollar

assistance for the tooling of new plants, could well be terminated. Here, as in other countries of Western Europe, the local economies are well able to undertake these programs without any United States assistance. It is my distinct impression that our own people, stimulated by self-seeking local officials, see these programs as a means of continuing economic aid to countries which are essentially healthy.

I am attaching to this report an exhibit, indicating the status of counterpart funds in Belgium and Luxembourg. The amounts remaining in counterpart accounts are considerable, but it is my understanding that they are all programed and there should be no further necessity for ICA's supervision except through present existing missions in other lands whose personnel are well able to scrutinize the expenditure of these funds.

With respect to the Information Service, the budget request for 1956 was $123,650 and $149,343 was actually allotted. The funds over and above the original request were used for an atomic energy exhibit and related exhibit materials. For fiscal year 1957, a budget request of $184,820 was submitted; the allotment was $162,000, an increase of almost $40,000 over the regular 1956 budget. The staffing pattern for 1957 fiscal year remains the same as during fiscal 1956: 5 Americans and 32 locals.

Despite the growing reasons cited for the necessity of an information program here, I am far from convinced the need exists. Everyone with whom I spoke declared most emphatically that the Belgians are definitely pro-American. Nevertheless, they are of the opinion that there are areas of misunderstanding on such matters as tariffs, colonialism, and East-West trade, which irritate our relationship and the information program is necessary in order to minimize these differences. Whether or not this be true, there is certainly no need for a program of $162,000 for this country. Certainly 1 man, or at least 1 section, in the Embassy would be sufficient to do the job.

I recommend a complete reevaluation of the USIA program not only here but in all Western European countries. There is a basic inconsistency in the continuous proclamations emanating from the Department of State that the Western European countries are firm and staunch allies of the United States and the continued appropriation and expenditure of huge sums of money in order to win friends and influence people in these lands. The two cannot be reconciled.

UNITED KINGDOM

Since April 3, 1948, a total of nearly $5 billion has been obligated for economic and military, along with quasi-military aid, to the United Kingdom. This amount is broken down as follows:

Economic recovery program, 1948–49 through 1950–51	$2,714,000,000
Mutual defense assistance	2,172,000,000

This amount was spent as follows:

Defense support	$874,000,000
Direct forces support (special aircraft)	120,000,000
Military assistance	1,178,000,000
Agricultural trade development and assistance under Public Law 480	27,000,000

It should also be noted that under the mutual weapons development program, the United States of America finances at least a part of British research and development designed to produce advanced weapons of useful design. It should be recalled that in addition to this program, the United States, through the Department of Defense, spends ——— dollars for research and development here in this country.

At the time of my visit, there was no separate ICA mission as such here, but the chief assistant to the head of the Economic Section in the Embassy was charged with overseeing the expenditure of ICA funds. In addition to this officer, there were 5 additional officers, 3 secretaries, and 5 local employees engaged in this same work. Their necessity was sought to be justified on the basis that there remain about $2 million in funds to be allocated under prior-year programs and about $33 million of Public Law 480 funds. I recommend that this mission be closed out promptly. I understand that it is proposed to be terminated as of June 30, 1957, but there appears to be no valid reason why the ICA Section should not be terminated immediately.

While in Britain, I visited the so-called tobacco houses—housing for military dependents financed from the proceeds of tobacco sold under Public Law 480. Each unit has its own heating system which is gas fired. All utilities are being installed, and the United States will pay for water, gas, and/or other fuel. There were 110 of these houses under construction at the time of my visit. The cost is $20,000 per building, which contains 2 dwelling units. These structures are of course built upon British soil and title to them will vest in the British Government if and when the United States forces housed in them are no longer needed here. In the meantime, military personnel housed in these dwellings do not receive housing allowances but instead receive housing rent free. The allowances which would usually be paid to these personnel will be used to liquidate the cost as long as our Armed Forces remain here. The unpaid balance will, in effect, be our loss.

Construction of the "tobacco houses" is being performed by a British contractor. It is specified that British material must be exclusively used. The outside walls of these buildings are constructed of cement blocks, oblong in shape and of various colors. The roofs are tile. The entire subdivision is located in a flat area complete with paved streets, a sewer system, and storm cellars. In other words, the general policy of providing nothing but the best for our servicemen is being followed. Unfortunately, there is little consideration given to the expense of these structures, particularly in view of the fact that they will eventually belong to the Government of the United Kingdom, not the Government of the United States.

I was informed that additional housing programs such as this are contemplated, using proceeds from surplus sales under Public Law 480. It should be noted that the British are apparently not overanxious to purchase surplus American agricultural commodities under this authority of law, but our planners are using every device known in order to persuade the British that more and better use should be made of this program. I recommend most emphatically that our transactions with the United Kingdom with respect to military preparedness, sale of surplus agricultural commodities, and housing of military personnel be placed upon a strictly businesslike basis and

that the authority of title I of Public Law 480 not be used to subsidize the British economy.

I regret very much that I am not able to discuss in detail at this point the various aspects of our military-assistance program here. I do want the American people to know however that many unnecessary and purely punitive roadblocks are being placed in our path. For example, under an agreement consummated between the United States of America and the Government of Great Britain concerning the construction of airbases here, a sharing of the construction expenses was provided. I am not at liberty to say in what respect this agreement has been breached by the British, but it was breached. In addition, the British are still holding £250,000 of funds which they originally agreed to contribute to the construction of these bases. It is the British claim that this amount is necessary to reimburse the Government of the United Kingdom for damages to British highways which the British maintain were caused by American construction and other vehicles. In view of the assistance which we have rendered and are still rendering to the United Kingdom, the withholding of this amount of money is a gesture which calls for stern censure on the part of our Government. The United Kingdom should be forced to live up to its agreements, or be notified that further assistance from the United States of America will be withheld.

I had a most informative conversation with Mr. W. Bradley Connors concerning our information program here. The information program for the United Kingdom shows an increase of $250,000 for 1957 over fiscal year 1956. I understand however that no increase is proposed for fiscal year 1958. Of this additional $250,000, $50,000 will be used to produce and distribute pamphlets, leaflets, and posters to explain President Eisenhower's so-called open sky disarmament proposal. In addition, a large school poster campaign is being undertaken to highlight American history, geography, and government for the major secondary schools in Britain.

An additional expenditure of $120,000 is proposed to be spent for two major exhibits to be shown in a dozen or more cities throughout the United Kingdom dealing with (1) the open sky disarmament program and (2) the American economy.

The balance—approximately $80,000—will be devoted to increasing the study of American history, government, institutions, and geography in the British schools. As a matter of fact, the information service here has launched a long-range program designed to get American textbooks on the United States introduced into British schools, but this program has shown little effect. Now, it is proposed to subsidize the publication of American textbooks in order to make them more readily available to the schools of Great Britain.

I recommend most emphatically that this increase be rescinded and that it be returned to the Treasury. The programs upon which it is proposed to be spent demonstrate a bankruptcy of imagination and a complete disregard for the purpose of the information program. Certainly, it was not the intent of Congress to authorize under the United States information program an expenditure of considerable sums of money to propagandize a so-called friendly country.

I found in the United Kingdom, that because the British insist on being a full partner with America, our Information Agency planners feel it necessary to maintain a program of ridiculous size. It is ob-

vious, that while the British desire full partnership in free world planning, they are not willing to accept the burdens which this full partnership brings. If, after the expenditure of nearly $5 billion in American aid since the initiation of the Marshall plan, the British Government and the British people have no basic understanding or appreciation of American policies and efforts, the expenditure of further large sums for propaganda will serve no useful purpose.

According to a memorandum I received from Mr. Conners' office, "Our most difficult task in the United Kingdom is to convince the British that we have an identity of interest and feeling in the political, economic, social, and cultural spheres. Whether Britain accepts the lead of the United States in international affairs and retains the United States as a permanent partner in world affairs must depend greatly on the depth of the British peoples understanding and approval of what may be called the American way of life."

In other words, a gigantic information effort is necessary in the United Kingdom to convince the people of Great Britain that the Government which has so generously lavished its treasure upon them in years past and which has spent its blood in a combined effort to rid the world of totalitarian rule, contains sufficient cultural and social depth in order to be regarded as a worthwhile British associate. I believe this argument answers itself. An indicated above, if our past assistance has not convinced the British of our capacity for leadership and the necessity for a strong United States-British alliance, then the expenditure of further sums under the information program will certainly prove abortive.

NETHERLANDS

I visited missions at Hague and at Amsterdam. At the time of my visit, there was a considerable amount of money still in the counterpart fund; in fact, more than can be spent; 372,464,904 guilders ($97,503,901) remain to be released; 115 million guilders ($30,104,712) programed in 1950–51 must be reprogramed. In other words, based upon a guilder value of 3.82 guilders equals one American dollar, the total of $127,608,613 American dollars is available in local currencies for expenditure here.

Notwithstanding these facts, intensive efforts were being made to negotiate Public Law 480 sales. The claim advanced is that these sales will produce needed additional local currencies. As a matter of fact, I understand that an agreement was recently completed under which $275,000 worth of surplus cotton would be sold to the Government of the Netherlands under Public Law 480. Of the local currency generated under that sale, 10 percent, or the equivalent of $27,500, will be made available to the United States Government for whatever use it may desire in theNetherlands. The equivalent of $200,000 in local currency will be used to finance market research and sales promotion projects in the Netherlands designed to further stimulate the consumption of cotton. This research and promotion will be undertaken by the National Cotton Council of America and its Netherlands counterpart. The equivalent of a maximum of $47,500 will be used to pay the local expenses of the Cotton Council of America. In addition, the agreement provides that $25,000 in equivalent will be converted into other currencies by the Government of Netherlands as required.

I am in full accord with any program designed to dispose of our surpluses. However, I feel confident that it was never the intent of

Congress to use title I of Public Law 480 purely as a means of generating local currencies in areas where for one reason or another it might be felt that the local currencies would be beneficial to have on hand. If there is, indeed, a necessity for market research and promotion with respect to cotton in the Netherlands, it would seem to me that the remaining local currency in the counterpart fund could be well spent for that purpose instead of further increasing the local currency accounts by generating the same under the surplus disposal act. There should be actually no necessity for promoting this sale if, as indicated to me, its sole purpose is the generation of additional local currency funds.

Of course, the Government of the Netherlands—which has a major voice in the use to which unspent counterpart funds may be put—no doubt would object to the expenditure of these funds for purposes such as those proposed under the Public Law 480 sale because, in effect, it would enable us to reduce our economic assistance. I recommend most emphatically that the Department of State undertake to overcome these objections to the end that the interest of the American taxpayer will be better served. The day is long past when the fiscal welfare of our country is to be subservient to purely local desires of those receiving aid.

Turning now to the information program, I discussed the Hague installation with Mr. Robert Donhauser, Chief of the Information Program there. As usual, fiscal year 1957 will show an increase in expenditures for information over fiscal year 1956. It should be further noted that whereas in fiscal year 1956 the budget request was for $141,842, the actual allotment was $142,000. The budget request for fiscal year 1957 was $199,055 and the actual allotment was $171,350.

The increase in the fiscal year 1957 allotment over fiscal year 1956 will be spent as follows: $5,000, additional television work; $1,000, employment of qualified journalists to write human interest stories regarding life in the United States; and the largest item, $17,000, for increases in local salaries. In this connection this increase is made necessary by virtue of a Dutch Government decree, which was expected, at the time of my visit, to be issued January 1, raising wages by 10 percent.

EXHIBIT A

CURRENT PROGRAMS IN ITALY FOR WHICH USOM IS WHOLLY OR PARTIALLY RESPONSIBLE (OCTOBER 22, 1956)

1. LOCAL CURRENCY LOAN PROGRAMS

(*a*) *USASUD.*—The USASUD is a revolving industrial loan fund established by United States counterpart contribution of about $18 million from fiscal year 1954 aid, which is administered by Italian credit institutes. The purpose of the loans is to broaden the base of industry in southern Italy, Sicily, and Sardinia. Most of the initial funds have now been loaned out and it is expected that the available funds will be augmented by the addition of $14 million from fiscal year 1955, Public Law 480, title I loan funds. (See below 4 (*a*).) A substantial part of the proceeds of the fiscal year 1957 agreement now under negotiation will go to this use.

(*b*) *Trieste loan fund.*—The Trieste loan fund is a revolving fund with assets of about $47 million of repayments of counterpart lira originating from American grants to Trieste during AMG period. Most of the funds are still loaned out but there should be about 4 or 5 million dollars per year avail-

able for reloaning in the Trieste-Corizia area on which the Embassy-USOM has screening powers.

(c) *IMI-ERP loan funds.*—There are currently residuals of about $6 million from an original $300 million program of industrial loans. This program should phase out in the next few months.

2. PRODUCTIVITY AND TECHNICAL ASSISTANCE

(a) *Housing productivity.*—This program, as amended, was authorized in the amount of $4 million by Italian legislation passed in 1954. It is expected that funds will be exhausted within the next year for constructing low-cost housing in a number of cities in Italy.

(b) *Labor productivity.*—This is a 2-year program which started on September 1, 1956, involving the expenditure of $800,000 of productivity lire to assist the labor unions, UIL, and CISL, to train productivity union specialists. In addition to training as such, the program provides for maintaining these specialists in the union for productivity and other activities. Training in the United States is provided for part of the people at an additional cost of up to $300,000.

(c) *Productivity loan fund.*—This is a $10.6 million revolving fund recently activated under the supervision of the Italian National Productivity Committee (CNP), designed to improve productivity in small industry.

(d) *National Productivity Committee (CNP).*—For the past 4 years the United States Government has been absorbing all of the costs of the National Productivity Committee at the rate of about $1.75 million per year. The Italian Government intends to assume an increasing part of this cost in the near future, after appropriate legislation has been passed. At the present time, the agency has under contract nine Americans to assist in the promotion of productivity in demonstration areas.

3. TRIANGULAR TRADE PROGRAMS

In fiscal year 1956 up to $5 million of surplus agricultural commodities was allocated under section 402 of the Mutual Security Act of 1954, as amended. The lire proceeds of these sales will finance the purchases in Italy of commodities for third countries receiving aid from the United States. This program is in addition to the $5 million equivalent of Public Law 480, 104 (d) (fiscal year 1955 agreement) which will finance exports to Israel.

4. PUBLIC LAW 480 PROGRAMS

(a) *Title I.*—To date 2 agreements totaling $58 million have been concluded, of which about $35.6 million will be loaned to the Italians for economic development in the south and other uses. The Embassy has begun negotiations for a new fiscal year 1957 program amounting to $50 million, of which about $36 million will be available for Italian economic development loans.

(b) *Title II.*—The child-feeding program, affecting about 1,800,000 children throughout Italy is now entering its second year with a United States contribution of $13.5 million worth of surplus agricultural commodities in this fiscal year. (United States contribution in fiscal year 1956 amounted to $18.)

Surplus commodities under the winter emergency relief program valued at $17.5 million are now coming in to Italy to replace the distribution to needy people from Italian stocks last winter and spring. These commodities are in addition to $2 million worth of corn brought in to help relieve last winter's feed shortage in certain localities.

(c) *Title III.*—During fiscal year 1956, United States voluntary agencies have distributed approximately $40 million worth of United States surplus agricultural commodities, of which about 90 percent has been handled by the National Catholic Welfare Council, through the Pontifical Relief Agency.

5. CIVIL AERONAUTICS MISSION

Winding up a technical project which has been functioning for several years in the area of aviation safety and traffic controls (at the total cost of $600,000 to the United States) there are now two American specialists from the Civil Aeronautics Administration, all expenses being paid by the Italian Government.

EXHIBIT B

UNITED STATES OF AMERICA OPERATIONS MISSION TO ITALY: QUARTERLY FUND STATUS REPORT, COVERING COUNTERPART SPECIAL ACCOUNT AND COUNTERPART PRODUCTIVITY FUNDS, PUBLIC LAWS 84, 389, AND 665, CUMULATIVE THROUGH SEPT. 30, 1956

(Prepared by Office of the Controller for Italy)

Consolidated cash summary, Italy, counterpart special account, Public Laws 84, 389, 665

[Currency: Lire; period ended Sept. 30, 1956]

	Months of July to September 1956	Cumulative since Apr. 3, 1948
(a) Balance at beginning	64,075,105,064.81	
(b) Receipts:		
Deposits, Public Laws 84, 389, 665	1,494,000.00	987,926,123,907.72
Less deposits under coal program	93,256,893.75	1,979,505,981.25
Total receipts	63,983,342,171.06	989,905,629.888.97
(c) Withdrawals and transfers:		
Transfers to United States portion accounts	149,400.00	47,978,150,810.87
Country purposes (other than sec. 115 (k)-(L-2C))	13,988,325,564.00	871,459,083,618.00
Transfer to sec. 115 (k) counterpart productivity fund (L-1E)	1,202,810.63	12,901,968,485.52
Repayment of flour to Yugoslavia		2,374,999,703.15
Less transfer to the United States special counterpart account, "Surplus coal, United States of America"	93,256,893.75	1,979,505,981.25
Advance to sec. 402 account		3,125,000,000.00
Total withdrawals and transfers	13,896,420,880.88	939,818,708,598.79
(d) Balance at end	50,086,921,290.18	[1] 50,086,921,290.18

[1] Includes 39,348,864,342.73 lire loaned by the Bank of Italy to the Ministry of Treasury.

Cash summary, counterpart special account, Public Law 389

[Currency: Lire; period ended Sept. 30, 1956]

	Months of July to September 1956	Cumulative since Apr. 3, 1948
(a) Balance at beginning	639,343,306.79	
(b) Receipts		101,196,190,299.79
Total receipts	639,343,306.79	101,196,190,299.79
(c) Withdrawals and transfers: Country purposes (other than sec. 115 (k)-(L-2C)	25,000,000.00	100,581,846,993.00
Total withdrawals and transfers	25,000,000.00	100,581,846,993.00
(d) Balance at end	614,343,306.79	614,343,306.79

Cash summary, counterpart special account, Public Law 665

[Currency: Lire; period ended Sept. 30, 1956]

	Months of July to September 1956	Cumulative since Apr. 3, 1948
(a) Balance at beginning	63, 435, 761, 758. 02	
(b) Receipts:		
Deposits, Public Law 665	1, 494, 000. 00	846, 201, 172, 546. 93
Less deposits under coal procurement program	93, 256, 893 75	1, 979, 505, 981. 25
Total receipts	63, 343, 998, 864. 27	848, 180, 678, 528. 18
(c) Withdrawals and transfers:		
Transfers to United States portion accounts:		
(1) To June 30, 1952		31, 480, 546, 307. 00
(2) From July 1, 1952	149, 400. 00	16, 497, 604, 503. 87
Total	149, 400. 00	47, 978, 150, 810. 87
Country purposes (other than sec. 115-k)-(L-2C)	13, 963, 325, 564. 00	730, 348, 475, 564. 00
Transfer to sec. 115 (k) counterpart productivity fund (L-1E)	1, 202, 810. 63	12, 901, 968, 485. 52
Repayment of flour to Yugoslavia		2, 374, 999, 703. 15
Less transfer to the United States special counterpart account, "Surplus coal, United States of America"	93, 256, 893. 75	1, 979, 505, 981. 25
Advance to sec. 402 account		[1] 3, 125, 000, 000. 00
Total withdrawals and transfers	13, 871, 420, 880. 88	798, 708, 100, 544. 79
(d) Balance at end	49, 472, 577, 983. 39	[2] 49, 472, 577, 983. 39

Notification	Dollar-grant aid	Exchange rate	Counterpart, lire
(e) (A) Reconciliation of Public Law 665 deposits:			
Subject to 5 percent United States portion:			
To Sept. 30, 1949	418, 603, 391. 39	575	240, 696, 950, 049. 25
Oct. 1-10, 1949	3, 682, 176. 22	631	2, 323, 453, 194. 82
Oct. 11-20, 1949	535, 370. 37	628	336, 212, 592. 36
Oct. 21-31, 1949	6, 266, 968. 95	625	3, 916, 855, 593. 75
Nov. 1, 1949-Jan. 10, 1950	32, 456, 053. 36	624	20, 252, 577, 296. 64
Jan. 11, 1950-Feb. 29, 1956	744, 459, 292. 15	625	465, 313, 280, 082. 61
Total	1, 206, 003, 252. 44		732, 839, 328, 809. 43
Subject to 10 percent United States portion through Feb. 29, 1956	181, 378, 949. 98	625	113, 361, 843, 737. 50
Total	1, 387, 382, 202. 42		846, 201, 172. 546. 93
Coal procurement program:			
June 1-30, 1955	47, 028. 86	625	29, 393, 037. 50
July 1-31, 1955	171, 067. 04	625	106, 916, 900. 00
Aug. 1-31, 1955	1, 391, 033. 54	625	869, 395, 962. 50
Sept. 1-30, 1955	769, 696. 11	625	481, 060, 068. 75
Oct. 1-31, 1955	175, 798. 86	625	109, 874, 287. 50
Nov. 1-30, 1955	91, 471. 42	625	57, 169, 637. 50
Dec. 1-31, 1955	113, 837. 62	625	71, 148, 512. 50
Jan. 1-31, 1956	395, 863. 99	625	247, 414, 993. 75
Feb. 1-29, 1956	[3] 204, 339. 65		[3] 127, 712, 281. 25
Mar. 1-31, 1956	128, 346. 25	625	80, 216, 406. 25
Apr. 1-30, 1956	32, 276. 91	625	20, 173, 068. 75
June 1-30, 1956	55, 128. 62	625	34, 455, 387. 50
Total	3, 167, 209. 57		1, 979, 505, 981. 25
Total	1, 390, 549, 411. 99		848, 180, 678, 528. 18
(f) Deposits requested but not made:			
Mar. 1-31, 1956	[3] 403, 611. 86	625	[3] 252, 257, 412. 50
Apr. 1-30, 1956	43, 552. 47	625	27, 220, 293. 75
May 1-31, 1956	4, 516. 14	625	2, 822, 587. 50
June 1-30, 1956	[3] 24, 744. 87	625	[3] 15, 536, 043. 75
Total	[3] 380, 288. 12		[3] 237, 750, 575. 00
Coal procurement program: June 1-30, 1956 (ocean freight waives)	[3] 35, 741. 85	625	[3] 22, 338, 656. 25
Total	[3] 416, 029. 97		[3] 260, 089, 231. 25
(g) (B) Reconciliation of transfers to United States portion accounts:			
5 percent times 732,839,328,809.43			36, 641, 966, 440. 00
10 percent times 113,361,843,737.50			11, 336, 184, 373. 00
Total			47, 978, 150, 813. 00
Less difference due to roundings			2. 13
Transfers to United States portion accounts			47, 978, 150, 810. 87

[1] Advance repayable from current notification under sec. 402 program.
[2] Includes 39,348,864,342.73 lire loaned by the Bank of Italy to the Ministry of Treasury.
[3] Credit.

Cash summary, sec. 115 (k) counterpart productivity fund

[Currency: Lire; period ended Sept. 30, 1956]

	Months of July to September 1956	Cumulative since Apr. 3, 1948
(a) Balance at beginning	3,851,850,298.89	
(b) Receipts: Transfers from counterpart special account	1,202,810.63	12,901,968,485.52
Total receipts	3,853,053,109.52	12,901,968,485.52
(c) Withdrawals:		
Transfers to sec. 115 (k), revolving loan fund (L-1F)		6,575,000,000.00
Grants	475,000,000.00	2,948,915,376.00
Total withdrawals	475,000,000.00	9,523,915,376.00
(d) Balance at end	3,378,053,109.52	3,378,053,109.52

Public Law 665, cash summary, sec. 115 (k) revolving loan fund

[Currency: Lire; period ended Sept. 30, 1956]

	Months of July to September 1956	Cumulative since Apr. 3, 1948
(a) Balance at beginning	6,468,000,000	
(b) Receipts:		
Transfers from sec. 115 (k) counterpart productivity fund (L-1E)		6,575,000,000
Loan repayment:		
Principal		
Interest, net		
Total receipts	6,468,000,000	6,575,000,000
(c) Disbursements:		
Agriculture	12,000,000	19,000,000
Industry	348,000,000	448,000,000
Labor		
Dependent overseas territories		
Total disbursements	360,000,000	467,000,000
(d) Balance at end	[1] 6,108,000,000	6,108,000,000

[1] First tranche allocated to Centrobanca 3,000,000,000 lire.

Cash summary, United States special counterpart account, surplus coal, United States of America

[Currency: Lire; period ended Sept. 30, 1956]

	Months of July to Sept. 1956	Cumulative
(a) Balance at beginning	1,169,846,041.45	
(b) Receipts: Transfer from counterpart account, Public Law 665	[1] 93,256,893.75	1,979,505,981.25
Total receipts	1,076,589,147.70	1,979,505,981.25
(c) Withdrawals:		
Opening of credits	400,594,393.00	1,303,592,698.80
Refund of unutilized balance on credits opening	[1] 60,064.50	[1] 141,536.75
Total withdrawals	400,534,328.50	[2] 1,303,451,162.05
(d) Balance at end	676,054,819.20	676,054,819.20

[1] Credit.
[2] Detail as follows:

Special counterpart account No.	Amount	Credit openings	Disbursements
89-540-45-A6-6219	468,750,000.00	468,718,531.25	468,718,515.00
89-540-45-B9-6253	490,937,500.00	239,979,868.75	239,979,847.00
89-390-45-A6-6254	112,812,500.00	112,289,620.50	112,289,619.00
89-370-45-B9-6255	43,125,000.00	43,076,624.55	43,076,624.00
65-891-45-5502M	36,375,000.00	33,608,875.00	33,608,875.00
84-891-45-B9-6217	187,500,000.00	184,011,873.00	
30-390-45-97-5368	156,250,000.00	38,265,520.00	9,312,375.00
30-680-45-97-5366	359,375,000.00	183,500,249.00	182,037,749.00
Total	1,855,125,000.00	1,303,451,162.05	1,089,023,604.00

Cash summary, counterpart special account—Italy (Trieste)

[Currency: Lire; period ended Sept. 30, 1956]

	Months of July to September 1956	Cumulative since April 3, 1948
(a) Balance at beginning	169, 749, 741	
(b) Receipts:		
Deposits, Public Law 472		22, 220, 893, 267
Transfers from Public Law 84		190, 140, 290
Allied military government advance		[1] 400, 000, 000
Interest	429, 089	856, 889
Total receipts	170, 178, 830	22, 811, 890, 446
(c) Withdrawals and transfers:		
Transfers to United States portion accounts:		
(1) To June 30, 1952		1, 089, 630, 648
(2) From July 1, 1952		21, 414, 015
Total		1, 111, 044, 663
Country purposes		21, 530, 666, 953
Total withdrawals and transfers		22, 641, 711, 616
(d) Balance at end	170, 178, 830	170, 178, 830

Notification	Dollar-grant aid	Exchange rate	Counterpart, lire
(e) (A) Reconciliation of Public Law 472 deposits subject to 5 percent United States portion:			
(1) Through Sept. 30, 1949	15, 775, 286. 98	575	9, 070, 790, 013
October 1, 1949 to October 31, 1949	599, 923. 06	628	376, 751, 682
November 1, 1949 to January 31, 1950	1, 588, 554. 90	624	866, 458, 259
February 1, 1950 to April 30, 1954	19, 033, 476. 21	625	11, 895, 922, 631
Total	36, 797, 241. 15		22, 209, 922, 585
(2) Adjustment dollar credits subsequent to Sept. 30, 1949, (see L-1C, exchange A, report, June 1953			10, 970, 682
Subject to 10 percent United States portion			
Grand total deposits, Public Law 472	36, 797, 241. 15		22, 220, 893, 267
(f) Deposits requested but not made		[2]	
(g) (B) Reconciliation of transfers to United States portion accounts:			
5 percent times 22,220,893,266			1, 111, 044, 663

[1] Represents partial deposit of counterpart of $725,000 transferred to Italy.
[2] Nil.

Consolidated detail country purposes, counterpart special account, Public Laws 84, 389, and 665—Italy

[Currency: Lire; unit: Thousands; period ended: Sept. 30, 1956]

	Purpose code and description	Approvals [1]		Withdrawals						Cumulative disbursements
		Step 2	Step 3	Months of July and September 1956	Cumulative total	Grants	Loans		Undistributed	
							Prior to Zablocki, not repayable	Zablocki		
	Agriculture	202, 682, 824	188, 536, 824		188, 536, 824	185, 536, 824	3, 000, 000			117, 747, 232
201	Land reclamation	172, 571, 297	158, 425, 297		158, 425, 297	158, 425, 297				97, 537, 248
202	Research and extension service	2, 385, 875	2, 385, 875		2, 385, 875	2, 385, 875				2, 334, 837
203	Farm credit	3, 000, 000	3, 000, 000		3, 000, 000		3, 000, 000			1, 215, 453
206	Miscellaneous	24, 725, 652	24, 725, 652		24, 725, 652	24, 725, 652				16, 659, 694
	Transportation, communication, utilities	248, 454, 155	247, 984, 695		247, 984, 695	242, 984, 695	5, 000, 000			129, 579, 370
241	Railroads	178, 154, 000	178, 153, 558		178, 153, 558	178, 153, 558				72, 754, 000
242	Waterways and harbors	16, 442, 146	16, 298, 244		16, 298, 244	16, 298, 244				12, 486, 479
243	Merchant and fishing fleet	12, 002, 642	12, 000, 000		12, 000, 000	7, 000, 000	5, 000, 000			12, 000, 000
244	Airports	1, 127, 000	1, 127, 000		1, 127, 000	1, 127, 000				683, 358
245	Roads and highway bridges	26, 923, 199	26, 716, 175		26, 716, 175	26, 716, 175				20, 972, 231
247	Communication facilities	4, 323, 700	4, 322, 488		4, 322, 488	4, 322, 488				3, 419, 040
248	Electric, gas, and power facilities	929, 377	824, 074		824, 074	824, 074				651, 195
249	Water system, except rural water supply	8, 552 091	8, 543, 156		8, 543, 156	8, 543, 156				6, 613, 067
	Technical assistance, except agriculture (to June 30, 1952)	1, 069, 655	1, 069, 655		1, 069, 655	1, 069, 655				1, 069, 655
	Technical assistance (from July 1, 1952)	1, 074, 470	1, 074, 470	25, 000	1, 049, 470	1, 049, 470				1, 023, 413
261	Agriculture	106, 899	106, 899		106, 899	106, 899				106, 899
262	Industry	458, 114	458, 114		458, 114	458, 114				458, 114
263	Labor	262, 350	262, 350		262, 350	262, 350				262, 767
264	Dependent overseas territories	42, 492	42, 492		42, 492	42, 492				42, 492
	Not covered by code	204, 615	204, 615	25, 000	179, 615	179, 615				153, 141
270	Loans to industry and commerce	197, 372, 400	180, 172, 400	13, 963, 326	177, 835, 726		166, 585, 726	11, 250, 000		142, 046, 394

280	Undistributed promotion of production	23,065,500	23,065,500		23,065,500	23,065,500				17,593,107
	Construction of public buildings and housing facilities	135,384,849	135,047,568		135,047,568	112,012,568	23,000,000		35,000	100,781,108
311	Housing	106,753,937	106,694,068		106,694,068	83,659,068	23,000,000		35,000	77,333,920
312	Public buildings	28,630,912	28,353,500		28,353,500	28,353,500				23,447,188
	Special relief project	8,294,089	8,293,589		8,293,589	8,293,589				8,293,589
321	Health and sanitation	4,936,500	4,936,000		4,936,000	4,936,000				4,936,000
323	Miscellaneous social services	3,357,589	3,357,589		3,357,569	3,357,589				3,357,589
340	Tourism	8,768,875	8,768,875		8,768,875	1,841,675	6,927,200			4,984,870
370	Undistributed other purposes	45,807,181	45,807,181		45,807,181	45,364,838			442,343	3,980,053
400	Military purposes	56,300,000	34,000,000		34,000,000	34,000,000				
	Grand total	928,273,998	873,820,757	13,988,326	871,459,083	655,218,814	204,512,926	11,250,000	477,343	527,098,791

[1] Total of step 1 approvals 928,606,758 broken down as follows: Public Law 84, 40,528,761 (final report July 1953); Public Law 389, 100,664,347; Public Law 665, 787,413,650.

Public Law 389, counterpart special account—Detail country purposes (other than sec. 115 (k)), Italy

[Currency: Lire; unit: Thousands; period ended: Sept. 30, 1956]

	Purpose code and description	Approvals [1]		Withdrawals						Cumulative disbursements
		Step 2	Step 3	Months of July and September 1956	Cumulative total	Grants	Loans		Undistributed	
							Prior to Zablocki not repayable	Zablocki		
	Agriculture	22,333,875	22,333,875		22,333,875	20,833,875	1,500,000			1,291,449
201	Land reclamation	20,000,000	20,000,000		20,000,000	20,000,000				
202	Research and extension service (including technical assistance to June 30, 1952)	505,875	505,875		505,875	505,875				505,875
203	Farm credit	1,500,000	1,500,000		1,500,000		1,500,000			785,574
206	Miscellaneous	328,000	328,000		328,000	328,000				
	Transportation, commerce, and utilities	32,300,000	32,300,000		32,300,000	28,300,000	4,000,000			4,000,000
241	Railroads	28,000,000	28,000,000		28,000,000	28,000,000				
243	Merchant and fishing fleet	4,000,000	4,000,000		4,000,000		4,000,000			4,000,000
244	Airports	300,000	300,000		300,000	300,000				
260	Technical assistance except agricultural (to June 30, 1952)	1,069,655	1,069,655		1,069,655	1,069,655				1,069,655
	Technical assistance (from July 1, 1952)	1,074,470	1,074,470		1,049,470	1,049,470				1,023,413
261	Agriculture	106,899	106,899		106,899	106,899				106,899
262	Industry	458,114	458,114		458,114	458,114				458,114
263	Labor	262,350	262,350		262,350	262,350				262,767
264	Dependent overseas territories	42,492	42,492		42,492	42,492				42,492
	Not covered by code	204,615	204,615	25,000	179,615	179,615				153,141
270	Loans to industry and commerce (not elsewhere classified)									

280	Undistributed promotion of production	252,500	252,500		252,500	252,500				60,000
	Construction of public buildings and housing facilities	35,000	35,000		35,000				35,000	
311	Housing	35,000	35,000		35,000				35,000	
	Special relief projects	500,000	500,000		500,000	500,000				500,000
321	Health and sanitation	500,000	500,000		500,000	500,000				500,000
340	Tourism	768,875	768,875		768,875	768,875				768,875
370	Undistributed other purposes	42,272,471	42,272,471		42,272,471	41,830,128			442,343	445,343
	Grand total	100,606,846	100,606,846	25,000	100,581,846	94,604,503	5,500,000		477,343	[2] 9,158,735

[1] Total of program approvals 100,714,347.
[2] Italian Government has reported cash disbursements of 9,158,735 thousands lire but has made commitments of 90,599,000.

Public Law 665, counterpart special account—Detail country purposes—(other than Sec. 115 (k))

[Currency: Lire; unit: Thousands; period ended: Sept. 30, 1956]

	Purpose code and description	Approvals [1]		Withdrawals						Cumulative disbursements
		Step 2	Step 3	Months of July and September 1956	Cumulative total	Grants	Loans		Undistributed	
							Prior to Zablocki, not repayable	Zablocki		
	Agriculture	175, 986, 687	161, 840, 687		161, 840, 687	160, 340, 687	1, 500, 000			112, 093, 521
301	Land reclamation	148, 306, 687	134, 160, 687		134, 160, 687	134, 160, 687				93, 272, 638
202	Research and extension service	1, 880, 000	1, 880, 000		1, 880, 000	1, 880, 000				1, 828, 962
203	Farm credit	1, 500, 000	1, 500, 000		1, 500, 000		1, 500, 000			429, 879
206	Miscellaneous	24, 300, 000	24, 300, 000		24, 300, 000	24, 300, 000				16, 562, 042
	Transportation, commerce and utilities	201, 300, 155	200, 830, 695		200, 830, 695	199, 830, 695	1, 000, 000			110, 725, 370
241	Railroads	137, 400, 000	137, 399, 558		137, 399, 558	137, 399, 558				60, 000, 000
242	Waterway and harbors	16, 442, 146	16, 298, 244		16, 298, 244	16, 298, 244				12, 486, 479
243	Merchant and fishing fleet	8, 002, 642	8, 000, 000		8, 000, 000	7, 000, 000	1, 000, 000			8, 000, 000
244	Airports	827, 000	827, 000		827, 000	827, 000				683, 358
245	Roads and highway bridges	24, 823, 199	24, 616, 175		24, 616, 175	24, 616, 175				18, 872, 231
247	Communication facilities	4, 323, 700	4, 322, 488		4, 322, 488	4, 322, 488				3, 419, 040
248	Electric, gas and power facilities	929, 377	824, 074		824, 074	824, 074				651, 195
249	Water system, except rural water supply	8, 552, 091	8, 543, 156		8, 543, 156	8, 543, 156				6, 613, 067
270	Loans to industry and commerce	197, 372, 400	180, 172, 400	13, 963, 326	177, 835, 726		166, 585, 726	11, 250, 000		142, 846, 394
280	Undistributed promotion of production	18, 773, 000	18, 773, 000		18, 773, 000	18, 773, 000				13, 493, 107
	Construction of public buildings and housing facilities	126, 019, 649	125, 682, 368		125, 682, 368	102, 682, 368	23, 000, 000			91, 450, 908
311	Housing	103, 203, 937	103, 144, 068		103, 144, 068	80, 144, 068	23, 000, 000			73, 818, 920
312	Public buildings	22, 815, 712	22, 538, 300		22, 538, 300	22, 538, 300				17, 631, 988
	Special relief projects	3, 386, 500	3, 386, 000		3, 386, 000	3, 386, 000				3, 386, 000
321	Health and sanitation	3, 386, 500	3, 386, 000		3, 386, 000	3, 386, 000				3, 386, 000
340	Tourism	8, 000, 000	8, 000, 000		8, 000, 000	1, 072, 800	6, 927, 200			4, 215, 995
400	Military purposes	56, 300, 000	34, 000, 000		34, 000, 000	34, 000, 000				
	Grand total	787, 138, 391	732, 685, 150	13, 963, 326	730, 348, 476	520, 085, 550	199, 012, 926	11, 250, 000		477, 411, 295

[1] Total of step 1 approvals 787,413,650.

Public Law 665, sec. 115 (k) counterpart productivity fund—detail, Italy

[Currency: Lire; unit: Thousands; period ended: Sept. 30, 1956]

Purpose code and description	Programed	Approvals,[1] step 3	Withdrawals				Grants disbursements cumulative total
			Months of July and September 1956	Cumulative total	Grants	Transfer to revolving loan fund	
501 Intra-European projects (contribution to European Productivity Agency)	1,100,000	1,100,000		1,100,000	1,100,000		
521 Industry (production assistance loan fund)	6,575,000	6,575,000		6,575,000		6,575,000	
Not covered by purpose code:							
National Productivity Council budget (operating expenses)	2,200,000	1,673,915	300,000	1,673,915	1,673,915		
Free trade union productivity program	500,000	175,000	175,000	175,000	175,000		
Cooperative low-cost housing loan fund	2,500,000						
Total	12,875,000	9,523,915	475,000	9,523,915	2,948,915	6,575,000	

[1] Total of program approvals, 12,875,000; total of step 2 approvals, 12,875,000.

Public Law 472, Counterpart Special Account—Detail Country Purposes (other than sec. 115(k)), Italy (Trieste)

[Currency: Lire; unit: Thousands; period ended: Sept. 30, 1956]

	Purpose code and description	Approvals [1]		Withdrawals						Cumulative disbursements
		Step 2	Step 3	Months of July and September 1956	Cumulative total	Grants	Loans		Undistributed	
							Prior to Zablocki, not repayable	Zablocki		
	Extractive industries				19,000		19,000			19,000
213	Other mining and quarrying				19,000		19,000			19,000
	Manufacturing				831,508		831,508			831,508
221	Foods products				300,000		300,000			300,000
222	Basic textiles				450,000		450,000			450,000
223	Primary metals				7,111		7,111			7,111
224	Lumber and sawmill products				29,397		29,397			29,397
227	Chemicals and chemical products, except fertilizers				45,000		45,000			45,000
	Transportation, communication and utilities				19,319,101		19,319,101			19,319,101
243	Merchant and Fishing fleet				19,319,101		19,319,101			19,319,101
270	Loans to industry and commerce (not elsewhere classified)				1,332,492		1,332,492			1,332,492
	Handling and transportation of relief packages				28,566	28,566				28,566
331	Parcel Post packages				10,244	10,244				10,244
332	Voluntary relief account shipments				18,322	18,322				18,322
	Grand total				21,530,667	28,566	21,502,101			21,530,667

[1] Total amounts of step 1, 2 not applicable.

Public Law 665, sec. 115 (k) revolving loan fund status of ICA loans and interest, Italy

[Currency: Lire; unit: Thousands ;period ended: Sept. 30, 1956]

Purpose code and description	Loan disbursements	Repayments principal	Bad debt losses	Loans outstanding			Interest	
				Total	Not due	Delinquent	Collected (net)	Due uncollected
511 Agriculture	19			19	19			
521 Industry	448			448	448			
531 Labor								
541 Dependent overseas territories								
Total	[1] 467			467	467			

[1] Represents the amount of actual disbursements against a total of 1,196 million lire of loans approved.

Public Law 665, counterpart special account status of Zablocki loans and interest, Italy

[Currency: Lire; unit: Thousands; period ended: Sept. 30, 1956]

Purpose code and description	Loan disbursements	Repayments principal	Bad debt losses	Loans outstanding			Interest	
				Total	Not due	Delinquent	Collected (net)	Due uncollected
270 Loans to industry and commerce (n.e.c.)	2,987,509	0	0	2,987,509	2,987,509	0	0	0

Public Law 665, counterpart special account—detail country purposes—military, Italy

[Currency: Lire; unit: Thousands; period ended: Sept. 30, 1956]

EXHIBIT C

Status of ICA aid (Public Law 665) excluding MDAP (AMP) from inception of program to June 30, 1956 [1]

[In dollars]

Commodity and services groups (Col. 1)	Procurement authorizations (issued) (Col. 2)	Paid (as per run 13) (Col. 3)	Arrived (as per Italian Government receipts)[2] (Col. 4)	Pipeline procurement authorizations minus payments (2–3) (Col. 5)	Pipeline payments minus arrivals (3–4) (Col. 6)
Bread grains	$199,668,848.74	$199,668,848.74	$199,668,848.74		
Fats and oils	21,315,153.63	21,315,153.63	21,315,153.63		
Cotton	463,416,270.61	463,416,270.61	[3] 463,416,270.61		
Fertilizers	6,156,601.72	6,156,601.72	6,156,601.72		
Chemicals and medical supplies	17,293,063.87	17,293,063.87	[4] 17,293,063.87		
Leather and textiles	11,333,955.05	11,333,955.05	11,333,955.05		
Lumber	1,091,291.06	1,091,291.06	1,091,291.06		
Coal	111,933,062.06	111,933,062.06	111,933,062.06		
Petroleum, oils and lubricants	183,597,406.72	183,597,406.72	[5] 183,597,406.72		
Iron and steel products	29,106,389.53	29,106,389.53	[6] 29,106,389.53		
Nonferrous metals	64,327,825.02	64,327,825.02	[7] 64,327,825.02		
Machinery equipment	257,875,445.78	257,844,445.78	[8] 252,388,702.63	$31,000	$5,455,743.15
Transportation and communication	5,181,454.75	5,181,454.75	[9] 5,181,454.75		
Rubber	16,343,256.39	16,343,256.39	[10] 16,343,256.39		
Miscellaneous	27,078,328.11	27,078,328.11	[11] 27,057,880.86		20,447.25
Subtotal commodities	1,415,718,353.04	1,415,687,353.04	1,410,211,162.64	31,000	5,476,190.40
Technical services (excluding technical assistance)	11,014,564.47	11,014,564.47	11,014,564.47		
Ocean freight	152,722,872.44	152,722,872.44	[12] 152,722,872.44		
Credit procurement authorizations [13]	(28,500,414.84)	(28,500,414.84)	[14] (28,486,017.20)		(14,397.64)
Total	1,550,955,375.11	1,550,924,375.11	1,545,462,582.35	31,000	5,461,792.76

[1] Date of last notification from Washington.
[2] Based on last report from Government through Sept. 30, 1956.
[3] Includes $10,959,116.33 transferred to MDAP.
[4] Includes $47,086.51 transferred to MDAP.
[5] Includes $4,045,360.66 transferred to MDAP.
[6] Includes $461,739.37 transferred to MDAP.
[7] Includes $3,203,223.91 transferred to MDAP.
[8] Includes $76,721.47 transferred to MDAP.
[9] Includes $7,672.20 transferred to MDAP.
[10] Includes $29,406.23 transferred to MDAP.
[11] Includes $34,127.83 transferred to MDAP.
[12] Includes $593,640.72 transferred to MDAP.
[13] Refunds are applicable to closed procurement authorizations.
[14] Less $94.72 transferred to MDAP.

Source: Prepared by Office of the Controller for Italy, Sept. 28, 1956.

Status of MDAP (AMP) aid from inception of program to June 30, 1956 [1]

[In dollars]

Commodity and services groups (Col. 1)	Procurement authorizations (issued) (Col. 2)	Paid (as per run 13) (Col. 3)	Arrived (as per Italian Government receipts) [2] (Col. 4)	Pipeline procurement authorizations minus payments (2–3) (Col. 5)	Pipeline payments minus arrivals (3–4) (Col. 6)
Fats	$46,047.91	$46,047.91	$46,047.91		
Cotton	2,776,505.56	2,775,950.32	[3] 2,776,505.56	$555.24	
Chemicals	440,827.79	440,827.79	[4] 440,827.79		
Lumber	819,563.96	819,563.96	819,563.96		
Coal	1,750,218.86	1,750,218.86	1,750,218.86		
Petroleum, oils and lubricants	725,198.54	725,198.54	[5] 725,198.54		
Iron and steel products	1,892,868.45	1,892,868.45	[6] 1,892,868.45		
Nonferrous metals	4,820,954.70	4,820,954.70	[7] 4,820,954.70		
Machinery equipment	693,805.77	623,805.77	[8] 699,270.47	70,000.00	
Transportation and communication:					
Aircraft parts, accessories and ground handling equipment	18,451.32	18,451.32	[9] 18,451.32		
Naval components delivered directly to the Ministry of Defense	19,178,470.—	18,335,684.75	18,335,684.75	842,785.25	
Rubber	214,507.23	214,507.23	[10] 214,507.23		
Miscellaneous	1,370,845.86	1,370,845.86	[11] 1,370,845.86		
Subtotal commodities	34,748,265.95	33,834,925.46	33,910,945.40	913,340.49	
Technical services (excluding technical assistance)	19,612.80	10,612.80	19,612.80		
Ocean freight	1,921,432.34	1,921,432.84	[12] 1,921,432.34		
Total	36,689,311.09	35,775,970.60	35,851,990.54	913,340.49	

[1] Date of last notification from Washington.
[2] Based on last report from Government through Sept. 30, 1956.
[3] Excludes $10,959,110.33 transferred from ICA program and $695,558.77 from sec. 550.
[4] Excludes $47,0[illegible]6.51 transferred from ICA.
[5] Excludes $4,045,360.66 transferred from ICA.
[6] Excludes $461,739.37 transferred from ICA.
[7] Excludes $3,203,223.91 transferred from ICA.
[8] Excludes $76,721.47 transferred from ICA.
[9] Excludes $7,672.20 transferred from ICA.
[10] Excludes $29,406.23 transferred from ICA.
[11] Excludes $34,127.83 transferred from ICA.
[12] Excludes $593,640.72 transferred from ICA.

Source: Prepared by Office of the Controller for Italy.

Status of ICA aid (sec. 402) from inception of program to June 30, 1956 [1]

[In dollars]

Commodity and services groups (Col. 1)	Procurement authorizations (issued) (Col. 2)	Paid (as per run 13) (Col. 3)	Arrived (as per Italian Government receipts) [2] (Col. 4)	Pipeline procurement authorizations minus payments (2 minus 3) (Col. 5)	Pipeline payments minus arrivals (3 minus 4) (Col. 6)
Cotton	$25,587,618.63	$22,092,900.09	$24,409,237.79	$3,494,718.54	
Total	25,587,618.63	22,092,900.09	24,409,237.79	3,494,718.54	

[1] Date of last notification from Washington.
[2] Based on last report from Government through Sept. 30, 1956.

Source: Prepared by Office of the Controller for Italy.

Status of ICA aid (coal procurement program) from inception of program to June 30, 1956 [1]

[In dollars]

Commodity and services groups (Col. 1)	Procurement authorizations (issued) (Col. 2)	Paid (as per run 13) (Col. 3)	Arrived (as per Italian Government receipts (Col. 4)	Pipeline procurement authorizations minus payments (2 minus 3) (Col. 5)	Pipeline payments minus arrivals (3 minus 4) (Col. 6)
Coal	$2,159,651.00	$2,159,651.00	$2,159,651.00		
Subtotal, commodities	2,159,651.00	2,159,651.00	2,159,651.00		
Ocean freight	1,222,348.22	1,222,348.22	1,222,348.22		
Total	3,381,999.22	3,381,999.22	3,381,999.22		

[1] Date of last notification from Washington.

Source: Prepared by Office of the Controller for Italy.

Status of ICA aid (sec. 550) from inception of program to June 30, 1956

[In dollars]

Commodity and services groups (Col. 1)	Procurement authorizations (issued) (Col. 2)	Paid (as per run 13) (Col. 3)	Arrived (as per Italian Government receipts) (Col. 4)	Pipeline procurement authorizations minus (2 minus 3) (Col. 5)	Pipeline payments minus arrivals (3 minus 4) (Col. 6)
Fats	$2,000,000.00	$2,000,000.00	$2,000,000.00		
Cotton	14,619,294.93	14,619,294.93	[1] 14,619,294.93		
Tobacco	1,498,946.75	1,498,946.75	1,498,946.75		
Total	18,118,241.68	18,118,241.68	18,118,241.68		

[1] Includes $695,558.77 transferred to MDAP.

Source: Prepared by Office of the Controller for Italy.

EXHIBIT D

Percentage of the French budget devoted to defense

Year [1] (1)	Gross (NATO definitions) [2] (2)	Net of United States aid and of pensions, etc. [3] (3)	Year [1] (1)	Gross (NATO definitions) [2] (2)	Net of United States aid and of pensions, etc. [3] (3)
1950	26.7	21.7	1954	33.1	24.7
1951	32.9	27.7	1955	30.1	25.1
1952	39.7	30.9	1956	31.3	27.2
1953	37.1	28.1			

[1] In France the fiscal year corresponds to the calendar year. Thus the current budget is for the calendar year 1956. 1957 appropriations have not yet been voted nor even requested.

[2] The column entitled "Gross (NATO definitions)" shows as a percentage of total budget appropriations all appropriations which are classified as "defense" according to the standard system of definitions used by NATO.

[3] The column entitled "Net of United States aid and of pensions, etc." shows as a percentage of total budget appropriations the gross defense appropriations used as a basis for the calculations in col. (2), minus all United States aid in support of the French defense budget and all appropriations which might not be considered as "strictly" military (primarily pensions).

Source: U. S. Embassy (Finance) France.

EXHIBIT E

INTERNATIONAL COOPERATION ADMINISTRATION,
Washington, D. C., November 21, 1956.

Hon. ALLEN J. ELLENDER,
United States Senate, Washington, D. C.

DEAR SENATOR ELLENDER: At the request of Mr. Charles W. Adair, Jr., counselor for economic affairs, American Embassy, Brussels, I am pleased to transmit herewith a summary of Belgium counterpart data which was prepared by our European area controller.

Sincerely yours,

GUILFORD JAMESON,
Deputy Director for Congressional Relations.

Belgium-Luxembourg Counterpart Fund status as of Sept. 30, 1956

		In thousands United States dollars
United States purchases for Belgium Government (United States dollars)		578,141
Less transfers [1]		544,097
Balance available for counterpart		34,044
Deposits made by Belgian Government:		
To counterpart account	33,986	
Deposits requested but not made	58	
Total available for counterpart		34,044

		In thousands Belgium francs
Deposits and deposits requested ($34,044)		1,683,716
Less withdrawals and transfers:		
To United States accounts	103,278	
Country purposes, excluding 115 (k)	1,503,657	
115 (k) counterpart productivity fund	45,000	
		1,651,935
Balance to be available for programing		31,781

[1] Represents $76,190.22 counterpart waived on technical assistance, $68,000,478.55 in loans, $446,645,000 Inter-European trade, and $29,375,000 for European Payments Union transactions.

Program analysis of withdrawals for country purposes

[In thousands Belgium francs]

	Approvals of program step III	Withdrawals by Belgium Government		
		Grants	Zablocki loans	Total
Agriculture	116,583	96,583	15,000	111,583
Extractive industries	1,205,700		1,205,700	1,205,700
Technical assistance	185,870	185,870		185,870
Other purposes	504	504		504
Grand total	1,508,657	282,957	1,220,700	1,503,657

From the above data it may be seen that there remains 5 million Belgium francs ($100,000) which have been approved for agriculture which will be withdrawn later.

	In thousands Belgium francs
Total balance presently in counterpart account	29,141
To be deposited in counterpart account	2,640
Balance to be available	31,781
Approved but not withdrawn (Luxembourg)	5,000
Balance to be available for future programs [1]	26,781

[1] Included in the balance to be available are 7,650 Belgium francs for other technical assistance (productivity center) which has not been given final United States approval. Should approval be given for this project, the balance figure would be reduced by that amount, leaving a counterpart fund for additional programing or withdrawals of 19,131.

EXHIBIT F

TABLE I.—*United States assistance to the United Kingdom from Apr. 3, 1948, to the present (obligation basis, United States fiscal years)*

		Millions
I. Economic recovery program, 1948–49 to 1950–51		[1] $2,714
II. Mutual defense assistance:		
(*a*) Defense support		
1951–52	$350	
1952–53	409	
1953–54	115	
		874
(*b*) Direct forces support (special aircraft):		
1953–54	85	
1954–55	35	
		120
(*c*) Military assitance:		
1. End items and training, 1940–50 to 1955–56 (programed)		850
2. Machine-tool program, 1950–51		112
3. Additional RAF program:		
1952–53	$37	
1953–54	104	
1954–55	25	
		166
4. Special projects, 1953–54 to 1955–56:		
Facilities assistance	21	
Mutual weapons development	29	
		50
III. Agricultural Trade Development and Assistance Act (Public Law 480): Tobacco-military housing, 1954–55 to 1955–56		27

TABLE II

[Million dollars equivalent]

I. ALLOCATION OF 90 TO 95 PERCENT STERLING COUNTERPART FUNDS (STATUS AS OF OCT. 31, 1956)

Total counterpart deposited (cumulative through Oct. 31, 1956)	2,575.6
Less amount transferred to U. S. Government (5 to 10 percent counterpart)	148.9
Total, 90 to 90 percent counterpart funds	2,426.7
Use of 90 to 95 percent counterpart funds:	
1. Generated by ERP aid (fiscal year 1948–49 to 1950–51 funds):	
(a) Short-term debt retirement	1,706.7
(b) Technical assistance	1.1
(c) Relief packages	1.9
Total ERP program	1,709.7
2. Generated by mutual-security aid (fiscal year 1951–52 to 1953–54 funds):	
(a) Defense production	699.4
(b) Productivity (sec. 115 (k))	9.6
(c) Overseas development	7.4
Total mutual-security program	716.4
Total counterpart used	2,426.1
Balance unexpended Oct. 31, 1956	.6

II. ALLOCATION OF STERLING PROCEEDS FROM THE SALE OF UNITED STATES SURPLUS AGRICULTURAL COMMODITIES UNDER SECS. 550 AND 402 (STATUS AS OF OCT. 31, 1956)

1. Total sterling proceeds deposited (cumulative through October 31, 1956), 95.9.

Use of sterling proceeds:	Allocated	Expended	Unexpended
(a) United Kingdom defense production	57.2	55.3	1.6
(b) United Kingdom special aircraft	20.0	18.6	1.4
(c) United Kingdom overseas territories program [1]	5.0	.8	4.2
(d) United States use for payments on 3d country OSP contracts	13.7		13.7
Total	95.9	74.7	20.9

[1] In addition to the sterling funds programed for assistance to the British overseas territories, the United States has obligated $1.6 million for technical cooperation to the United Kingdom African overseas territories. American Embassy, London, England. Nov. 1, 1956.

2. Sterling proceeds expected to be deposited when agricultural sales are completed:

Programed use of unexpended sterling proceeds—	
(a) United Kingdom defense production	3.7
(b) United Kingdom special aircraft	15.0
(c) United Kingdom bomb component program	25.2
Total	43.9

TABLE III.—*United States mutual security support to British defense budget (by periods when sterling equivalent of aid actually entered United Kingdom budget)*

[Million dollar equivalent]

	British fiscal years				
	1952–53	1953–54	1954–55	1955–56	1956–57 (estimate)[1]
Total defense expenditure (NATO definition)	4,846	4,765	4,724	4,543	4,784
United States support to defense budget under mutual-security program	288	405	180	63	140
Self-financed United Kingdom defense contribution	4,558	4,360	4,544	4,480	4,644
Self-financed as percent of total United Kingdom defense expenditure	94	91.5	96.2	98.6	97.1
United States financed proportion of United Kingdom defense expenditure (percent)	6	8.5	3.8	1.4	2.9

[1] United Kingdom estimate made in September 1956.

American Embassy, London, England, Nov. 1, 1956.

EXHIBIT G

DEPARTMENT OF STATE,
Washington, November 13, 1956.

Hon. A. J. ELLENDER,
United States Senate.

DEAR SENATOR ELLENDER: I am enclosing a letter to you forwarded through the Department from Mr. Robert W. Barnett, counselor for economic affairs at the American Embassy, The Hague, providing certain information requested by you.

Sincerely yours,

ROBERT C. HILL, *Assistant Secretary.*

THE FOREIGN SERVICE,
AMERICAN EMBASSY,
The Hague, October 30, 1956.

Hon. A. J. ELLENDER,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR ELLENDER: During your visit to The Hague on October 26, you requested more specific information about the Public Law 480 agreement between the United States and the Netherlands. The terms of the agreement are substantially as related to you previously:

1. The agreement provides for sale of surplus United States cotton valued at $275,000.

2. Of the local currency generated thereby, 10 percent or the equivalent of $27,500 is available to the United States Government for use in the Netherlands. The equivalent of $200,000 will be used to finance market research and sales promotion projects in the Netherlands designed to further stimulate the consumption of cotton. The research and promotion will be undertaken by the National Cotton Council of America and its Netherlands counterpart, the Stichting voor Katoenpropaganda. The equivalent of a maximum of $47,500 may be used to pay the local expenses of the Cotton Council of America.

3. The agreement provides that up to $25,000 equivalent will be convertible into other currencies by the Government of the Netherlands as required.

In accordance with the legal requirements of Public Law 480, the cotton, which has already been delivered, is to be over and above normal United States marketings.

Very truly yours,

ROBERT W. BARNETT,
Counselor for Economic Affairs.

EXHIBIT H

OCTOBER 15, 1956.

Subject: Termination of ICA activities in the Netherlands.

1. The office of the ICA special representative to the Netherlands was abolished on July 1, 1956. An officer from the Washington staff of ICA is temporarily assigned here to aid the Embassy to close out the remaining counterpart, including any reprograming. He will return to Washington next month.

2. We have obtained agreement from the Dutch to wind up all counterpart programs by the end of 1958. United States responsibilities will now involve the mere receipt of financial and progress reports by the European area controller in Paris.

3. Financial background (in guilders):

(*a*) Amount available for projects: 3,148,132,835.52.

(*b*) Amount approved for specific projects (II): 3,149,585,056.

(*c*) Amount released for expenditure (III): 2,775,667,931.

(*d*) Amount to be released (III): 372,464,904.

4. Of the amount available for projects, f14,004,360.78 results from wheat purchases under section 402.

5. We are currently in process of reprograming approximately f115 million of agreed upon projects (1950–51) which are no longer needed.

UNITED STATES SENATE

MEMORANDUM

ICA called to give me following conversion rates at 3.82 guilders to 1 dollar (the guilders and florins are all the same so this will cover all figures):

(*a*) 3,148,132,835.52	$824, 118, 543
(*b*) 3,149,585,056	824, 498, 705
(*c*) 2,775,667,931	726, 614, 641
(*d*) 372,464,904	97, 503, 901
4. 14,004,360.78	3, 666, 063
5. 115,000,000	30, 104, 712

EXHIBIT I

UNITED STATES REPRESENTATIVE
TO THE ORGANIZATION FOR
EUROPEAN ECONOMIC COOPERATION,
Paris, France, October 25, 1956.

Hon. ALLEN J. ELLENDER,
The United States Senate, Washington, D. C.

DEAR SENATOR ELLENDER: I enjoyed my short visit with you yesterday. I had hoped to find something briefer to describe the OEEC than the enclosed pamphlet. However, this has recently been published and really gives you the whole picture of this very successful international organization working in the economic field.

Now, in regard to the question which you asked me. You may remember that I told you the United States is contributing $1.5 million to the European Productvity Agency of the OEEC. Formerly, EPA projects, when they were of considerable size, had been handled by the United States. This is the first year that a lump sum has been siphoned through the Secretariat of the OEEC, who, in consultation with us and other member countries, plans to direct its activities. Your question was: What are the other countries contributing? The answer is that there is approximately $4 million being contributed in all, of which $1.5 million is from the United States. The other $2.5 million is contributed by each member country of the OEEC in relationship to its respective size. We, as associate member, do not make any other contribution to the OEEC, such as any contribution to the administration of the OEEC. This, incidentally, is a considerable item inasmuch as the Secretariat of the OEEC numbers over 700 people, of which I believe only 1 or 2 are Americans, for whom, as I said above, we make no monetary contribution.

I hope you find the remainder of your trip as stimulating as your recent experiences have been.

Very respectfully yours,

FREDERIC B. PAYNE,
Director, Office of Economic Affairs.

O