

Union Calendar No. 632

86th Congress, 2d Session

House Report No. 1464

MUTUAL SECURITY ACT OF 1960

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REPORT

OF THE

COMMITTEE ON FOREIGN AFFAIRS

ON

H.R. 11510

TO AMEND FURTHER THE MUTUAL SECURITY ACT OF  
1954, AS AMENDED, AND FOR OTHER PURPOSES



APRIL 7, 1960.—Committed to the Committee of the Whole House  
on the State of the Union and ordered to be printed

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### MUTUAL SECURITY ACT OF 1960

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APRIL 7, 1960.—Committed to the Committee of the Whole House on the State  
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Mr. MORGAN, from the Committee on Foreign Affairs, submitted the  
following

### R E P O R T

[To accompany H.R. 11510]

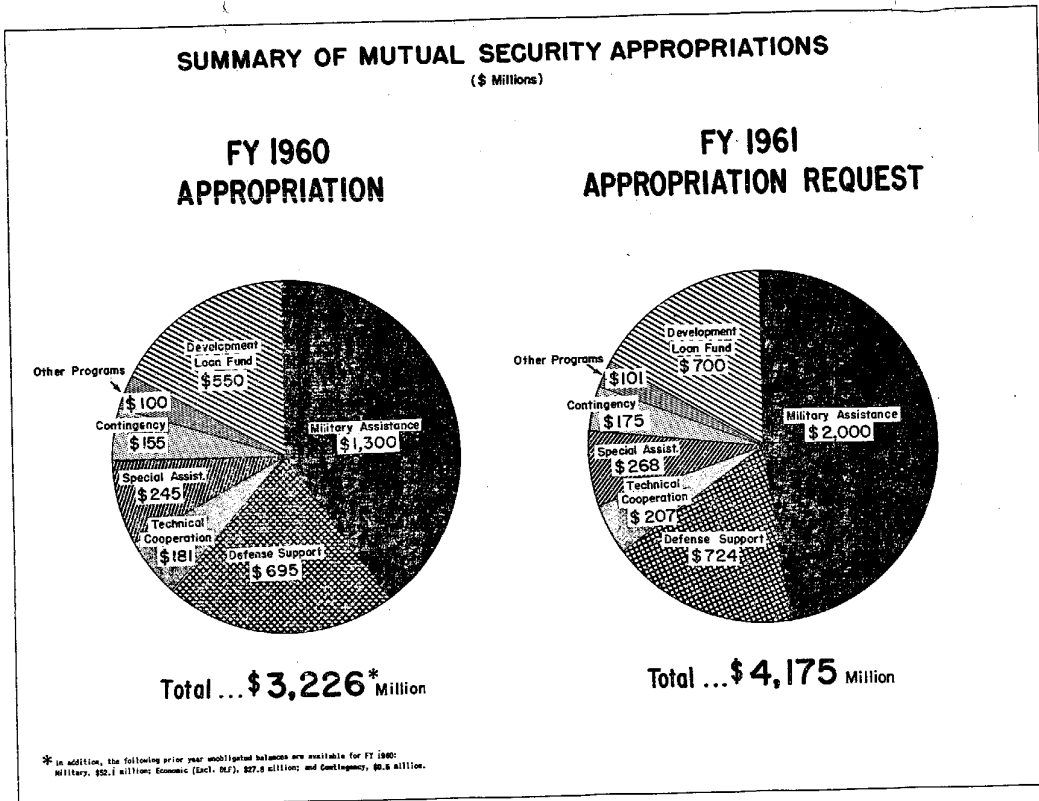
The Committee on Foreign Affairs, to whom was referred the bill  
(H.R. 11510) to amend further the Mutual Security Act of 1954, as  
amended, and for other purposes, having considered the same, report  
favorably thereon without amendment and recommend that the bill  
do pass.

Fiscal analysis of mutual security program for fiscal year 1961

[In thousands of dollars]

Program	Appropriations for fiscal year 1960, Public Law 86-383 (1)	Administration appropriation request for fiscal year 1961 (2)	Administration authorization request for fiscal year 1961 (3)	Committee recommendation for fiscal year 1961 (4)	Decrease (-) or increase (+), col. 3 less col. 4 (5)
Chapter:					
I. Military assistance:					
Sec. 103(a): General authorization.....	\$1,300,000	\$2,000,000	(1)	(1)	
II. Economic assistance:					
Title I—Defense support: Sec. 131(b).....	\$ 695,000	724,000	\$724,000	\$675,000	-\$49,000
Title II—Development Loan Fund: Sec. 203: Capitalization.....	\$ 550,000	700,000	(1)	(1)	
Title III—Technical cooperation:					
Sec. 304: General authorization.....	150,000	172,000	172,000	172,000	
Sec. 306: Multilateral technical cooperation and related programs:					
(a) U.N. technical assistance.....	30,000	33,000	33,000	33,000	
(b) Organization of American States.....	1,200	1,500	1,500	1,500	
Total, title III.....	181,200	206,500	208,500	206,500	
Title IV—Special assistance and other programs:					
Sec. 400(a): Special assistance.....	245,000	268,500	268,500	256,000	-12,500
Sec. 405: Migrants, refugees, and escapees:					
(a) Intergovernmental Committee for European Migration.....	7,371	10,000	(1)	(1)	
(c) U.N. High Commissioner for Refugees.....	1,100	1,500	1,500	1,500	
(d) Escapee program.....	4,632	3,500	3,500	3,500	
Sec. 406: Children's welfare.....	12,000	12,000	12,000	12,000	
Sec. 407: Palestine refugees.....	25,000	18,500	18,500	18,500	
Sec. 408(a): NATO science program.....		1,800	(1)	(1)	
Sec. 409(c): Ocean freight charges on voluntary relief shipments.....	1,910	2,000	2,000	2,000	
Sec. 410: Control Act expenses.....					
Sec. 411: Administrative and other expenses:					
(b) Administrative and other expenses (other than ch. I and title II of ch. II).....	38,000	40,000	40,000	40,000	
(c) State Department administrative expenses.....	8,100	8,300	(1)	(1)	
Sec. 419(a): Atoms for peace.....	1,500	3,400	3,400	3,400	
Total, title IV.....	344,613	369,500	349,400	336,900	-12,500
Total, ch. II.....	1,770,813	2,000,000	1,279,900	1,218,400	-61,500
III. Contingency fund: Sec. 451(b).....	155,000	175,000	175,000	100,000	-75,000
IV. Sec. 504: Small business.....					
V. Sec. 501(b) of MSA of 1959: International Cooperation in Health.....			(2)	(2)	
VII. Sec. 704 of MSA of 1959: NATO parliamentarians.....					
Sec. 705 of MSA of 1959: World Refugee Year.....					
Total.....	\$ 3,225,813	\$ 4,175,000	1,454,900	1,318,400	-136,500

<sup>1</sup> Authorization contained in the Mutual Security Act.  
<sup>2</sup> Not less than \$45,000,000 shall be available for Spain.  
<sup>3</sup> Not to exceed \$1,320,000 to be available for administrative expenses.  
<sup>4</sup> In addition, the appropriation act contained sums for departments and activities other than the mutual security legislation. These are not included.  
<sup>5</sup> Repealed by sec. 602.  
<sup>6</sup> This total does not include unobligated balances of prior year appropriations requested to be continued available.



Based upon executive branch appropriation request

## MUTUAL SECURITY ACT OF 1960

### INTRODUCTION

This bill authorizes \$1,318,400,000 for carrying forward certain portions of the mutual security program. In addition to the parts of the program included in this authorization the Executive is requesting total appropriations of \$2,720,100,000 against authorizations already in effect, of which \$2 billion is for military assistance and \$700 million is for the Development Loan Fund.

The authorization is \$136,500,000 less than the amount requested by the Executive and \$41,942,000 less than the amounts appropriated for these same items last year.

The bill contains a number of amendments to the basic legislation intended to tighten the administration of the program as well as provisions giving additional guidance to, or imposing new limitations on, the Executive with respect to future operations.

A table showing the authorizations and the reductions is shown on page 2.

### NECESSITY FOR PROGRAM RECOGNIZED

In evaluating the request for the authorization of additional funds for economic assistance and in reviewing the military assistance program, the committee has given primary consideration to the administration of the mutual security program. Most of the American people and the majority of the Congress recognize the soundness of the concept of assisting the military forces of nations determined to resist aggression and of providing economic aid to countries when their present status or future development are of importance to the United States.

Although one result of increasing emphasis on review and evaluation of the program has been the disclosure of a number of instances of waste in particular projects or operations, there was also developed encouraging evidence that, in spite of its operating deficiencies in a number of areas, the mutual security program is attaining its basic objectives.

Certain of the newer nations which in an effort to follow a neutralist policy had previously refused or played down United States assistance as being inconsistent with the policy of placating the Union of Soviet Socialist Republics have now come to value our friendship and counsel as highly as our material assistance. They now have a better understanding of American policy. They recognize the United States has no objective except to assist them in maintaining their own independence and improving their living conditions. There have been several incidents which have shown that the attitude of the people of several of the nations of Asia toward the Soviet Union and Communist China has changed. The vociferous and occasionally spectacular claims of Communist propaganda have been too often more than offset by the flagrant aggressiveness and disregard of human welfare that have characterized Communist performance.

The obstacles confronting United States foreign policy have not been removed nor have final solutions been found for our problems. Nevertheless, there are indications that the governments and people of many of the less developed nations have come to recognize that the respect which we have demonstrated for their sovereignty and the priority we have given to the fundamental and the long range justify their trust.

There are those, however, who, while accepting the validity of the concept of foreign aid, have misgivings as to the ability of the United States to administer effectively a program of the magnitude and complexity of current mutual security operations. The committee has given a high priority to following up reports of waste and inefficiency in carrying out the program and has initiated legislation to correct some of the major deficiencies.

#### ADMINISTRATION OF THE PROGRAM

The Committee on Foreign Affairs has expanded its firsthand observation of mutual security abroad. In addition to organized study missions which have been reported in detail to the Congress (H. Rept. 1226: "Part I—Report of the Special Study Mission to Europe"; "Part II—A Study of European Economic Regionalism—A New Era in Free World Economic Politics," and H. Rept. 1386: "Report of the Special Study Mission to Asia, Western Pacific, Middle East, Southern Europe and North Africa"), the Subcommittee for Review of the Mutual Security Programs has continued its work. It sent a staff survey team, consisting of three technicians (one borrowed from the General Accounting Office with extensive experience in evaluating military supply operations) to three Asian countries. The survey team spent periods of 2 to 3 weeks in each country and was able to observe the day-to-day operations in the field as well as at headquarters.

These field observations, as well as the analysis of the program during the hearings, have led to the cuts in the authorizations for various parts of the program summarized above. There is evidence that the administrators of the mutual security program have in the past overestimated the capacity of the less developed countries to absorb and digest our assistance and that projects have been initiated for which the United States was not ready to provide adequate guidance and supervision.

Nevertheless, the committee is convinced that the national security and our future peace and well-being depend on improving the means by which a large and complex program can be made to function rather than to curtail drastically the magnitude or scope of the program. No technique has been devised by which only the funds likely to be wasted could be cut from the program in advance.

There is impressive evidence that the responsible officials have been and are willing to revise procedures when basic defects have been pointed out to them, as well as to correct specific shortcomings observed by the committee. As pointed out below, certain major procedural changes are only beginning to take effect. The administration of the mutual security program is improving, and there is every indication that improvement will continue.

Close, continuous, critical, and independent supervision and review are of vital importance, however. A large proportion of mutual security assistance, both military and economic, goes to the less developed countries, the governments of which lack experience and administrative skills, where modern machinery and modern accounting procedures are strange, where traditions and sometimes ethical standards are different from ours. A limited number of Americans in each country, living under unfavorable conditions, are confronted daily with new and complex problems. Counsel and direction is provided almost entirely by messages from officials in Washington who frequently may not have all the facts available in the field and often are concerned with a multitude of problems.

The Congress must reconcile itself to the fact that occasional mistakes will continue to be made and some money will be misspent. The committee intends, however, not only by pressing for continued improvement in procedures and organization, but also by its own observation, analysis, and review of all phases of the operations of the program, to emphasize the necessity for improvement in administration.

*Effectiveness of section 517 being demonstrated*

In the Mutual Security Act of 1958, the committee provided that in the future funds could not be obligated (and consequently carried forward into succeeding fiscal years) until financial and engineering plans, as well as cost estimates for the projects to be financed, had been completed and necessary legislation on the part of the recipient country could be anticipated within a year. The implementation of section 517 was followed up in March and April 1959 by a survey conducted in the Far East for the Committee on Foreign Affairs by General Accounting Office personnel to determine the effectiveness of compliance.

The result has been a substantial improvement in International Cooperation Administration practice and procedures. An example is the announcement last July that the United States would finance in Burma a major highway and dormitory-classroom facilities for the University of Rangoon. The United States indicated that it was prepared to make available \$30 million over a 4-year period to finance these projects. It is significant, however, that only \$1 million was obligated at that time to finance engineering and feasibility studies of these projects. No further funds have yet been obligated. Before the enactment of section 517, it was normal ICA practice to have obligated the entire \$30 million at the time the project was agreed upon by the Government of Burma.

Even though the committee has found a few cases where funds obligated before fiscal 1959 are still carried on the books for projects which appear to be bogged down, the present ICA regulations require that the plans and estimates necessary to meet the conditions established by section 517 must be completed before funds are obligated, and it appears that current procedures are adequate to meet the problem.

*Administrative improvements*

Although the basic objectives and general structure of the mutual security program have not changed in recent years, a detailed review of mutual security operations shows that there have been a series of adjustments and improvements which corrected a number of the administrative deficiencies and have enhanced the effectiveness of the

program. Many of these innovations are the direct result of studies and recommendations of the Committee on Foreign Affairs.

The tabulation summarizes a number of such improvements:

RESPONSIVENESS OF ECONOMIC PROGRAM OVER PAST 12 MONTHS TO  
CRITICISM AND OBSERVATIONS OF COMMITTEE ON FOREIGN AFFAIRS

ISSUE

RESPONSE

- |   |  |
|---|--|
| <p>1. <i>Other developed nations' contributions to underdeveloped areas.</i>—Need and opportunity for increased contributions by growing economies of other developed nations (comment by Foreign Affairs Committee (HFAC) members during hearings last year; newsec. 413(d)).</p>  | <p>1. (a) International Development Association.<br/>(b) Establishment of development assistance group of developed nations (OEEC).<br/>(c) Consultations on increased aid to India and Pakistan by other nations.<br/>(d) Joint Indus contribution.</p> |
| <p>2. <i>Tropical Africa.</i>—Need for special attention to problems of tropical Africa, including "Balkanization" problem (comment by HFAC members).</p>   | <p>2. (a) Special program for tropical Africa.<br/>(b) Increased Technical Cooperation.</p>  |
| <p>3. <i>Latin America.</i>—Need for increased economic assistance to, and partnership with, Latin America for development (comment by HFAC members).</p>   | <p>3. Inter-American Development Bank.</p>   |
| <p>4. <i>Accelerating development.</i>—<br/>(a) Need for accelerated development progress in those countries demonstrating will and capacity for maximum self-help. Need to maximize use of development assistance where it can be most effectively utilized (HFAC report).<br/>(b) Need for significant economic development progress and examples to offset Communist China progress (comment by HFAC members).</p> | <p>4. (a) Increased concentration of development assistance in self-help countries such as India, Taiwan, Pakistan.<br/>(b) Increased contributions by other developed nations for development assistance.</p>   |
| <p>5. <i>Regional cooperation—underdeveloped nations.</i>—<br/>(a) Need to greatly reduce tensions between two major free world countries—India and Pakistan (comment by HFAC members).<br/>(b) Need for encouragement of increased regional cooperation (comment by HFAC members; new sec. 2(e)).</p>  | <p>5. (a) Indus Basin project.<br/>(b) Indus Basin project, Inter-American Development Bank, program for tropical Africa.</p>  |
| <p>6. <i>Limited capacity to utilize aid.</i>—HFAC report: "The authorization for defense support (and</p>  | <p>6. (a) Fiscal year 1961 defense support and special assistance total request, including new Africa</p>  |

for special assistance) was reduced primarily because, in the judgment of the committee, the capacity of certain of the less developed nations to make effective use of economic aid is limited." Too many large projects.

7. HFAC subcommittee report of February 15, 1959: Finding on *premature obligation* of funds.

8. HFAC staff report of May 14, 1959: Finding of *large unsubobligated amounts* in selected projects.

9. HFAC subcommittee report of February 15, 1959: Finding on *lack of adequate local commercial interest in entrepreneurial-type projects*.

10. HFAC subcommittee report of February 15, 1959: *Finding on ICA organization* (program personnel motivated by desire to speed development while technical personnel "primarily concerned with avoiding errors").

11. HFAC report: "A review of the material initially presented in support of the request for 1960 mutual security funds by the GAO \* \* \* has indicated that a *more detailed presentation* \* \* \* would be helpful to the Congress."

12. HFAC report: "It would be helpful to the membership and the public if a greater part of the material were *declassified*." Executive privilege issue re evaluation reports.

13. HFAC report: Need for better inspection, "*watch dog*" and evaluation procedures.

program, is less than the amount the committee believed "absorbable" last year.

(b) Major (over \$1 million) projected defense support and special assistance projects reduced from 64 in fiscal year 1959 to 31 for fiscal year 1961.

7. ICA revised procedures to require, as general rule, full readiness for implementation before obligation incurred.

8. For projects reviewed, proportion of unsubobligated funds to total reduced from 54 to 23 percent as of December 31, 1959.

9. ICA Office of Private Enterprise established and functioning to develop local entrepreneurial interest and action. Increased DLF emphasis on this aspect is shown in gaining private participation in Turkish steel mill project. Taiwan expanded program places primary emphasis on expansion of private sector.

10. ICA reorganization to place program and technical personnel under single leadership with effective staff assistance.

11. Supplementary materials, which the GAO acknowledged as responsive to the need, were presented during the hearings in 1959. Comparable material is included in the initial presentation this year.

12. (a) Current year figures declassified earlier than ever before.

(b) Greater proportion of material unclassified.

(c) Special unclassified volume on Technical Cooperation prepared.

(d) Selected project volume unclassified.

(e) Release of excerpted evaluation reports.

13. Inspector General and Comptroller established pursuant to amendment.



14. Growing belief that there should be a broad "stock-taking" of *Technical Cooperation* after 10 years of worldwide operation in order to further increase its general effectiveness.
14. Technical Cooperation study established.
15. Desirability of minimizing adverse effect, if any, on *balance of payments* of MSP economic assistance (HFAC report).
15. (a) DLF "American preference" procurement policy.  
(b) Increased contributions by other nations in meeting needs for economic aid.
16. *Need for broadened use of agricultural surpluses* for development and impact projects (HFAC members comment).
16. Proposed amendment to title II, Public Law 480, incorporated in Mutual Security Act of 1960.

The underlying assumptions on which the Mutual Security Act are based as well as the policies to which the Act is directed should be reexamined. It is the expectation of the committee that the new administration will address itself to these matters before it submits the mutual security bill next year.

#### *Inspector General and Comptroller*

Last year the committee initiated legislation establishing an Inspector General and Comptroller with sufficient staff, funds, and independence to carry on a continuous scrutiny and evaluation of mutual security operations. The committee is disappointed in the time which has been required for the Inspector General and Comptroller to get into operation and regrets that in building up an organization, the Inspector General and Comptroller has drawn to so large an extent on personnel already employed in the executive branch of the Government, too many of whom have been connected with the mutual security program.

The bill includes an amendment to eliminate from the duties assigned to the Inspector General and Comptroller by law "designing the form and prescribing the financial and statistical content of the annual program presentation to the Congress." This should give the Inspector General and Comptroller more time to seek out deficiencies in mutual security operations and should also make it unnecessary for him under any circumstances to defend the program or explain away its shortcomings. The job of the Inspector General and Comptroller is to discover waste and inefficiency in the mutual security program and to see that corrective action is initiated. He should be encumbered with no other responsibilities.

The work program discussed by the Inspector General and Comptroller with the committee, his concept of his responsibilities, and his acquaintance with and understanding of deficiencies in mutual security operations have given the committee confidence that this device for tightening up the administration and control of the program is soundly conceived and can be effective. Unless the Inspector General and Comptroller clearly demonstrates the effectiveness of his operation during the months to come, the Committee intends to take further action to assure that deficiencies in the operation of the program are detected and remedied.

It is essential that whatever impediments have been hampering the Inspector General and Comptroller in getting into full-scale operation be removed. This new office is in the State Department and is subject

to direct control by the Under Secretary. The committee urges that the Under Secretary take a personal interest in overcoming whatever bureaucratic resistance may have developed on the part of officials or agencies desiring to avoid scrutiny.

Under existing law (sec. 533A) the expenses of the Inspector General and Comptroller are charged to the programs under his jurisdiction and have not been subject to any limitation other than the judgment of the Inspector General and Comptroller.

The committee is convinced that a continuation of this procedure is essential to the success of the operation. Unless the Inspector General and Comptroller is skilled in budgetary procedures and dedicated to austerity and economy to carry on his work with a minimum of expenditure, he cannot be expected to discharge the responsibility entrusted to him. If he cannot be trusted to control his own operations, he should not be given responsibility for the entire program.

On the other hand, if his operations are subjected to the budgetary process which applies to other executive agencies, it must be recognized that there will be a continuous and, in all probability, irresistible pressure from all directions to curtail and impede his activities. It would be poor economy if waste and inefficiency in a program involving expenditures of between \$3 billion and \$4 billion per year should continue undetected because of a shortage of travel funds for investigators or because it was impossible to pay the cost of a needed technician.

The committee notes with disapproval the establishment within the Department of Defense of an independent evaluation staff (hearings, p. 108). The Draper Committee recommended the establishment of such a staff, but the Inspector General and Comptroller should be able to do the job. If he is not organized or staffed to perform this function effectively, his program and personnel should be reorganized to the extent necessary.

It is recognized that the Department of Defense must carry on a continuous evaluation of its military assistance operations just as the Army, Navy, and Air Force must evaluate their own operations in carrying out the responsibilities assigned to them under the military assistance program. Each of the services and the Defense Department are organized so as to bring to the attention of senior officers and civilian officials the information necessary for them to make such evaluations.

There is clearly a place for a separate and independent staff to concentrate on the evaluation function as it relates to the military assistance program in all its aspects. There is no need, however, for two such staffs and the establishment of competing organizations would not only involve a duplication of effort but detract from the objectivity and reliability of either effort.

#### *Responsibility of the Ambassador*

The Congress has given increased attention to insuring that the Ambassador will play the paramount role in determining the content, coordination, and direction of our aid programs. Last year the Congress rewrote section 523(b) of the Mutual Security Act to assure that the Ambassador would coordinate recommendations on military assistance with political and economic considerations and, if he so desired, add his own comments to such recommendations. Reports by congressional committees have reasserted the primacy of our Ambassador.

The report of the Special Study Mission to Europe made the observation that "the Ambassador be recognized at all times by personnel of all agencies within the country to which he is accredited as the chief representative of our Government and that all representatives keep him fully informed of their activities and that he attach his own comments to their recommendations." The statutes are clear on the role of the Ambassador in the mutual security program. These are buttressed by independent observations of Members of Congress who have visited countries in which we have assistance programs.

The Ambassador should not be content with general coordination and supervision of the program. He should, and must, recognize his responsibilities for its efficient administration. He must take whatever steps are necessary to assure that he will know how the program is being operated. He should not hesitate to move into situations where the performance of the operating agencies is deficient.

#### UNITED STATES BALANCE OF PAYMENTS AND THE OUTFLOW OF GOLD

The committee has given careful consideration to the alleged relationship between United States expenditures for assistance to foreign nations and the unfavorable United States balance of payments in 1958 and 1959, together with the net outflow of gold which has occurred in recent years, and has arrived at the following conclusions:

The unfavorable United States balance of payments and the recent outflow of gold have not been caused by the mutual security program and the mutual security program has only a minor direct influence on our balance of payments.

The termination or drastic curtailment of United States foreign assistance would not reestablish a favorable balance of payments or stop the export of gold.

The amount of United States expenditure for military and economic assistance should be determined by the job to be done in order to defend our security and to establish satisfactory relationships with the governments and peoples of other nations. Such expenditures should not be measured against or related to payment deficits or gold outflow.

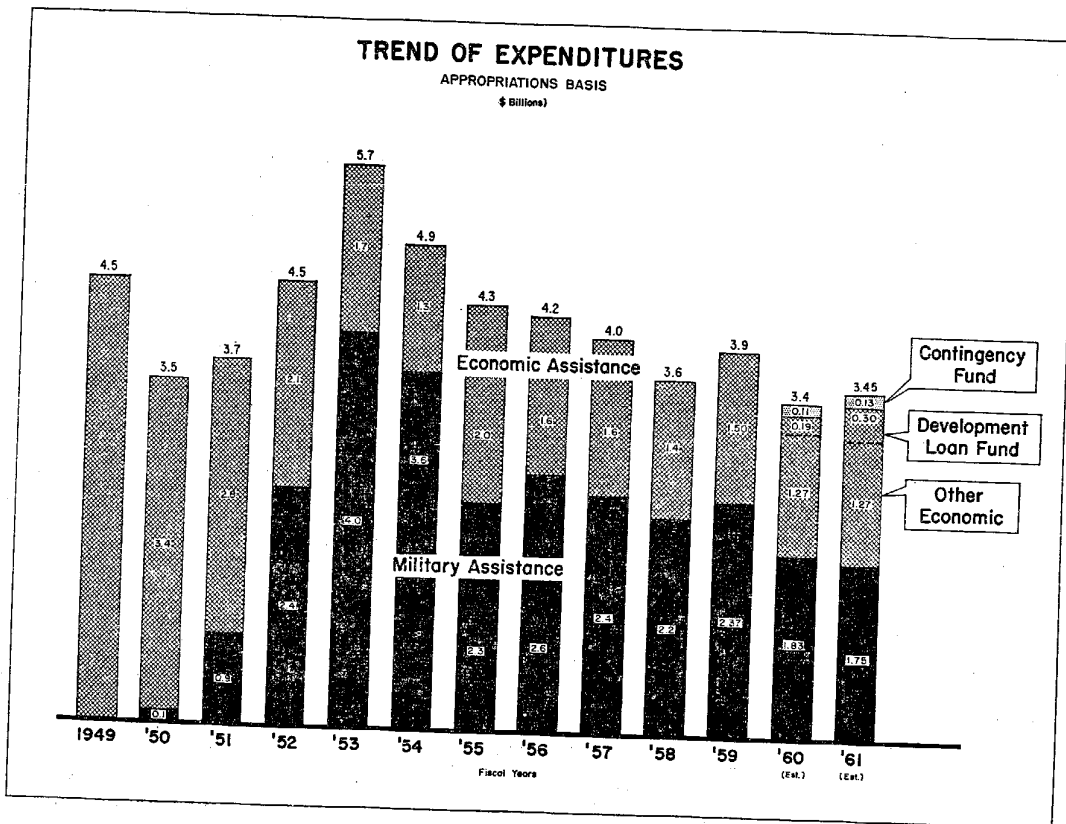
In arriving at these conclusions, the committee made note of the following:

The mutual security program has a relatively small direct influence on the United States balance of payments. During fiscal 1959 total United States mutual security expenditures were \$3,898 million. Of this total, three-fourths was spent in the United States and consequently did not affect the balance of payments. While the remaining one-fourth, approximately \$1 billion, was spent in foreign countries, the bulk of this money was respent for purchases in the United States. This represents but a small fraction of our total public and private expenditures abroad which amounted to \$29.5 billion in 1959.

Against the minor direct influence of foreign assistance expenditures on the balance of payments should be offset the effect which United States aid has had on the development of markets for United States commodities and in opening up opportunities for United States investment. Conversely, if United States aid were cut off or drastically reduced, the damage to world commerce and confidence would be incalculable.

During recent years when the unfavorable balance of payments was developing and the outflow of gold was increasing, our foreign aid expenditures have been going down, as indicated by the chart on "Trend of Expenditures" on page 13.

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Current indications are that there has been a turn for the better. Our export surplus for January 1960 was \$354 million compared to \$94 million in January last year and for February was \$217 million in comparison to \$65.1 million in February 1959. Furthermore, the outflow of gold in 1959 was down to \$700 million compared to \$2.3 billion in 1958.

The United States does not and never has financed foreign assistance with gold. The situation was well illustrated by the following testimony before the committee (hearings, p. 177):

I want to amplify this issue by an example: Suppose a poor relation goes to the country store and he wants to borrow \$10 from the owner of the store, and not only does he want to borrow \$10, but he wants it in goldbacks and not greenbacks. The storekeeper looks in the till and sees that he doesn't have the money, but he has a lot of goods on the shelves to tide his family over, canned goods and such. He says, "I don't have \$10 to lend you, but you are welcome to my supply of goods." We have a lot of these goods on the shelf to give. We can put some of our own factories into double shift and supply goods that the Communists would never be able to meet, certainly not in the next decade or two.

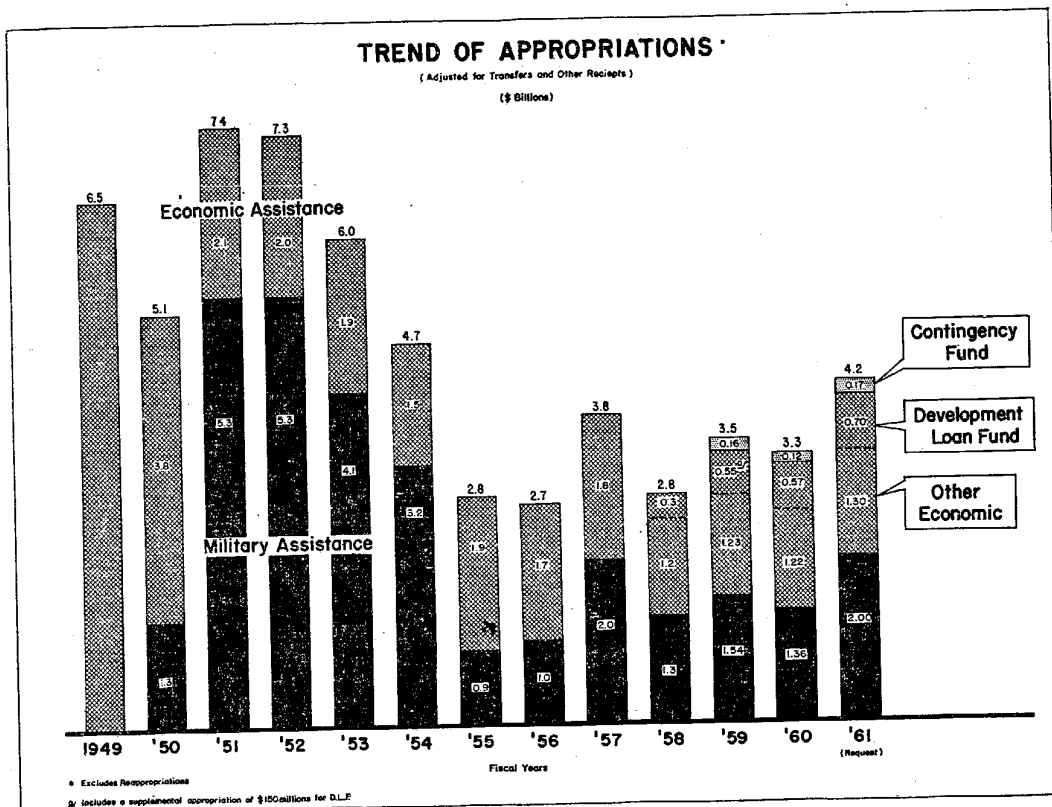
Of the numerous analyses of the gold balance of payments situation which have come to the attention of the committee and which have purported to represent skilled research or qualified professional judgment, the only ones attributing the unfavorable situation to the mutual security program were from organizations or individuals who had previously identified themselves as opponents of the program.

#### THE PIPELINE

The committee has continued to give attention to the size of the unexpended balances of the mutual security program. These unexpended balances, popularly called the pipeline, are funds that have been obligated for goods and services that are on order but have not yet been delivered. Payment must be made for them when delivered. Following are the annual unexpended balances for the entire mutual security program—military and nonmilitary—at the close of each fiscal year since 1950.

	<i>Billion</i>		<i>Billion</i>
1950.....	\$3.5	1956.....	\$6.3
1951.....	7.1	1957.....	6.1
1952.....	9.9	1958.....	5.3
1953.....	10.0	1959.....	4.8
1954.....	9.5	1960 (estimated).....	4.7
1955.....	7.9		

These unexpended balances are available only to meet obligations already incurred. They are not available to move the program forward through the purchase of additional goods and services. These can only be procured by making available new or unobligated money. Some critics lump together the content of other programs such as the Export-Import Bank and the sales of surplus agricultural commodities to make a case that large availabilities exist. Each of these other programs has, of course, a foreign policy objective. But the objectives of these programs are not identical with those of the mutual security



## MUTUAL SECURITY ACT OF 1960

program. In many cases they complement the mutual security program. In no case do they supplant it.

Unexpended balances are not peculiar to the mutual security program. The following table compares the unexpended balances of the military assistance portion of the program with those of the Department of Defense:

[In billions]

Fiscal year	Military assistance under mutual security program	Department of Defense
1950.....		
1951.....	\$1.2	\$9.8
1952.....	5.6	38.1
1953.....	8.4	59.5
1954.....	8.5	62.1
1955.....	7.7	55.0
1956.....	6.2	45.3
1957.....	4.6	37.5
1958.....	4.2	34.6
1959.....	3.4	32.1
1960 (estimated).....	2.6	31.7
	2.0	31.3

The Department of Agriculture's unexpended balance stood at \$2 billion at the end of fiscal year 1956. In 1957 it rose to \$3 billion. For 1958 it was \$4.8 billion and for 1959 it was \$3.6 billion. The unexpended balances of all other Government agencies (excluding Defense, Agriculture, and the mutual security program) were \$26.8 billion in 1956, \$24.7 billion in 1957, \$29.6 billion in 1958, \$31.2 billion in 1959, and estimated for 1960 at \$32.1 billion.

The argument has also been made that the mutual security program not only has large unexpended balances but that it also has tremendous unobligated amounts. The following figures taken from the President's budget for fiscal year 1961 show the unexpended and unobligated amounts for the mutual security program, the Department of Defense, the Department of Agriculture, and all other Federal agencies.

[In billions]

	Department of Defense	Mutual security program	Department of Agriculture	All others
Unexpended June 30, 1956.....	\$37.5	\$6.5	\$2.0	\$26.8
Unobligated June 30, 1956.....	12.7	.4	.2	19.6
Unexpended June 30, 1957.....	34.6	6.3	3.0	24.7
Unobligated June 30, 1957.....	11.0	.9	1.6	17.7
Unexpended June 30, 1958.....	32.1	5.4	4.8	29.6
Unobligated June 30, 1958.....	8.3	.3	3.4	20.6
Unexpended June 30, 1959.....	31.7	5.0	3.6	31.3
Unobligated June 30, 1959.....	8.2	.4	2.2	22.1
Unexpended June 30, 1960.....	31.3	4.9	3.4	32.2
Unobligated June 30, 1960.....	7.5	.3	1.9	22.2

Note.—Mutual security program balances include public debt funds for the investment guarantee program of \$200,000,000.

Mutual security program unobligated figures in above table exclude reservations; the latter item is also excluded from Department of Defense figures. Reservations are included, however, in mutual security program unexpended.

Reservations of the military assistance portion of the mutual security program are made pursuant to the provisions of section 108 of the Mutual Security Appropriation Act, 1956, as amended. To all intents and purposes this is an obligation on the part of the mutual security program. Under the reservation procedure equipment on order for the mutual security program is financed initially from regular Department of Defense procurement funds. At the time orders are placed, funds are reserved in the mutual security program military assistance accounts for future reimbursement to the procurement accounts of the military service.

Considering the magnitude of the program and its global character, the committee believes that the fiscal side of the mutual security program compares favorably with that of other Government agencies. In many cases it is considerably better.

AVAILABILITY OF MUTUAL SECURITY PRESENTATION BOOKS TO MEMBERS  
OF THE HOUSE

As in previous years an invitation was extended to every Member of the House willing to respect their security classification, to examine the presentation books containing detailed information relating to the mutual security program. There are seven volumes this year classified "Secret" which are available at all times at the office of the Foreign Affairs Committee on the gallery floor here in the Capitol and will be at the committee table during the period when the mutual security bill is under consideration.

Most of the material is not classified, and everything that is classified is clearly marked. Last year the House added to the Mutual Security Act requirements that additional information be made available to the Congress and that a detailed explanation of the determination of force objectives and the level of aid be given for countries receiving defense support. This year a smaller portion of the material has been classified than in any previous year.

The classification of the material in the volumes is done by the Executive and not by the Committee on Foreign Affairs. Figures for past military aid to individual countries have been declassified this year and appear in the hearings. There are three main categories of material which still are not made public:

First, information as to the size and strength of the armed forces of cooperating countries and as to the number of tanks, airplanes, etc., which have been or will be delivered to other nations.

Second, the amount of money currently programmed for individual countries. This is to avoid disappointment and possible ill will if adjustments in amounts are necessary after congressional action is completed.

Third, comments and judgments of United States officials concerning conditions in foreign countries. It is essential that if the committee and the Congress are to receive frank estimates, such comments not be made public. If our ambassadors and military commanders are not protected on such matters, they will inevitably be limited to carefully phrased statements which will be in accord with diplomatic usage, but not very informative or useful to the Congress.

STATEMENT OF POLICY

*Section 2, amending section 2 of the Mutual Security Act: Statement of policy*

The Committee on Foreign Affairs has followed closely developments relating to the use of the Suez Canal and believes that the United States has not done as effective a job as it should have in urging the removal of the restrictions on the free movement of commerce through the canal. With this and other situations in various parts of the world in mind, the committee proposes an amendment to the Mutual Security Act, expressing the sense of the Congress that the United States favors freedom of navigation in international water-



ways and economic cooperation between nations, and that the purposes of the Mutual Security Act are negated and the peace of the world is endangered when nations which receive assistance under the act wage economic warfare against other nations receiving such assistance, including such procedures as boycotts, blockades, and the restriction of the use of international waterways. The amendment further states that it is the sense of the Congress that the Mutual Security Act and the Agricultural Trade Development and Assistance Act of 1954 shall be administered so as to give effect to these principles.

The amendment leaves to the President full responsibility for the determination of the application of the policy and of such action as is to be taken in these matters, but requires that the President report to the Congress on the implementation of this section.

#### CHAPTER I. MILITARY ASSISTANCE

This bill contains no authorization for military assistance. The Mutual Security Act of 1959 authorized that there be appropriated "to the President for the fiscal years 1961 and 1962 such sums as may be necessary" for the continuation of the military assistance program. This authorization was agreed to on an experimental basis by the managers on the part of the House in conference with the Senate. The House conferees at that time pledged themselves "to continue to make a careful review of all aspects of the military assistance program."

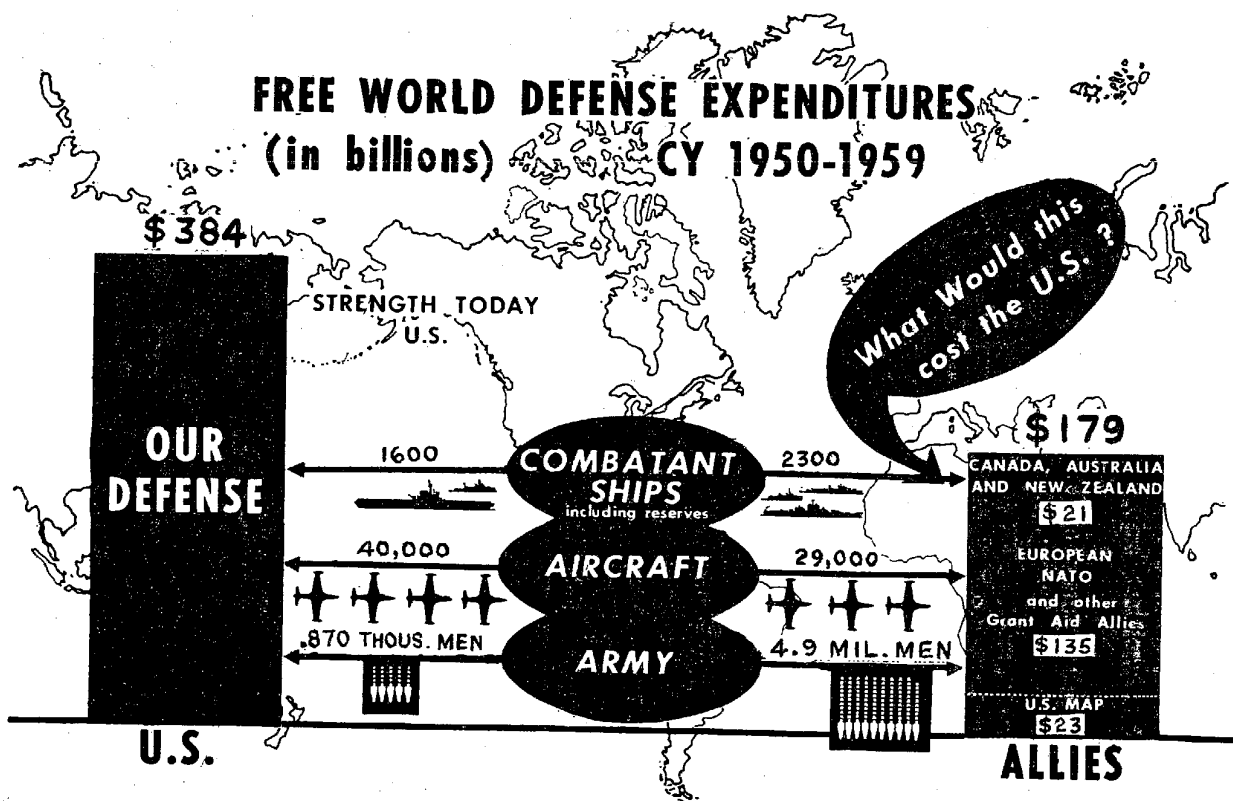
The Committee on Foreign Affairs has fulfilled its obligation and has reviewed carefully the military assistance program for fiscal 1961.

The Congress and the people of the United States must face the fact that today the defense of the United States depends on continuing the military assistance program at approximately its present scope. The military strategy of the United States, as formulated by the Joint Chiefs of Staff over more than a decade, has been built upon the availability of oversea bases and on the cooperation of the forces of other nations. Practically every major United States field commander depends on the employment of hundreds of thousands of allied troops, thousands of allied aircraft, as well as allied ships, along with our own forces to carry out the missions assigned to him in time of war.

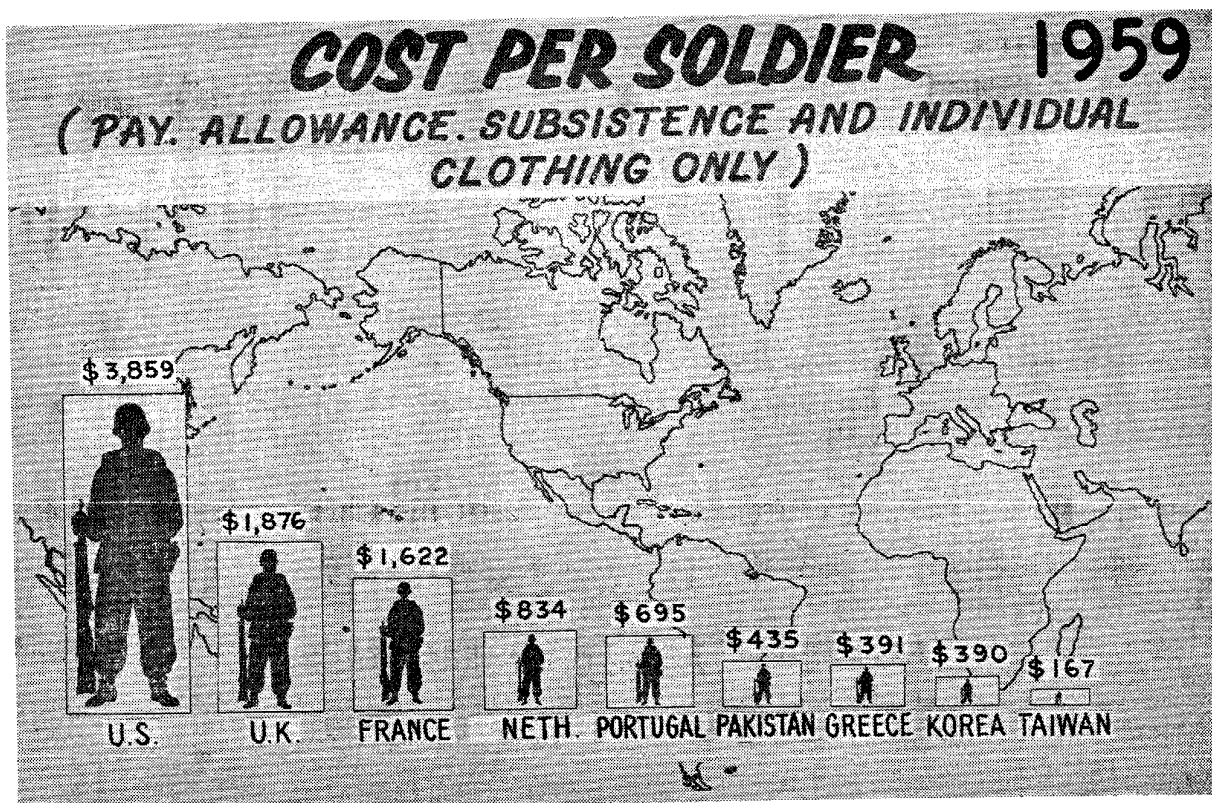
We are not today confronted with a choice between a defense dependent on the military assistance program or another defense posture. It would take several years to reorganize our defenses on any other basis and our responsible military leaders do not believe that any alternative strategy would be as effective. We must maintain the military assistance program or endanger our national security.

Hon. Thomas S. Gates, Jr., Secretary of Defense, in his testimony before the Committee on Foreign Affairs (hearings, pp. 70, 71) said:

I know of no more forceful way to emphasize the essential role played by military assistance in assuring the security of this Nation than to cite this fact: our Joint Chiefs of Staff have recently said, with complete unanimity, that they would not want \$1 added to the Defense budget for 1961 if that dollar had to come out of our recommended military assistance program.



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And he added:

We do not have to defend the military assistance program on the basis of altruism, moral obligation, or the exercise of responsible leadership in the non-Communist world; by the coldest calculation of self-interest, this \$2 billion military assistance program is the most desirable way of arriving at a total U.S. strategy to counter the threats of communism.

The Secretary summarized the situation as follows:

Only 10 percent of the ground forces that will come under General Norstad's NATO command in time of war are American.

In the Far East, Admiral Felt must largely rely upon Allied forces to maintain his forward strategy. Only a small percentage of U.S. soldiers, sailors, marines, and airmen form the nucleus of an allied force of almost 2 million men which, in the event of war, would provide the delaying action necessary to keep the frontline in the Pacific rather than on the west coast of the United States.

In Korea, General Magruder, as U.N. commander, commands 21 divisions on the line, only 2 of which are American.

Many of General O'Donnell's aircraft in the Far East are receiving combat control directions from Allied radar control sites.

The flyers of the Netherlands Air Force switch to English when they are in the air because they are flying in the same operations with our own European Air Force.

In Italy, over 2,000 troops in our own Southern European Tactical Force have been replaced with Italian troops and both United States and Italian officers can be found in the current staff of SETAF.

In Italy there will soon be jointly manned IRBM squadrons adding strength to the defenses of Europe. A similar capacity is also being developed in Turkey.

In Spain there is close relationship between the military assistance effort and Spanish assistance in providing the facilities we require to maintain a continuous retaliatory capability of our SAC forces.

*Section 101, amending section 105(b)(4): Military assistance to Latin America*

Last year the Committee on Foreign Affairs expressed the judgment (H. Rept. 440, p. 18) that there should be a reasonable reduction of military armament grants to Latin America as a first step toward carrying out the recommendations of the Subcommittee on Inter-American Affairs (H. Rept. 354, May 12, 1959). The subcommittee had recommended "an orderly and gradual reduction" of armament grants with the "ultimate goal" the termination of such assistance to Latin America.

In line with these recommendations, the Mutual Security Act of 1959 amended section 105(b)(4) by adding the following sentence:

The aggregate amount of funds which may be obligated or reserved during the fiscal year 1960 for furnishing military assistance to American Republics shall not exceed the

aggregate amount of funds obligated or reserved for such purpose during the fiscal year 1959.

The amendment in this bill carries forward the policy adopted last year by further reducing the ceiling on the military grants to Latin America. This limitation does not apply to sales of military equipment. The estimated "obligations and reservations" for fiscal 1960 subject to the limitation in the Mutual Security Act of 1959 is \$44,100,000 and it is the committee's intention that such obligations and reservations for fiscal 1961 will not exceed this figure.

The committee reiterates its belief that the supplying of military equipment on a grant basis to the nations of Latin America should be terminated as soon as possible and that the program for fiscal year 1962 should be developed with this objective in view.

## CHAPTER II. ECONOMIC ASSISTANCE

Economic assistance, as opposed to military assistance, consists of broad categories of activity known as defense support, the Development Loan Fund, technical cooperation, and special assistance and other programs.

### DEFENSE SUPPORT

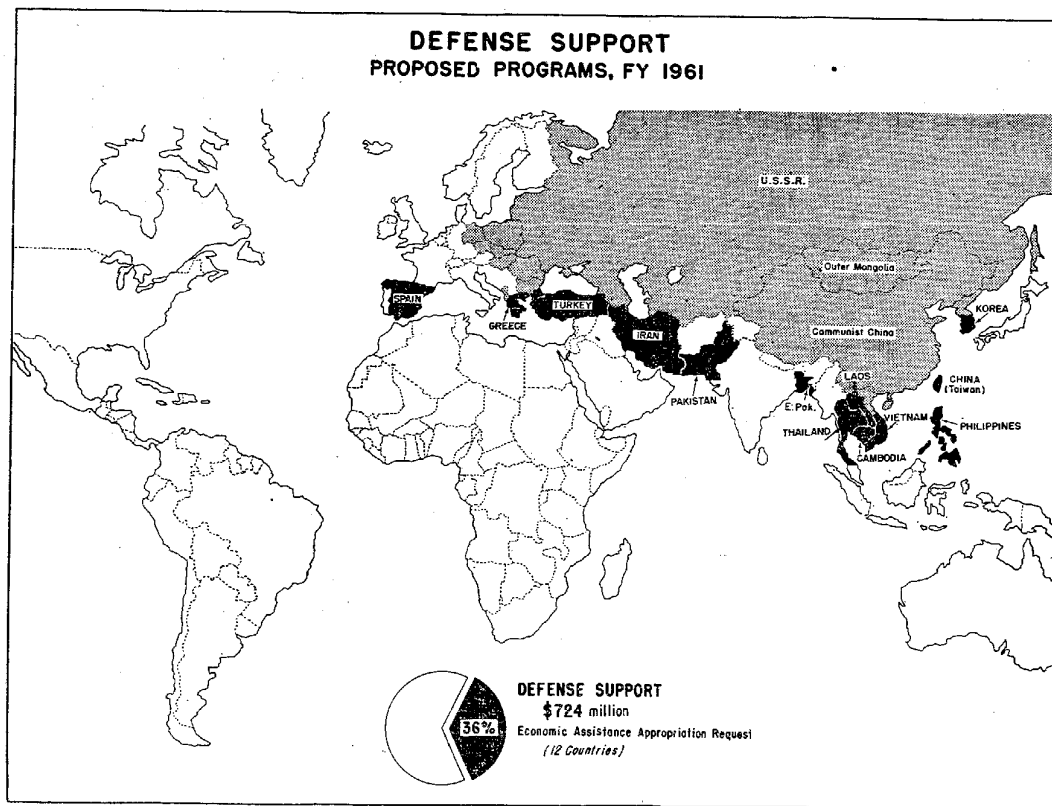
*Section 201(a), amending section 131(b): General authority*

Section 201(a) amends section 131(b) of the Mutual Security Act of 1954, as amended, by striking out the authorization of \$751 million for fiscal 1960 and substituting an authorization of \$675 million for fiscal 1961, to remain available until expended. This is \$49 million less than the \$724 million requested by the Executive, \$76 million below the authorization and \$20 million below the appropriation for fiscal 1960 last year.

Defense support is that economic assistance which is required, in addition to military assistance, in order to secure a specific contribution to the common defense by another country in which United States military aid is helping to support significant military forces. Unlike the other categories of economic assistance which are addressed to the direct economic needs of the countries, defense support is designed to assist underdeveloped countries in strategic areas which are making major defense contributions of forces and bases to the common effort.

It consists of economic resources to permit the maintenance of such defense contributions without causing political or economic instability. As a general rule it is the minimum level of assistance required to enable a country to meet the cost of an agreed required defense contribution of forces or facilities or both. It is a requirement for financial assistance which is determined after negotiation of a maximum share of the cost which can be met by the country from its own resources and after taking into account other external assistance alternatives, both bilateral and multilateral.

Support is extended in two ways: One is by projects in major areas of the economy such as agriculture, forestry, and fisheries; industry and mining; transportation, health, and sanitation; education; public administration; and community development, social welfare, and housing. Each project is negotiated bilaterally between the United States and the recipient country in terms of need, method, and cost. In some cases United States payment is made to the government in dollars, converted into local currency to meet agreed local expenses. In other cases it is equipment or services from the United States or third countries paid for directly by the United States.



Based on executive branch appropriation request

The second way is by nonproject support in which the United States finances imports of agricultural or industrial commodities or makes direct cash payments. United States funds are paid to the suppliers of materials or services delivered to the recipient country.

The ultimate objective is military; i.e., to make possible a military contribution. The means, however, is assistance to the civilian economy to enable it to support the military contribution at an agreed level. Requirements for eligibility are established by law and are met through obligations made by formal agreement.

With the exception of technical cooperation programs and such functionally planned projects as malaria eradication, defense support covers all programed economic assistance to countries where the United States provides military assistance to significant forces. Total United States obligations for defense support have slowly, but visibly, declined from \$1,196 million in fiscal 1957 to \$766 million in fiscal 1960 to reflect generally improving conditions in the underdeveloped countries concerned.

As in the preceding 2 years, 12 countries are involved, and are the same. They are:

Cambodia	Korea	Spain
China (Taiwan)	Laos	Thailand
Greece	Pakistan	Turkey
Iran	Philippines	Vietnam

All are underdeveloped. Eleven are on the periphery of the Sino-Soviet bloc; the 12th is within easy range of hostile planes and missiles. All contribute in varying degree to free world security in some or all of the following crucial ways: (a) Local forces capable of resisting external aggression; (b) maintenance of internal security; (c) military base rights; (d) collective security, and (e) political and moral support.

Fifty-seven percent of the total is for three Far Eastern countries—Korea, Taiwan, and Vietnam. All have three characteristics in common: (a) They are divided; (b) superior Communist forces are on their borders; (c) they maintain armed forces far in excess of those which they could support with their own resources. Combined they maintain nearly a million and a half men under arms, which is equivalent to 60 percent of the Armed Forces of the United States or Communist China.

The United States has significant bases in Spain, Turkey, Greece, Korea, Taiwan, and the Philippines. Six of the twelve (Greece, Turkey, Iran, Pakistan, Thailand, and the Philippines) are members of one or more of the major collective security organizations (NATO, SEATO, CENTO). Three others—Laos, Cambodia, and Vietnam—are being safeguarded by SEATO. Bilateral United States security treaties exist with Korea, Taiwan, and the Philippines.

Programed requirements are reduced in 8 of the 12 countries as compared with this year. This trend is expected to continue. Modest increases were proposed for Pakistan, Laos, and Taiwan because of special situations in those countries.

After detailed examination of the requirements for defense support in fiscal 1961, the committee concluded that \$675 million would adequately meet the authorization for funding requirements of the Executive.

*Section 201(b), amending section 141: Conditions of eligibility for assistance*

Section 141 now requires a prior finding by the President that furnishing such assistance under this chapter (defense support) or chapter I (military assistance) will strengthen the security of the United States and promote world peace and that a receiving nation shall have agreed to certain provisions as specified in section 142(a) of the Mutual Security Act of 1954 and such additional provisions as the President deems necessary as conditions precedent to the furnishing of such assistance.

The amendment proposes that the reference to "such assistance" be changed to read "defense support or military equipment and materials" for the purpose of freeing military assistance training and information under chapter I from the conditions of this section as was done in the act of 1959 with respect to Latin American countries in connection with section 105(b)(4) conditions.

This amendment is desirable in that it is frequently in the interest of the United States to provide military training and information to a country which, for political or other reasons, may not be in a position to undertake the commitments required by section 142(a). No defense support or military assistance, other than training or information, would be needed.

*Section 201(c), amending section 142(a): Agreements*

The amendment is technical, consistent with the prior amendment with respect to the requirement in the introductory clause for agreements between the United States and recipient nations to specified provisions as a condition precedent for the furnishing of such assistance, thereby similarly removing military training and information from the requirement.

DEVELOPMENT LOAN FUND

*Section 202(a), amending section 202: General powers of the Development Loan Fund*

This amendment restricts the authority of the Development Loan Fund to allocate or commit funds unless an application or applications have been received from the borrowing country (1) supported by sufficient engineering, financial, or other data to indicate reasonably the use to be made of the funds and to permit a judgment as to the economic and technical soundness as well as the practicability of the project or program, and (2) equal to or in excess of the amount to be allocated or committed. At the same time, the amendment makes clear that allocations and commitments may be made in advance of the receipt of such data when the President determines it to be in the national interest to use Development Loan funds pursuant to multi-lateral plans. In all cases, however, actual obligation of funds will depend on the further step of working out substantive engineering plans and cost estimates.

The committee was impressed by testimony from Hon. Porter Hardy, chairman of the Subcommittee on Foreign Operations and Monetary Affairs of the Government Operations Committee, and other members of the subcommittee, setting forth the extent to which Development Loan funds had been set aside on the basis of general commitments to a borrowing country in advance of the submission of specific proposals. It is recognized, particularly in the case of pro-



grams or projects involving the participation of two or more countries or joint planning with an international organization, that it is essential for the United States to be able to commit itself to make available a specified sum prior to receiving applications meeting the requirements mentioned.

*Section 202(b), amending section 205(a): Management, powers, and authorities of the Development Loan Fund*

This subsection amends section 205(a) of the act which relates to the management, powers, and authorities of the Development Loan Fund, by substituting a reference to the Secretary of State for a reference to the Under Secretary of State for Economic Affairs as a member and the Chairman of the Board of Directors of the Development Loan Fund. This is a perfecting amendment made in accordance with the provision of Public Law 86-117 which provides that any provision of law vesting authority in the Under Secretary of State for Economic Affairs is amended to vest such authority in the Secretary of State. The Secretary has designated the Under Secretary of State to serve as Chairman of the Board of Directors of the Development Loan Fund.

TECHNICAL COOPERATION

*Section 203(a), amending section 304: Bilateral technical cooperation*

Section 203(a) amends section 304 of the act which relates to bilateral technical cooperation by deleting an obsolete authorization for an appropriation and substituting an authorization for an appropriation of \$172 million for fiscal year 1961.

Bilateral technical cooperation programs are planned for approximately 60 countries and territories. These programs are not commodity or capital investment programs. Their primary objective is to aid the peoples of the underdeveloped countries to establish the institutions, to increase their skills, and to stimulate the more efficient use of their resources as a means of advancing their economic and social development. The major fields of activity are agriculture, education, public administration, and health.

The emphasis is on people—United States technicians working in the underdeveloped countries, the training of local participants in the United States and other free world countries, and contract services with American universities, firms, and individuals providing specialized services. For next year 81 percent of the funds is proposed to be used to pay for these activities. The balance will be used for demonstration supplies and equipment, to contribute to joint funds supporting cooperative services such as the "servicios" in Latin America, to cover the costs of employment of local personnel and of local facilities, and to finance supporting services in Washington.

The program proposed for Europe amounts to \$4 million, an increase of \$1.3 million over the current year. Only two countries in Europe receive funds under this program—Spain and Yugoslavia. The planned increase is entirely for Yugoslavia, attributable to the increased significance which that country attaches to the program and its increased capacity to utilize technical assistance.

For Africa the 1961 program is estimated at \$24.3 million, which is \$3.35 million above the program for 1960. This increase is primarily for new or relatively new programs in the nations that have recently

achieved independence or are in the process of achieving it, such as Morocco, Nigeria, Somalia, Tunisia, and the countries in West Africa. Technical cooperation programs are one of the principal means by which the United States can help the new African countries move in a democratic and economically rational direction and encourage their identification with the free world. An additional sum of \$20.0 million, provided under "Special Assistance," is planned for Tropical Africa primarily to strengthen African institutions that can better serve as effective centers of planning and leadership in education. Thus, this special program will complement the bilateral technical cooperation programs.

For the Near East and South Asia the 1961 program is planned at \$44.7 million, or \$1.8 million above the program for 1960. This will permit a strengthening of the programs in India, Afghanistan, and several other countries. Slight decreases are planned for four countries.

The program for the Far East is \$36.0 million, which is \$2.0 million above the program for 1960. This additional amount is to provide for increases in several countries, principally Korea and Indonesia. A substantial further decrease is proposed for Japan to provide for the orderly termination of the program in that country by the end of the next fiscal year.

The 1961 request for the Latin American region of \$39.5 million is \$2.0 million above the comparable program for 1960. This will finance increases in programs in Argentina and the newly formed West Indies Federation as well as the revitalized education program in Brazil. Small increases are provided for the programs in Colombia, Ecuador, and Haiti, while slight decreases are planned for Bolivia and Chile.

The interregional program for 1961 is estimated to require \$23.5 million, approximately \$1.71 million more than for 1960. These funds are for supporting expenses for the program in all the regions, but cannot be assigned to any one country or region. They include participant support, technical consultation and support, training and development of oversea technicians, and program support services by the Department of State.

It is a decade since technical cooperation, originally called Point 4, was inaugurated. The administration of the program has gone through a number of phases, not the least of which has been its merger in organizations, FOA now ICA, that administer a variety of programs. In administering large economic aid programs there is always the danger that the more modest technical cooperation programs will not receive sufficient emphasis. Six years ago the committee made this observation:

Under the present administrative arrangements there is no one individual responsible solely for guiding and focusing attention upon technical cooperation. It is now part of an agency that has other responsibilities involving more costly operations. Technical cooperation tends to be a stepchild. Of all the parts of the program encompassed in this (authorization) bill, this is the one that has the longest range possibilities. Nowhere in the present administrative organization is the technical cooperation program brought into focus as a program. It is handled only on an area basis. The com-

mittee believes that which is needed is a single individual to concern himself with the total program and who will give it the stature and emphasis it merits as part of our foreign policy (H. Rept. 1925, 83d Cong., 2d sess.).

There is much that is still valid in these earlier observations. The committee was pleased to hear from the present Director of ICA, Hon. James W. Riddleberger, that—

we are initiating a serious study of this program looking toward recommendations as to how it can be made an increasingly effective instrument in the decade ahead. We are establishing a technical assistance study group for this purpose. \* \* \* We need to know better the types of activities which give greatest promise of success. We must be ready to accept new ideas and to experiment with new devices if we are to achieve maximum results. For example, we need to know more about the potentialities and value of what is often referred to as community development. \* \* \* (hearings, p. 209).

The committee expects to be kept informed of the activities and reports of the study group.

#### POINT FOUR YOUTH CORPS

The committee is convinced that there is a significant number of young Americans trained in agriculture, home economics, and other practical fields of activity who recognize the importance of world problems, particularly those of the less developed countries. Among them are many who are motivated more by a desire to serve than to advance their careers. The report of the Special Study Mission to Asia, Western Pacific, Middle East, Southern Europe, and North Africa in its observation on Vietnam included the following:

With all the confusion in regards to our foreign aid projects in Vietnam, the study mission is happy to report that there is in that country one of the finest agricultural projects found anywhere on their trip. Up in the hill country they visited an experiment station where several young American boys, graduates of agricultural colleges, were living in quonset huts alongside the Vietnamese. This station had planted in plots practically every agricultural crop, including cotton, corn, peanuts, potatoes, all kinds of vegetables, and raeffel. Efforts were being made to show the hill people, who had been given 5 acres of land and a water buffalo, how to plant and cultivate in rows. This project is helping people to help themselves. The entire project has not cost as much money as 1 mile of the superhighway. It is such projects to which the study mission gives its heartiest approval.

The American youth referred to above are selected, trained and assigned by International Voluntary Services, Inc., under contract with the International Cooperation Administration. They receive \$60 a month, plus food, clothing and simple quarters at the site of their work. The committee was informed that at least 10 highly qualified young graduates of agricultural colleges have volunteered for each position made available by the International Cooperation Administration.

It would be of great value not only in creating a favorable impression of the United States but also in promoting sound and basic improve-

ments in economic development if more places for such young people were found in oversea operations. Various other proposals have also been made for carrying out this concept. The Executive has not undertaken vigorous action in this direction and has, on occasion, appeared to regard the sending of such young people abroad as creating administrative problems rather than as an opportunity for strengthening the program.

The committee believes that the United States is failing to utilize one of its important assets by not developing a program for using such services. If young Americans with farm backgrounds and adequate technical training, who are willing to live in the villages and share in the daily work of the people and who would serve with only a minimum salary and subsistence allowance, could be carefully selected and sent to the less developed countries, they could be unusually effective representatives of the United States.

The committee announces its intention to make a comprehensive survey of the possibilities for such an effort. Should this study support the committee's present belief that there is substantial merit in the proposal, the committee will prepare specific recommendations for getting the program underway, and will expect the Executive to make a serious and constructive effort to put the program into effective operation.

*Section 203(b), amending section 306: Multilateral technical cooperation*

Section 203(b) amends section 306 of the act which relates to multilateral technical cooperation and related programs in two respects.

*Paragraph (1)* amends subsection (a) dealing with contributions to the United Nations Expanded Program of Technical Assistance and the Special Fund by deleting obsolete language for an authorization of an appropriation and authorizing an appropriation of \$33 million for calendar year 1961. The proviso in existing law limits the total contribution of the United States to the Expanded Program of Technical Assistance and the Special Fund to a maximum of 40 percent of the total amount contributed by all governments to both programs for 1961.

The United Nations Expanded Program of Technical Assistance and the more recently established Special Fund are designed to stimulate international cooperation in the economic development of the less developed countries. These multilateral approaches are in addition to our bilateral programs. There are several advantages in the multilateral approach. It makes available a greater pool of technically qualified personnel than could be supplied by the United States. In the current year assistance is being given to 104 countries and territories and includes the provision of about 1,600 experts and some 2,000 fellowships for training abroad. Among the newer countries there is often a marked sensitivity to reliance upon any one foreign country. They find it preferable to use the resources of an international body. An additional advantage for the United States lies in the fact that other countries contribute 60 percent of the cost. It is recognized that the United States is the principal contributor to these multilateral programs, and they serve as a visible and impressive sign of our leadership and of our integrity of purpose.

About 80 governments now make voluntary contributions to a central fund. Funds are allocated to participating specialized agencies

such as the World Health Organization and the Food and Agriculture Organization to carry out projects requested by the less developed countries. These agencies provide experts for work in the country as well as training programs both at home and abroad. Primary emphasis is given to activities in the fields of health, agriculture, and education as well as in industrial development, public administration, civil aviation, and other more specialized activities. The program has been operating at a level of about \$30 million annually.

The Special Fund, set up in 1957 largely upon the initiative of the United States, began its operations in January 1959. It complements the work of the expanded technical assistance program. Its purpose is to support surveys, research, and training projects necessary for successful economic growth. It is not an international capital development fund but finances preinvestment projects. Surveys of water, mineral, soil, and power resources and the setting up of technological training centers are typical projects which the fund makes possible.

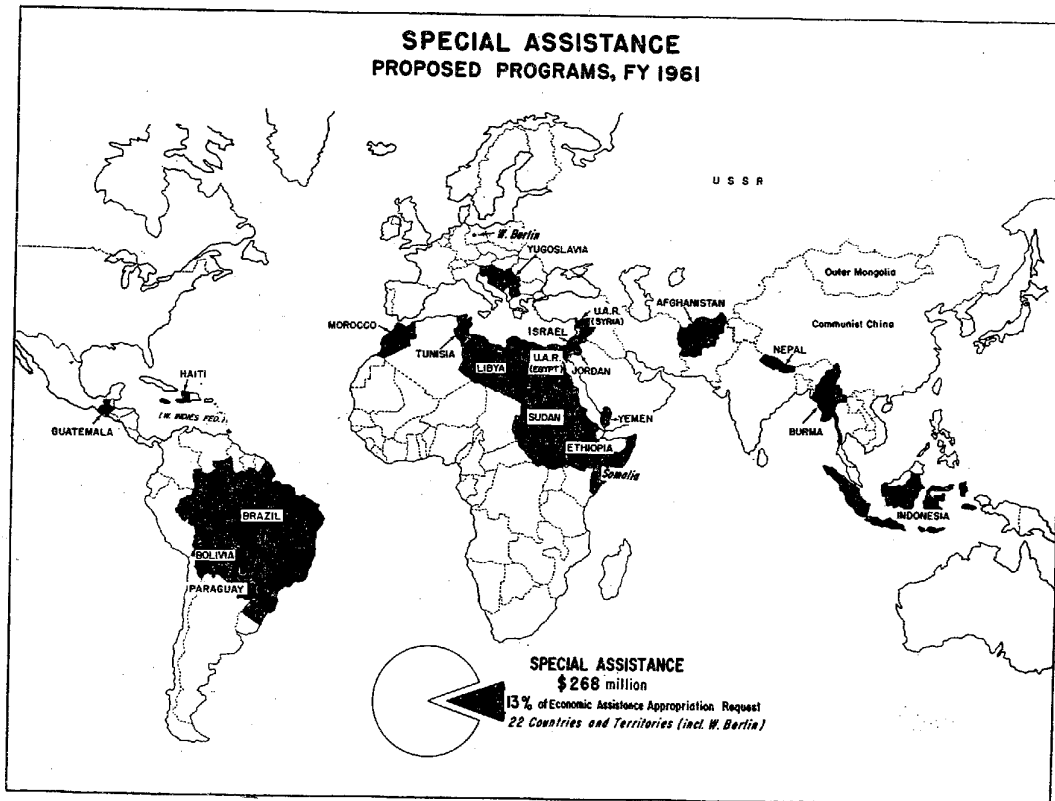
The financial goal of these two programs is \$100 million, of which the United States share cannot exceed \$40 million. It is anticipated that other nations will pledge something over \$70 million for calendar year 1961. If such is the case the United States share will be around \$33 million, the sum contained in the bill. Should other governments exceed their anticipated contributions, any additional funds necessary to meet the United States share would be secured from other mutual security program funds.

*Paragraph (2)* authorizes an appropriation of \$1.5 million to the technical cooperation program of the Organization of American States. This is a sum identical with that appropriated last year. The United States contribution is 70 percent of the total contributions for this program. It consists of the establishment and support of regional training centers in the Americas, in some cases through specialized organizations of the Organization of American States. OAS technical assistance funds are used to support special technical training staffs and to provide fellowships for trainees from member countries of Latin America to attend the centers.

#### SPECIAL ASSISTANCE AND OTHER PROGRAMS

##### *Section 204(a), amending section 400(a): Special Assistance*

This section amends section 400(a) of the act in two respects. First, it authorizes an appropriation of \$256 million for fiscal year 1961 for Special Assistance. This is \$12.5 million less than the \$268.5 million requested by the Executive, and \$8.5 million more than the authorization and \$11 million more than the appropriation for fiscal year 1960. Second, this section adds a sentence expressing the sense of Congress about the use of Special Assistance funds among the nations of the Near East. There is concern that stability in that area is imperiled by the sale or grant of military equipment to nations in that area. While the new language is not mandatory in its application, it is the congressional intent that so long as it is United States policy not to sell or grant military equipment to any one nation in the Near East, no part of the funds appropriated under Special Assistance should be used by any other nation in that area for the purchase of military equipment.



Based on executive branch appropriation request.

Special Assistance is economic assistance. It is special because it is for use on such terms and conditions as the President may specify and because it is designed to maintain or promote political or economic stability. As such it differs from military assistance and defense support in that it is directed almost entirely to countries in which the United States is not providing military assistance to significant forces. It is assistance on a grant or loan basis to accomplish political or economic objectives which cannot be accomplished by employment of the Development Loan Fund or other United States loan programs.

Assistance is rendered on a country-by-country basis in accordance with advance planning. It is also employed to finance certain regional or global programs, primarily in health and education.

The program of \$256 million for fiscal 1961 is directed to 22 countries and territories:

Afghanistan	Morocco
Bolivia	Nepal
Brazil	Paraguay
Burma	Somalia
Ethiopia	Sudan
Guatemala	Tunisia
Haiti	United Arab Republic
Indonesia	West Berlin
Israel	West Indies
Jordan	Yemen
Libya	Yugoslavia

Sixty-nine percent is required to continue programs necessary to the maintenance of political and economic stability in nine countries: Afghanistan, Bolivia, Burma, Haiti, Israel, Jordan, Libya, Morocco, and Tunisia, and to West Berlin.

Eighteen percent is scheduled for major functional programs most effectively planned on a worldwide basis: malaria eradication, community water supply development, international medical research, aid to American schools abroad, investment incentive programs, and the United Nations Emergency Force.

Seven percent is to be used for important low cost or short duration special activities in 12 countries: Brazil, Ethiopia, Guatemala, Indonesia, Nepal, Paraguay, Somalia, Sudan, United Arab Republic, the West Indies Federation, Yemen, and Yugoslavia; also in cooperation with two international organizations: the Organization for European Economic Cooperation (OEEC) and the Central Treaty Organization (CENTO—successor to the Baghdad Pact).

Six percent is planned to undertake a special program for tropical Africa which will concentrate on the improvement of human resources for economic development through increased and improved education and vocational or other training with particular emphasis on needs common to all countries of the area. In many ways this is a pilot program which promises to grow significantly in the immediate future as a supplement to major investment activity on the part of free world countries. The evidences of increasing Soviet interest and activity in this area point up its importance to the world and the urgency of a sound American program in that area.

Where Special Assistance is rendered to a country, it is addressed to a relatively small number of major economic programs or specific project activities in critical countries. It is provided in order to maintain the political independence or stability of countries threat-

ened by internal disorder often stemming from economic imbalance. It is sometimes provided to secure or maintain United States military facilities or other rights in a country or to deal with economic or other problems arising out of the existence of such facilities. It is used to maintain economic stability or support economic growth, maintain political stability or further United States foreign policy objectives by a United States identification with small beneficial projects, or to help meet disaster or emergency needs.

United States foreign policy has been advanced in a variety of ways by Special Assistance. In the absence of the Special Assistance program, it is probable that today's maps would have to be substantially redrawn. The following are among the more noteworthy accomplishments to which this form of aid has contributed significantly:

Strategic bases, outside of our territory, have been retained.

Jordan's economic and, indeed, political survival has been made possible.

Lebanon has been helped to meet the economic dislocations of the internal crisis of 1958 and to restore reasonable stability.

Tunisia has, despite strong pressures from anti-Western sources, retained its freedom of action.

Bolivia has been assisted in the crucial phases of an effort toward economic stabilization, while avoiding a major upheaval and change of political orientation.

Guatemala, a government which ousted a Communist-dominated government, receives Special Assistance to strengthen the present government's determination to maintain an orientation toward the free world.

Yugoslavia, in the face of aggressive Soviet economic action in curtailment of credits, continues its efforts to maintain independence of the Soviet bloc.

In West Berlin, continued United States economic assistance on a modest scale has contributed to maintaining the Western position in this free enclave in the Soviet area.

United States initiative and sharing in the costs of the malaria eradication program, now in its third year of operation, have provided the major impetus in the worldwide program to eliminate malaria.

Special Assistance has been a key factor in furthering United States policy objectives in these and other important political and economic arenas.

During the hearings the committee showed particular interest in the program planned for Tropical Africa. Although details have yet to be worked out, the general approach of emphasizing the development of the human resources of that continent represents a sound approach. It is the expectation of the committee that the program which the Executive has justified will be carried out for the purposes and in the amount described to the committee.

Against great odds, Israel has continued to be a bulwark of stability in an otherwise disturbed area. It has used effectively the modest amount of Special Assistance extended under the mutual security program. The determination of Israel to develop its industry and to increase its agricultural output will necessitate aid at the same level for the next year as in the current year. The committee is therefore of the opinion that Special Assistance to Israel should be maintained at the level of fiscal year 1960.

*Section 204(b), amending section 401: United Nations Emergency Force*



Force which is financed in part on a voluntary basis by the member nations of the United Nations, in part by an assessment on the nations at the regular scale of assessment. This authority supplements additional authority permitting United States support of the Force, including the making of assessed contributions and the detailing of personnel.

This is a force of 5,000 men from some 7 nations, none from the "Great Powers," which is charged by the General Assembly with enforcing observance of the armistice agreement between Israel and Egypt. Round-the-clock patrols are maintained to prevent or investigate incidents in the region of the Gaza strip, along some 140 miles of Egyptian-Israeli border and at the mouth of the Gulf of Aqaba.

In calendar year 1960 the General Assembly has authorized \$20 million for this Force. Being a collective responsibility of the whole organization, the 87 member states are charged for the basic cost of the force on a percentage scale of assessments by which the whole U.N. budget of \$60 million is supported. The United States assessment is \$6,497,064, or 33½ percent. Because of the burden of the cost of this Force, however, on so many smaller countries and the greater interest of the United States and the United Kingdom in the arrangement, the United States at the last General Assembly again offered to make an additional voluntary contribution of \$3.2 million, subject to the appropriation of the funds by the Congress, which would reduce by 50 percent the contribution of as many of the least developed countries as it would cover. The British also agreed to make a voluntary contribution. This means that the total United States contribution for calendar year 1960 will be \$9,697,064, or 48 percent of the \$20 million total cost of the Force.

*Section 204(c), amending section 402: Earmarking of funds*

This subsection extends for another year the provision of section 402 as to earmarking of funds. Section 402 does not provide for an appropriation. It requires that not less than \$175 million otherwise appropriated under the act shall be used to finance the transfer or the sale for foreign currencies of surplus agricultural commodities. The foreign currency proceeds thus obtained are deposited in a special United States account and used to further the objectives of the mutual security program.

From 1946 through June 1959, agricultural exports of the United States amounted to \$49.1 billion. Of this amount, those exports made under specified Government-financed programs amounted to \$20.8 billion, or 42 percent of the total. Of the \$20.8 billion, \$10.2 billion were exported under programs administered by ICA and its predecessor agencies; \$7.2 billion of the \$10.2 billion were financed from foreign aid appropriations.

In each of fiscal years 1958, 1959, and 1960, \$175 million was also earmarked to finance disposals of surplus agricultural commodities under this section. In fiscal 1959, actual sales totaled \$188 million, 7-percent higher than the legislative requirement, but a 10-percent decrease from fiscal year 1958. The sales for fiscal year 1959 included \$81 million in cotton, \$50 million in grain, \$36 million in fats and oils, and \$21 million of other commodities and transportation costs. It is estimated that fiscal year 1960 disposals will go no higher than the \$175 million, although the outlook is still uncertain and details of the

commodities disposed of are not yet known. The authorization for fiscal year 1961 continues the requirement for the transfer or the sale of agricultural surpluses at the same level, although it is becoming increasingly difficult to use surplus agricultural products to carry out the purposes of the Mutual Security Act. Military assistance, by the nature of its import requirements and by reason of the decline in offshore procurement, offers little opportunity for section 402 disposals of agricultural products.

The economic assistance programs also offer a declining opportunity for the use of surplus farm products. This is in part because the majority of countries currently receiving economic assistance are predominantly agricultural. Those who do need assistance in meeting agricultural import requirements are generally able to meet such requirements by making purchases under the provisions of Public Law 480.

It is estimated that of the \$175 million of disposals required to be made in fiscal 1961, only \$100 million can be made directly to beneficiary countries; the remainder, \$75 million, will have to be attained by engaging in triangular transactions. Under this procedure, sales of United States grain, cotton, tobacco, and other surplus commodities are made to industrialized countries, primarily in Western Europe, and the foreign currencies derived from such sales are used to purchase in the industrialized nations goods and services to be supplied to the less developed countries under the mutual security program. Such transactions are difficult to arrange and in many instances do not result in any appreciable increase in United States exports of surplus commodities. To some extent such transactions merely substitute for approximately the same volume of products which probably would be purchased by the Western European countries with their own dollar exchange. Also, since most of these countries have recently made their currencies fully convertible when externally held they have little incentive to engage in triangular trade.

A requirement that disposals under this section should exceed \$175 million would result either in preventing a certain amount of mutual security funds from being used for their intended purpose or would interfere with our normal dollar exports of agriculture products through commercial channels.

*Section 204(d), amending section 403: Responsibilities in Germany*

This provision amends section 403 of the Mutual Security Act to authorize the use in fiscal year 1961 of \$6,750,000 of special assistance funds for the United States to meet its responsibilities or objectives in Germany, including West Berlin. This is a small reduction from the authorization of \$7.5 million for fiscal year 1960 and authorizes the same amount as was actually programed in fiscal year 1960. The actual program in fiscal year 1960 was \$6,750,000—\$750,000 below the amount authorized.

The Federal Republic of Germany continues to assume almost the entire economic support of West Berlin, including the care of refugees from East Germany who are arriving at a rate of 100,000 per year. The cost to the Federal Republic of Germany is at the rate of \$364 million per year. In comparison, United States funds contributed may appear to be a token amount. This has, however, very great importance to the people of West Berlin as evidence of our continued concern for their freedom and well-being.

United States funds provided to West Berlin are used in a variety of ways to meet the needs of the people of West Berlin and to provide them with continuing evidence of our backing, as well as to make more effective the example of West Berlin in providing encouragement to the people of East Germany.

*Section 204(e), adding a new section 404: Indus Basin development*

Section 204(e) adds a new section 404 to the Mutual Security Act. The new section covers four basic points. They are:

(1) The first sentence of section 404 contains a statement of policy in which the Congress states its approval of the cooperative program negotiated by the International Bank for Reconstruction and Development (the World Bank) for the development of the Indus River Basin and affirms the willingness of the United States to participate in the program under authorities already contained in the Mutual Security Act and "other Acts." As presently contemplated, the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) is the only other act under which funds would be made available. It does not provide a new authorization of any funds. All funds to be expended for the project will be made available under other provisions of the Mutual Security Act and Public Law 480.

(2) Section 404 permits the substitution, for the requirements of section 517 of the act, of the requirements, standards, and procedures of the World Bank for determining the feasibility of the project, and the adequacy of cost estimates, engineering plans, and studies.

(3) Section 404 permits the substitution, for the requirements of section 103 of the Mutual Security Appropriation Act, 1960, of the requirements, standards, and procedures of the World Bank for determining the feasibility of flood control, irrigation, and water resources projects.

(4) Section 404 provides the President with the authority to waive the 50-50 shipping requirement of section 901(b) of the Merchant Marine Act of 1936 whenever he determines that its provisions cannot be fully satisfied without seriously impeding the United States participation in the project.

From the viewpoint of United States foreign policy this is a most important provision. The significance of the Indus River Basin project lies in its possibilities for settling the longstanding dispute between Pakistan and India that reached a dangerous stage when the British withdrew and the Indian subcontinent was divided in 1947. Since that time both countries have maintained an armed truce with occasional flareups that reveal the underlying bitterness. This condition has impeded the development efforts of both countries and has offered a potential opening for Communist exploitation. The Indus Basin project could mark a turning point in the history of South Asia. A refusal by Congress to approve this provision would inevitably make necessary a new, and time-consuming, approach to the whole problem of stability in the area.

The Indus River and its five tributaries drop from the Himalayas to the parched lowlands of Pakistan and provide West Pakistan with its source of irrigation. Under the British the Indus waters were developed into the greatest irrigation system in the world. The partition of India and Pakistan in 1947 divided the system into two parts, with India in control of the upstream waters. India has wanted to expand

its use of these waters through various irrigation projects. Pakistan has feared that in the process downstream areas in its own territory would be deprived of essential water.

The dispute over the use of the Indus waters has been one of the major points of friction between the two countries. Late in 1951 the World Bank offered the two parties its good offices to help find a mutually agreeable solution. The offer was accepted and negotiations began under Bank auspices in 1952. These negotiations resulted in the proposal which both parties have agreed upon in principle.

The proposal provides that India shall have the use of the waters of the three eastern rivers—the Ravi, Beas, and Sutlej—and that the downstream irrigated areas in Pakistan formerly supplied with water from these three rivers shall in the future be supplied with water brought from the three western rivers—the Indus, Jhelum, and Chenab—through a series of diversion and link canals. It is estimated that, when completed, additional irrigated acreage will be 4.8 million in Pakistan and 4.4 million in India. The Bank also estimates that the power installations will not only be able to pay for themselves but also 40 to 50 percent of the fixed and operating costs of dams.

Because of the heavy cost of the Pakistan portion of the plan, the Bank has proposed that financial assistance for works in that country be supplied by the Bank and by a group of friendly countries. This assistance will be contributed to a proposed Indus Basin Development Fund, to be administered by the Bank itself. In the case of India the scale of works is such as to permit specific bilateral financing.

India and Pakistan will enter into an Indus Waters Treaty governing settlement of the issue. Agreement on the terms of the treaty is expected within the next few months. Its signature will probably coincide with the receipt of assurances that the outside financial aid required to carry out the project will be forthcoming, subject to appropriate parliamentary or congressional action.

The total cost of the system is estimated at the equivalent of slightly more than \$1 billion, partly in foreign exchange and partly in local currencies. Foreign exchange grants from Australia, Canada, Germany, New Zealand, the United Kingdom, and the United States will total \$307 million, of which the United States share is \$177 million. Two foreign exchange loans will be made to Pakistan, \$70 million by the United States and \$80 million by the World Bank. Two such loans will be made to India, \$33 million by the United States and \$23 million by the World Bank. In addition the United States will lend Pakistan the local currency equivalent of \$200 million and grant to Pakistan the equivalent of \$35 million. In short, the planned United States portion of the project will be \$515 million, of which \$212 million will be in grants (\$177 million in dollars and \$35 million in local currency) and \$303 million will be in loans (\$103 million in dollars and \$200 million in local currency). Should the project get underway in the next fiscal year, the United States plans to make available \$74.6 million in dollars of which \$4.6 million will be in grants and \$70 million in loans, and a grant of \$11.5 million in local currency, a total of \$86.1 million.

United States participation in the Indus project will be formalized by the signature of a multilateral financial agreement. This will expressly provide that the United States commitment to contribute funds will be subject to appropriations made by Congress. The

agreement will provide for the creation of an Indus Basin Development Fund to be administered by the World Bank. The Fund and its assets and accounts are to be kept separate and apart from all other assets and accounts of the Bank.

Under the agreement, it is the duty of the Administrator before the beginning of each half year to notify each party of the assistance required to be contributed to the Fund to cover estimated disbursements of the Fund during each period. Funds are to be disbursed by the Administrator to the Government of Pakistan upon written application by the latter to finance agreed items of equipment, supplies, and services required on the project. Pakistan is required to provide such documentation and other evidence in connection with such applications as is required by the Administrator in accordance with the Bank's usual procedures.

All equipment, supplies, and services required for the project are to be procured on the basis of international competition under arrangements satisfactory to the Administrator, except as the Administrator shall otherwise agree on grounds of efficiency or economy.

The Bank is enjoined to exercise the same care in the administration and management of the Fund and in the discharge of its other functions under the agreement as it exercises in respect to the administration and management of its own affairs.

A matter of particular interest to the committee is the provision in the amendment that permits the use of funds for the project in accordance with requirements, standards, or procedures established by the Bank. These concern completion of plans and cost estimates and determination of feasibility in lieu of the requirements, standards, or procedures prescribed by section 517 of the act and section 103 of the Mutual Security Appropriation Act, 1960.

The principal differences are as follows:

(1) *Engineering and Cost Standards.*—The difference between the standards of the World Bank and those of the Development Loan Fund and ICA is essentially one of timing. Before any part of the project is financed by the Bank, engineering plans, specifications, and detailed cost estimates for that part of the project will be prepared by the consulting engineers and approved by the Bank. The DLF and ICA apply much the same standards. The difference is that under DLF and ICA procedures they would themselves have to be satisfied that basic engineering and feasibility surveys for all parts of the project are completed prior to obligation of funds for the project whereas in the case of the Indus project the DLF and ICA would obligate, relying on the Bank's review and approval of engineering plans at a later stage, but before funds are actually disbursed by the Bank.

(2) *Cost-Benefit Standards.*—The World Bank has already prepared an initial study of the works in Pakistan and India which indicates that a favorable benefit-to-cost ratio will be yielded by the Indus Basin development plan, strictly on economic and technical grounds and without regard to the substantial political benefits envisioned. The World Bank is currently conducting further economic studies designed to refine this analysis that will more nearly approximate the standards required by section 103 of the Mutual Security Appropriation Act, 1960.

(3) *Procurement Standards.*—The World Bank will make disbursements for imported equipment, supplies, and construction services on the basis of international competition. ICA would have applied essentially the same standards. The DLF would have placed primary emphasis on United States purchases. It should be noted that three of the four firms already engaged in engineering surveys are American firms.

The treaty between India and Pakistan cannot be concluded unless the signatories are assured that the financial arrangements worked out with considerable effort by the various contributing countries will be put into effect and that the contributing countries will make their contributions in the amounts and in the manner specified in the agreement. Enactment of section 404 is required both to provide an indication of congressional approval of the plan and to permit the United States contribution to the Indus Basin Fund to be made in the manner contemplated in the Financing Agreement, subject to the necessary appropriations.

The plan for the settlement of this longstanding dispute over the use of the Indus waters has been accomplished after many years of difficult negotiations. Failure to secure final settlement, after the prolonged negotiations conducted by the Bank, may well delay for an indeterminate time the resolution of an issue that has imperiled the relations between India and Pakistan. The plan drawn up by the World Bank complements our own bilateral economic aid programs to the two countries. Its accomplishment will contribute greatly to political stability and economic development in South Asia.

*Section 204(f), amending section 405: Migrants, refugees, and escapees*

*Paragraph (1)* amends subsection (c) to authorize an appropriation of \$1,500,000 for fiscal year 1961 as the United States contribution to the program of the United Nations High Commissioner for Refugees (UNHCR).

The United Nations High Commissioner for Refugees was authorized by a United Nations General Assembly resolution of December 2, 1957, to conduct a program to succeed the United Nations Refugee Fund (UNREF) which ended December 31, 1958. The UNHCR's program is flexible, designed to avoid rigid long-term plans by enabling governments to determine on an annual basis the specific refugee problems to which they wish to contribute during the particular year and which can be eliminated or reduced by international effort during that year.

During 1959 and 1960 the new program was largely engaged in completing certain unfinished undertakings of the old UNREF program including primarily the camp clearance program. Since 1960 will virtually complete the camp clearance program, the 1961 program will concentrate upon selected categories of refugees for whom material aid is considered to be an international responsibility. These selected categories include particularly refugee families with children living under substandard conditions and physically handicapped or aged refugees. Aid will also be continued for refugees of European and Jewish origin from the Near East and to meet any new refugee emergencies which may arise.

The \$1.5 million requested for this program is an increase of \$400,000 over the amount appropriated for last year and reflects

increased program activity by UNHCR for refugees in Morocco and Tunisia who fled Algeria.

*Paragraph (2)* amends subsection (d) to authorize an appropriation of \$3,500,000 for the United States Escapee Program (USEP) for fiscal year 1961, a reduction of \$1,700,000 from the amount authorized in 1960. This is made possible by a reduced caseload activity anticipated for the calendar year 1961.

Through its specialized services, the escapee program provides assistance to Soviet and satellite escapees in Europe and the Middle East and Chinese refugees in Hong Kong from initial reception, interim care, and maintenance to resettlement. Since its inception in 1952 USEP has provided assistance to over 400,000 escapees.

There were approximately 25,000 recent escapees registered with the USEP in Europe and the Near East on January 1, 1960. Escapees who require prompt attention are arriving in the West at the rate of 650 per month. It is estimated that the 1961 escapee program will register 7,700 new escapees and that an overall caseload reduction of about 9,300 will be achieved.

The escapee program serves United States interests by encouraging continuing liberal asylum and assistance policies on the part of governments of asylum countries and promoting stability in asylum areas through the resettlement of politically vulnerable groups.

*Section 204(g), amending section 406: Children's welfare*

Section 406 authorizes an appropriation of \$12 million for contributions to the United Nations Children's Fund (UNICEF). This is the same amount authorized and appropriated for the current fiscal year. Thus the amendment changes only the year, substituting 1961 for 1960.

It is estimated that the percentage of the United States contribution to total government contributions will be 46 percent in 1961 compared to 48 percent in 1960. In 1959, every \$1 allocated by UNICEF generated in the receiving countries an average of an additional \$2.50 to carry out the programs.

The estimated UNICEF allocations for calendar year 1961 are \$30.1 million. Contributions of \$12 million from the United States and \$14.1 million from other governments will leave a balance of \$3 million, which it is hopefully anticipated can be raised from private sources.

UNICEF is currently assisting 371 programs in 104 countries and territories. Of the estimated 1 billion children in the world, some three-quarters live in areas where poverty and disease are common and where, lacking adequate food, clothing, shelter, and protection against disease, infant and maternal mortality rates are high. UNICEF extends tangible aid principally in the form of supplies not available within the assisted countries.

In the principal campaigns which UNICEF aided in 1960, more than 15 million children and mothers were protected against malaria; 14 million young persons were vaccinated against tuberculosis; some 21½ million children and mothers were treated for yaws, and more than 7 million children and mothers received milk through school and maternal and child welfare centers.

*Section 204(h), amending section 407: Palestine refugees*

Section 204(h) amends section 407 of the act, relating to Palestine refugees in the Near East, in two respects. First, it deletes the obsolete reference to an authorization for an appropriation for the fiscal year 1960 and provides for an authorization for an appropriation of \$18,500,000 for fiscal year 1961. Second, it strikes out the proviso in the first sentence which stipulates that 10 percent of the funds appropriated pursuant to this section shall be available only for repatriation and resettlement. This proviso was deleted last year by the House, on the recommendation of the committee, in acting on the Mutual Security Act of 1959. The Senate did not delete the proviso. The committee of conference agreed to reduce from 15 to 10 percent the amount to be earmarked.

Through a combination of legislative and executive action, United States contributions to the United Nations Relief and Works Agency (UNRWA) are subject to certain limitations: (1) Such contributions will not exceed 70 percent of the total contributions from all sources; (2) pursuant to the proviso in section 407 (which will be removed by this amendment) 10 percent of the funds appropriated for our contribution to UNRWA shall be available only for repatriation or resettlement of the refugees; and (3) in determining whether or not to continue furnishing assistance for these refugees, the President shall take into account whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of the refugees. This latter authority has been delegated to the Secretary of State who has determined that the United States will continue to furnish assistance for Palestine refugees.

The refugee population has gradually increased during the past several years as a result of generally improved sanitary conditions and the availability of a steady ration of food. The most recent count indicates about 1,042,000. The relief portions of UNRWA's activities are still the most important. Admittedly it is no solution. The need for large-scale economic assistance programs capable of making refugees self-sustaining remains most urgent. However, the failure of members of the United Nations, other than the United States and the United Kingdom, to contribute significantly to the programs and the unwillingness of the countries directly concerned to agree on the projects have frustrated UNRWA efforts to date. Although UNRWA's budget for calendar year 1960 to meet program requirements is \$38.7 million, it is estimated that contributions, including the United States pledge of \$23 million, will total only \$33 million, which falls considerably short of meeting minimum needs.

The 14th United Nations General Assembly adopted Resolution 1456 which (a) extended UNRWA for 3 years with a review at the end of 2 years, (b) called on the United Nations Palestine Conciliation Commission (United States, Turkey, and France) to make further efforts to secure implementation of repatriation and compensation for Palestine refugees, (c) called on host governments to take appropriate steps to rectify refugee relief rolls, (d) urged member governments to seek to increase their contributions to UNRWA to enable it to carry out its program, and (e) called on UNRWA to continue its relief programs and its programs of self-support and vocational training.



For fiscal year 1960 Congress appropriated new funds totaling \$25 million. The 1961 authorization provides new money totaling only \$18,500,000. With the deletion of the proviso earmarking funds for repatriation or resettlement, these previously pledged but unused funds which now total \$6,250,000, plus an additional \$250,000 of previously unpledged funds, will be used to meet the estimated United States requirement of \$25 million. An additional sum, approximating that amount now set aside, will be required to execute fully the 1961 program if the proviso should not be deleted.

The contribution authorized by this section is based on past annual requirements of the Agency, taking into account the increased cost of food, supplies and equipment, and an increasing refugee population.

*Section 204(i), amending section 409(c): Ocean freight*

Subsection (c) authorizes the payment of ocean freight charges on supplies donated to American voluntary agencies. During fiscal year 1960 supplies valued at nearly \$41 million will be shipped and distributed at a cost to the Government of \$2.3 million. Each dollar appropriated for this purpose is multiplied nearly 20 times in terms of the value of relief goods it delivers. These goods include, specifically, food, clothing, medical and hospital supplies, handtools for trades and agriculture, and other self-help supplies. Most of these goods are donated in kind without any cash contribution to cover the necessary delivery costs to the country of destination.

The American agencies for their part bear the cost of solicitation, processing, warehousing, packaging for export, transportation to United States ports, and the cost of field representatives in foreign countries to supervise distribution. These same agencies are also moving substantial quantities of United States Department of Agriculture surplus commodities into their relief channels abroad. The payment of ocean freight charges on these surplus commodities is now funded under authority of title II, Public Law 480, and mutual security funds are not programed for this purpose.

The committee recommends an authorization of \$2 million for the coming year. This represents a decrease of \$300,000 from last year's authorization, but it is based on actual program estimates by the participating voluntary agencies. This decrease reflects a slight change in the nature of the items to be shipped. Although the total value of shipments will increase to \$47 million in fiscal year 1961, their overall weight will decrease. The program has been operating in about 40 countries.

No procurement costs to the United States Government are involved.

*Section 204(j), amending section 411: Administrative and other expenses*

Section 204(j) amends section 411 of the act which relates to administrative and other expenses in two respects. Paragraph (1) amends subsection (b) by deleting the obsolete authorization for an appropriation of \$39,500,000 for fiscal year 1960 and substituting an authorization for an appropriation of \$40 million for fiscal year 1961. This authorization excludes the administrative expenses for military assistance, the Development Loan Fund, and those provided for the Department of State in section 411(c) of the act. Paragraph (2) amends subsection (c), which relates to administrative and other expenses of the Department of State, by authorizing an appropriation to the President for such expenses instead of to the Department of State, in conformity with the other appropriations authorized by the act.

For the current fiscal year an appropriation of \$38 million was made for ICA administrative expenses. To this was added \$429,000 which was continued available from the previous fiscal year for a total availability of \$38,429,000 for fiscal year 1960 on a comparable basis. Including an anticipated carryover of \$300,000 the comparable amount available for fiscal year 1961 will be \$40,300,000, an increase of \$1,871,000.

The increase is attributable principally to the creation of new missions and to the strengthening of existing staffs overseas. The largest single increment is planned for Africa which reflects the greater attention being given to that area. Increases are also planned for the Near East and South Asia, the Far East, and, to a lesser degree, Latin America. In line with the reduction of nonmilitary aid to Europe a further contraction of personnel is anticipated for that area. The balance of the increase will be used to provide a slight increase in permanent positions in Washington, for administrative support costs furnished by the Department of State and the administrative costs of participating agencies, to finance periodic pay increases of American employees and wage-scale increases for foreign nationals, and to finance the new Federal health insurance program. Against these increases will be a decrease of \$500,000 in Washington rent costs.

*Section 204(k), repealing section 412: President's special education and training fund*

Section 412 of the act authorizes the use, for each of the fiscal years 1960 through 1964, of \$10 million of the funds appropriated pursuant to the Mutual Security Act for (1) financing studies, research, instruction, and other educational activities of citizens of underdeveloped countries in educational institutions in the United States, Puerto Rico, and the Virgin Islands; and (2) for the training of people of underdeveloped countries in skills which will contribute to economic development. This section, inserted in the Mutual Security Act in 1959, was not in the bill as it passed the House but was accepted in conference. The Mutual Security Appropriation Act, 1960 (Public Law 86-383), section 108, prohibits the use of any funds in that act to carry out the provisions of section 412.

The executive branch has recommended repeal of section 412 for the reasons (1) that the portion relating to technical cooperation simply duplicates the general authorization for technical cooperation and thus is unnecessary and (2) that the other portion requires a diversion of mutual security funds to use for activities (the information and educational exchange programs) which are not within the mutual security program and which properly should be financed from funds requested and appropriated under separate legislation for those activities. The committee has therefore adopted the recommendation of the Executive that the authorization be repealed.

*Section 204(l), amending section 419(a): Atoms for peace*

Section 204(1) amends section 419(a) of the act, which relates to atoms for peace, by deleting the obsolete authorization for an appropriation for fiscal year 1960 and substituting an authorization for an appropriation of \$3,400,000 for fiscal year 1961.

The program for next year involves five major items. The first is a continuation of the program initiated 3 years ago to assist other nations, on a bilateral or multilateral basis, in acquiring research reactors by funding up to one-half of their cost. In no case may the

United States contribution to the cost of a reactor for any one country exceed \$350,000. To date 19 reactors have been financed under this program of which 4 are in operation. Two applications are being processed. Since most of the nations that can take advantage of this assistance have done so, a deadline of July 1, 1960, has been set for receipt of further requests for grants. Any requests after that date, if approved, will be funded from the regular country program funds of the mutual security appropriation.

The second component of the program includes grants to procure laboratory equipment, subcritical assemblies for basic training, machines for medical centers, and other specialized apparatus to further the application of nuclear energy for peaceful purposes.

The third part includes funds for symposia such as the highly successful inter-American symposium on peaceful applications of nuclear energy and for the loan, on request, of United States experts to individual countries on survey-type assignments.

The fourth category permits continued United States support to the International Atomic Energy Agency. The budget of the latter is made up of assessments of the 70 members. For calendar year 1960 it amounts to \$5.8 million. The majority of the Agency's technical programs are funded through the operational budget made up of voluntary contributions. The annual goal of this budget is \$1.5 million. The United States contributes half of this amount by pledging \$500,000 and making available another \$250,000 to match contributions paid in by member states after the \$1 million mark is reached.

The fifth element in the program is a provision for a continuation of the IAEA's fellowship program. To date 107 fellowships have been awarded for training in the United States. This program is administered by the National Academy of Sciences. For 1958 and 1959 applications numbered more than 800 with most of the applicants expressing a preference for training in the United States. This is a tribute to our leadership in the nuclear field.

*Section 204(m), adding a new section 421: Loans to small farmers*

This section states it to be United States policy to strengthen the economies of less developed nations by improving the agricultural methods and techniques and developing local programs of self-help and mutual cooperation in nations where the economy is essentially rural or based on small villages. A particular effort is to be made through loans of foreign currencies to associations of operators of small farms formed for the purpose of joint action designed to increase or diversify agricultural productivity.

It is the policy also that the maximum unpaid balance of loans made to any association under this section may not exceed the local currency equivalent of \$25,000 at any one time and that the aggregate unpaid balance of all loans made under this section may not at any one time exceed the equivalent of \$10 million in local currencies.

The committee gave particular consideration to the experience of one of its members who had been active in the founding in the State of Punjab in India more than a generation ago of two associations of small farmers which have been outstandingly successful. These associations were able to borrow from government banks and, by providing capital at reasonable interest rates, were able to release the operators of small farms from the grip of the moneylenders. The operation of these

associations marked the beginning of a new era in the agriculture of the region.

In countries where the economy is predominantly rural, progress must begin on the village level. A modest beginning of loans from accumulated foreign currencies to small farmer associations in a few villages will help to set an excellent example. Small farmers in the United States have benefited from such loans and this project will pass on the American spirit of self-help aided by needed credit to peoples abroad.

This amendment is not intended in any way to supersede, to enlarge, or to restrict authority to provide assistance for agricultural purposes, including assistance to associations of small farmers, under other authority already contained in the Mutual Security Act or other acts. Its purpose is to express the policy of the United States as favoring loans of this nature in an effort to stimulate and encourage the development of farm cooperatives along the lines indicated.

### CHAPTER III. CONTINGENCY FUND

#### *Section 301, amending section 451(b): Contingency Fund*

Section 301 authorizes \$100 million for a Contingency Fund provided for in section 451(b) of the Mutual Security Act of 1954, as amended. This is \$75 million less than the Executive request, and \$55 million less than was authorized and appropriated last year.

The Contingency Fund is not a separate category of assistance. It is a special fund. It is needed to deal with two kinds of situations: (a) Those which are known but not in sufficient detail to properly present in one or more of the functional programs at the time of legislative congressional presentation; (b) those which are not known but, experience has shown, may arise during the course of the new fiscal year.

The Fund provides essential flexibility in a program of this magnitude. Such flexibility can only be accomplished by authorizing transferability of funds, which is provided for under conditions specified in section 501, or by including contingency items in the regular programs, as opposed to a separate contingency fund. Neither is as effective management as the general Contingency Fund, because, as experience has shown, in both cases planning, programing, and operations of the regular programs are adversely affected when contingency requirements arise.

The money in this Fund may be used for furnishing military assistance, defense support, special assistance, and technical cooperation or any of the other purposes of the act except for the Development Loan Fund. Section 451(b) authorizes \$100 million of the Contingency Fund to be used each fiscal year under the authority in section 451(a) which empowers the President to waive appropriate statutory requirements when he determines that such use is important to the security of the Nation.

It is this Fund which has financed United States assistance in the past to Taiwan following the Quemoy crisis, to Jordan as a result of the Lebanon crisis, and to such countries as Nepal and Morocco as a result of natural disasters—earthquakes, typhoons, or plagues.

Following careful examination of the experience under this section of the act the committee felt that \$100 million satisfactorily met the authorization required for this Fund.

#### CHAPTER IV. GENERAL AND ADMINISTRATIVE PROVISIONS

*Section 401(a), repealing section 504(d): Small machine tools and other industrial equipment*

Section 504(d) of the act authorizes the President to use not to exceed \$2,500,000 of the funds appropriated pursuant to section 451(b)—Contingency Fund—during fiscal year 1960 for the purpose of making available to foreign small business concerns in underdeveloped countries or to foreign government organizations established to help such concerns in underdeveloped countries, machine tools, industrial equipment, and other equipment owned by agencies of the United States Government.

This section, inserted in the Mutual Security Act in 1959, was not in the bill as it passed the House but was accepted in conference. The Mutual Security Appropriation Act, 1960 (Public Law 86-383), section 109, prohibited the use of any funds in that act to carry out the provisions of section 504(d).

Since there is already adequate authority in the Mutual Security Act of 1954, as amended, to carry out the activities authorized by section 504(d), the committee has therefore adopted the recommendation of the Executive that the authorization be repealed.

*Section 401(b), amending section 505(a): Loan assistance and sales*

Section 505(a) of the Mutual Security Act provides in part that assistance provided to foreign nations on terms of repayment may be repaid (subject to agreement) in foreign currencies or by transfer to the United States of materials required for stockpiling or other purposes. The other purposes are not specified.

This amendment gives specific authorization to utilize, for assistance under the act in accordance with the provisions of the Mutual Security Act applicable to such assistance, any commodities, equipment, and materials transferred to the United States as repayment for mutual security assistance to other nations.

In effect, the amendment authorizes assistance to be made available on a barter basis. Adoption of the amendment will, for example, facilitate arrangements for the manufacture of certain types of military equipment in foreign countries. In a number of cases the United States desires to finance the manufacture of a particular weapon or item of equipment in a foreign country and to receive payment for such financing in the form of deliveries of the manufactured item, which will then be turned over to another nation receiving United States military assistance.

Unless this amendment is enacted, it would be necessary for the United States to receive repayment in the currency of the country involved and then to purchase the desired military equipment with such currency. Under existing procedures, it is necessary to obligate or reserve funds to finance the sales transaction to the foreign country, to obligate an equivalent amount of funds to finance the purchase from that country, and then to deobligate this latter amount when the sales proceeds are used to pay for the purchase. Under the new authority, the bookkeeping will be simplified and only the net amount of funds will be programmed.

*Section 401(c), amending section 513: Notice to legislative committees*

Section 401(c) amends section 513 of the act, which relates to notice to legislative committees, so as to require that the appropriate congressional committees shall be notified of any determination under the last clause of the second sentence of the new section 404 with respect to the 50-50 shipping requirement (sec. 901(b) of the Merchant Marine Act of 1936, as amended).

*Section 401(d), amending section 517: Completion of plans and cost estimates*

This amendment provides that nonmilitary assistance shall be given for programs and projects hereafter proposed involving financing of the construction of flood control, reclamation, and other water and related land resource development only when the benefits to be derived from such projects exceed the costs. The calculation of such benefits and costs is required to follow the pattern set forth in Bureau of the Budget Circular A-47, December 31, 1952.

The purpose of the amendment is to assure that before United States funds are committed to a project a comprehensive compilation and analysis of anticipated costs—both direct and indirect—has been made by qualified engineers and technicians, together with an equally comprehensive and well-qualified estimate of anticipated benefits—both direct and indirect. The standards and criteria of Circular A-47 are expected to be adhered to to the extent necessary to assure the inclusiveness and adequacy of the cost benefit determination. At the same time, it is recognized that in foreign countries circumstances may be sufficiently different (including a lack of statistics and legal and institutional differences) from those in the United States that a literal compliance with the conditions of the circular may be impossible.

The committee is convinced that had this requirement been in effect in prior years a number of projects which have not turned out as intended would have been planned on a sounder basis or might not have been started, with a significant saving to the United States taxpayer and a perceptible enhancement of United States prestige.

*Section 401(e), amending section 527: Employment of personnel*

Section 401(d) amends section 527 of the act, relating to the employment of personnel in three respects.

*Paragraph (1)* amends subsection (b) which relates to employment of personnel in the United States, by increasing (a) from 70 to 74 the number of personnel employed in the United States on programs authorized by the act who may be compensated without regard to the provisions of the Classification Act of 1949, as amended, and (b) the limitation on the number of such personnel from 45 to 49 within the above-mentioned ceiling, who may be compensated at rates higher than those provided for grade 15 of the Classification Act general schedule but not in excess of the highest rates provided for grades in such general schedule. It leaves untouched that provision of law that permits 15 of the 45 to receive compensation at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000.

Section 527(b) permits compensation of 45 individuals above GS-15, of whom 30 may be paid the equivalent of supergrades—grades 16, 17, and 18—and 15 may be paid in excess of GS-18 but not in excess of

\$19,000. At the present time 43 of the 45 positions are filled. The Office of the Coordinator for Mutual Security in the Department of State has 5, the Office of the Inspector General and Comptroller in the Department of State has 3, the Department of Defense has 4, and ICA has 31. Although the law permits 15 of the above positions to receive a maximum salary of \$19,000, only 3 persons presently receive that salary, 2 of whom are in ICA and 1 in Defense.

Last year Congress increased the supergrade positions from 35 to 45. This year the Executive requested eight additional supergrade positions. The committee recommends only four. The increase is made necessary by the establishment of the Office of Inspector General and Comptroller and a decision in the executive branch that the personnel needs of the Development Loan Fund should be met out of the mutual security programwide supergrade pool. Additionally the Office of the Coordinator for Mutual Security, the Department of Defense, and ICA have identified top management positions that must be filled by highly qualified individuals. The committee believes that some of the positions which the Executive requested can be filled by suitably qualified Foreign Service personnel. It noted also that two of the authorized positions were unallocated. The committee is of the opinion that many of the problems in the administration of the program are those of management. It is desirous of strengthening that portion of the program. In recommending the increase of four new positions it expects that they will be filled only when, in the considered judgment of the Coordinator, topflight and experienced individuals are found.

*Paragraph (2)* amends subsection (c), which relates to employment outside the United States, in two respects. First, it vests the authority of subsection (c) in the President, in conformity with the general structure of the act. Second, it provides that Foreign Service Reserve officers shall receive in-class promotions in accordance with such regulations as the President may prescribe. Under section 625 of the Foreign Service Act these officers, after having been in a given class for 9 months or more, receive an in-class promotion on July 1 of each fiscal year. This means that personnel appointed before October 1 in any given year (i.e., more than 9 months prior to July 1) receive an in-class promotion on the next July 1, while those appointed after October 1 must wait a full year following the next July 1. It is contemplated under the proposed authority that Foreign Service Reserve officers appointed or assigned pursuant to section 527(c)(2) of the act may receive in-class promotions on the anniversary dates of their appointment or assignment or of their last in-class promotion.

*Paragraph (3)* amends subsection (d), which relates to appointment of alien employees outside the United States, to authorize the Secretary of State to appoint aliens without the statutory requirement of a request from the Director of the Foreign Operations Administration. By virtue of Executive Order 10610 the functions of the Director of the Foreign Operations Administration were vested in the Secretary of State.

*Section 401(f), amending section 531: Security clearance*

The present language in section 531 pertaining to security clearance for employees of ICA is an outgrowth of procedures and standards provided under the Economic Cooperation Act of 1948 and the Act for International Development in 1950. On April 27, 1953, the

President issued Executive order 10450 dealing with security requirements for government employment. The Executive order is more detailed than the language in section 531 and sets forth the minimum type of information to be developed by investigations carried out under the order. It is applicable to ICA personnel. With the adoption of this amendment the standards and procedures followed by ICA with regard to security clearance will be precisely the same as those followed by all other government agencies including those administering other elements of the mutual security program.

*Section 401(g), amending section 533A(c): Inspector General and Comptroller*

In 1959 the committee initiated an amendment to the Mutual Security Act, establishing a new Office of the Inspector General and Comptroller with a staff, funds, and independence sufficient to enable it to carry on a continuous scrutiny and evaluation of the operations of the program. The committee has been disappointed in the time it has taken the new Office of Inspector General and Comptroller to get organized and begin operations.

This subsection is an amendment to strike out from the duties of the Inspector General and Comptroller listed in section 533A(c) the duty of "designing the form and prescribing the financial and statistical content of the annual program presentation to the Congress."

The elimination of this duty would result in the Inspector General and Comptroller being able to devote more time to seeking out deficiencies in mutual security operations.

This amendment also would make it unnecessary for him under any circumstances to defend the program or to explain its shortcomings. His job is to discover waste and inefficiency in the program and to see that corrective action is initiated. His energies should not be diverted by other responsibilities. It is the purpose of this amendment to enable him to concentrate on his primary objectives.

*Section 401 (h), amending section 534(a): Reports*

This section amends section 534(a) of the act which relates to reports, so as to require a report by the President on operations under the Mutual Security Act once each fiscal year in lieu of the present requirement of a report each 6 months. It has happened that appropriations for the mutual security program have not been enacted into law until several months after the new fiscal year has elapsed. Thus the content of the semiannual report produced for the first 6 months of a fiscal year has not been as meaningful as the report issued for the last 6 months of the year. It is the committee's expectation that the annual report will be more informative and substantial than the semiannual reports.

*Section 401 (i), amending section 537(a)(3): Provisions on uses of funds*

Section 401(g) amends section 537(a)(3) of the act which relates to provisions on uses of funds. The purpose is to clarify the basis upon which ICA contracts with individuals, both Americans and aliens, to furnish technical advice and assistance to foreign governments subject to administrative and policy supervision and guidance by the ICA mission. This section does not pertain to contracts between ICA and universities, companies, or corporations. The Civil Service Commission has interpreted the provisions of contracts with individuals relat-



ing to ICA supervision and guidance as establishing an employer-employee relationship which normally may not be established by contract. The Commission has suggested that authority to enter into such contracts be clarified.

The determination whether a contract establishes an employer-employee or independent contractor relationship depends upon the terms of each contract. The contract specifies the degree of ICA supervision of the contractor, whether housing or office space is provided, and whether an end product, such as a report or design, is sought as opposed to continuing services. No problem arises where the individual and the host government enter into a contract financed by ICA.

The question arises in those cases where ICA rather than the host government enters into a contract with an individual technician and where the contract provides for ICA direction and supervision of the technician's activities in order to achieve the program objectives. ICA may become a party to the contract where the host government does not wish to enter into a contract with a foreign technician because it is unfamiliar with contracting procedures or where the technician himself may feel more secure with a United States Government contract. In certain situations the host country prefers a contractual arrangement rather than work by direct hire because of the particular activity; for example, revision of tax laws. In other cases the technician normally performs his work by contract rather than becoming a Federal employee.

The proposed language will make clear that such contracts with individuals for personal services will not result in the individual contractor being regarded as an employee of the United States for the purpose of any law administered by the Civil Service Commission such as the Classification Act and the retirement system. The authority also will be used, as is the present section 537(a)(3) of the act, to hire aliens by contract for other types of services abroad, such as custodial and housekeeping services.

*Section 401(j), amending section 537(c): Construction or acquisition of facilities abroad*

Section 537(c) of the Mutual Security Act includes authorization within a specified limit for the use of funds available for assistance under the act for construction or acquisition of essential living quarters, office space, and supporting facilities in Korea and in countries other than Korea for use of personnel carrying out activities under the act.

The existing cumulative ceiling for countries other than Korea is \$2,750,000. The amendment increases this ceiling by \$1,500,000 to \$4,250,000.

The existing authorization has all been allocated or earmarked for specific projects. The increase is made necessary by the fact that mutual security operations are being extended in the less developed areas (including Africa) where living quarters and office facilities do not exist, as well as the fact that it is necessary for the United States to provide new housing and offices in the new Pakistan national capital (Rawalpindi). It is planned that in a few locations school facilities for children of United States personnel will be provided.

*Section 401(k), adding a new section 552: Assistance to Cuba*

The committee gave careful consideration to the question of continuing assistance to Cuba. The people of the United States have a deep and abiding friendship for the people of Cuba which they believe to be reciprocated. During the "markup" sessions the Subcommittee on Inter-American Affairs was requested to study the question of continuing assistance to Cuba and to report its recommendations to the full committee.

The subcommittee met for 2 days and made an exhaustive examination of existing technical assistance programs in Cuba, receiving additional information from officials of the Department of State as well as further information from the Department of Defense concerning a training program listed under military assistance.

The basic technical assistance programs had originally been negotiated with the government of President Prio in 1951, with extensions from time to time through negotiations between the International Cooperation Administration and Cuban officials at the ministerial level. \$350,000 originally had been programmed for technical assistance projects in Cuba during fiscal year 1961. The subcommittee learned that programs totaling \$97,000 were no longer active, leaving active projects still programmed for fiscal 1961 totaling \$253,000.

In view of the present political situation in Cuba, United States military assistance has been suspended and none has been programmed for fiscal year 1961. During the executive presentation the committee was furnished an expenditure figure under military assistance for fiscal year 1961 of \$202,000. Upon investigation it developed that this figure was based on a preliminary estimate which has since been corrected to \$184,877. It does not cover any activity proposed for fiscal year 1961. It represents delayed billing for six Cuban cadets who have been receiving their courses in the United States. Two of these completed their courses in February 1960 and the other four will complete their training in May 1960. The subcommittee was informed that preparation and processing of the billing for this training runs 6 to 9 months after completion of the training.

The subcommittee felt that the question of terminating the technical assistance programs should be decided by the full committee, and recommended language for that purpose in the event the committee so decided. The full committee adopted and incorporated in the bill as section 552 the language recommended by the subcommittee.

The committee is aware of the possibility that its action in recommending present termination of the technical assistance programs in Cuba may be misconstrued. Nevertheless, the committee is keenly conscious of its responsibility in recommending the appropriation of the funds of American taxpayers and wishes to ensure their expenditure only for purposes that will promote our foreign policy objectives in a manner consistent with the national and hemispheric interest. The language adopted by the committee is intended to emphasize this deep concern and it is not indicative of a lessening of our traditional friendship for the people of Cuba.

## CHAPTER V. TECHNICAL AMENDMENTS REFLECTING NEW LIMITS OF UNITED STATES

### *Section 501: Technical amendments*

This section amends the various provisions of the Mutual Security Act which refer to the "continental limits of the United States" so as to make clear that references to the United States include all 50 States.

## CHAPTER VI. AMENDMENTS TO OTHER LAWS

### AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954, AS AMENDED

#### *Section 601(a), amending section 202: Famine relief and other assistance*

This section amends section 202 of title II, Public Law 480, which relates to famine relief and other assistance, to permit the use of surplus agricultural commodities under title II to promote the economic development of undeveloped areas. No mutual security appropriation would be required since United States contribution in support of development projects would be in the form of grants of surplus commodities from stocks held by the Commodity Credit Corporation.

This amendment is identical to the amendment contained in H.R. 8609, a bill to amend Public Law 480 reported by the House Committee on Agriculture on August 15, 1959, and passed by the House on August 20, 1959. It was later eliminated in conference without explanation.

The amended language will enable the United States to undertake longer term programs in those underdeveloped countries where food consumption is low and underemployment is high. Currently title II authority is being used in several countries to donate surplus commodities on an emergency basis for community development-type projects. With this new authority, projects of a more lasting nature could be undertaken under circumstances in which there is more time for planning and arranging local financing needs.

A sufficient number of work projects have been operated on an emergency basis to assure that they are highly successful in terms of local popularity, enhancement of United States prestige, providing a means for the employment of surplus labor by erecting needed community facilities, and assisting in the movement of additional agricultural surpluses. For example, during the 6-month period ended December 31, 1959, 42,000 tons of wheat and feed grains have been shipped to Tunisia for emergency work projects, including the construction and renovation of earth dams, tree planting, building of firebreaks, and various soil conservation and reclamation activities. About two-thirds of the workers' wages are paid in United States grain and the remainder in cash contributed by the Tunisian Government.

In addition to work projects, there are other opportunities anticipated for using surplus commodities in bringing help to needy people. In many of the newly independent African countries, development might be stepped up considerably by providing commodities which can be sold by revenue-short governments to finance public programs such as those in the field of education.

*Section 601(b), amending section 203: General average contributions arising out of ocean transport*

Section 601(b) amends Public Law 480, title II, section 203. Section 203 authorizes the use of Public Law 480 funds to pay ocean freight charges on surplus agricultural commodities furnished to foreign nations to meet famine or other urgent or extraordinary relief requirements.

This amendment authorizes the use of such funds to pay certain charges arising from losses of a ship's cargo. When a portion of a ship or ship's cargo is sacrificed to save the remaining cargo or the ship, the loss is shared among all owners of cargo as well as other parties in the sea venture.

Title to agricultural commodities made available under title II of Public Law 480 passes to the recipient country at the United States port. Consequently, the beneficiary of a United States contribution for disaster relief has on occasion been presented with a bill for general average claims. A claim presented to a foreign government under such circumstances tends to be embarrassing to the United States. The United States desires, in the few cases when such claims arise, to be able to meet them from the funds available for paying ocean freight charges.

MUTUAL SECURITY ACT OF 1959

*Section 602, repealing section 501(b): International cooperation in health*

Section 501(b) of the Mutual Security Act of 1959 (Public Law 86-108) authorizes the use of \$2 million of the funds appropriated pursuant to section 451(b) of the Mutual Security Act of 1954 to determine the feasibility of future intensive programs for dealing with international disease problems. This provision was not in the bill which passed the House and represents a compromise arrived at in conference.

The Mutual Security Appropriation Act, 1960 (Public Law 86-383), section 110, contains a limitation that none of the funds appropriated could be used to carry out the provisions of section 501 of the Mutual Security Act of 1959.

Since there is already adequate authority in the Mutual Security Act of 1954, as amended, to carry out the activities authorized by section 501(b), the Committee on Foreign Affairs has adopted the recommendation of the Executive that this authorization be repealed.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

**The Mutual Security Act of 1954, as Amended**

AN ACT To promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Mutual Security Act of 1954." This Act is divided into chapters and titles, according to the following table of contents:

TABLE OF CONTENTS

Chapter I—MILITARY ASSISTANCE  
Chapter II—ECONOMIC ASSISTANCE  
    Title I—DEFENSE SUPPORT  
    Title II—DEVELOPMENT LOAN FUND  
    Title III—TECHNICAL COOPERATION  
    Title IV—SPECIAL ASSISTANCE AND OTHER PROGRAMS  
Chapter III—CONTINGENCY FUND  
Chapter IV—GENERAL AND ADMINISTRATIVE PROVISIONS

SEC. 2. STATEMENT OF POLICY.—(a) It is the sense of the Congress that peace in the world increasingly depends on wider recognition, both in principle and practice, of the dignity and interdependence of men; and that the survival of free institutions in the United States can best be assured in a worldwide atmosphere of expanded freedom.

(b) Through programs of assistance authorized by this Act and its predecessors, the United States has helped thwart Communist intimidation in many countries of the world, has helped Europe recover from the wounds of World War II, has supported defensive military preparations of nations alerted by Communist aggression, and has soundly begun to help peoples of economically underdeveloped areas to develop their resources and improve their living standards.

(c) Programs authorized by this Act continue to serve the following principal purposes:

(1) The Congress recognizes the basic identity of interest which exists between the people of the United States and the peoples of other lands who are striving to establish and develop politically independent and economically viable units, and to produce more goods and services, and to improve ways of living by methods which reflect the popular will, and to realize aspirations for justice, for education, and for dignity and respect as individual human beings, and to establish responsible governments which will cooperate with other like-minded governments. The Congress declares it to be a primary objective and need of the United States, and one consistent with its tradition and ideals, to share these strivings by providing assistance, with due regard for our other obligations, to peoples willing to work energetically toward these ends.

(2) The Congress recognizes that the peace of the world and the security of the United States are endangered so long as international communism and the nations it controls continue by threat of military action, by the use of economic pressure, and by internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and nations once free but now subject to such domination. The Congress declares it to be the policy of the United States to continue so long as such danger to the peace of the world and to the security of the United States persists, to make available to other free nations and peoples upon request assistance of such nature and in such amounts as the United States deems advisable compatible with its own stability, strength, and other obligations, and as may be needed and effectively used by such free nations and peoples to help them maintain their freedom.

(d) It is the sense of the Congress that inasmuch as—

(1) the United States, through mutual security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of Western Europe; and

(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and

(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world;

those nations which have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this Act.

(e) It is the sense of the Congress that assistance provided under this Act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence. To this end, assistance shall be rendered where appropriate and feasible in such a way as to promote the emergence of political units which are economically viable, either alone or in cooperation with neighboring units.

(f) *It is the sense of the Congress that inasmuch as—*

*(1) the United States favors freedom of navigation in international waterways and economic cooperation between nations; and*

*(2) the purposes of this Act are negated and the peace of the world is endangered when nations which receive assistance under this Act wage economic warfare against other nations assisted under this Act, including such procedures as boycotts, blockades, and the restriction of the use of international waterways;*

*assistance under this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be administered to give effect to these principles, and, in all negotiations between the United States and any foreign state arising as a result of funds appropriated under this Act or arising under the Agricultural Trade Development and Assistance Act of 1954, as amended, these principles shall be applied, as the President may determine, and he shall report on measures taken by the administration to insure their application.*

#### CHAPTER I—MILITARY ASSISTANCE

SEC. 101. PURPOSE OF CHAPTER.—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common defense. The Congress hereby finds that the efforts of the United States and other nations to promote peace and security require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. It is the purpose of this chapter to authorize measures in the common defense, including the furnishing of military assistance to friendly nations and international organizations in order to promote the foreign policy, security, and general welfare of the United States and to facilitate the effective participation of such nations in arrangements for individual and collective self-defense. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, in-

cluding armed forces, under adequate safeguards to protect complying nations against violation and evasion.

The Congress reaffirms its previous expressions favoring the creation by the free peoples of the Far East and the Pacific of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

The Congress hereby reiterates its opposition to the seating in the United Nations of the Communist China regime as the representative of China. In the event of the seating of representatives of the Chinese regime in the Security Council or General Assembly of the United Nations, the President is requested to inform the Congress insofar as is compatible with the requirements of national security, of the implications of this action upon the foreign policy of the United States and our foreign relationships, including that created by membership in the United Nations, together with any recommendations which he may have with respect to the matter.

SEC. 102. GENERAL AUTHORITY.—Military assistance may be furnished under this chapter on a grant or loan basis and upon such other appropriate terms as may be agreed upon, by the procurement from any source and the transfer to eligible nations and international organizations of equipment, materials, and services or by the provision of any service, including the assignment or detail of members of the Armed Forces and other personnel of the Department of Defense solely to assist in an advisory capacity or to perform other duties of a non-combatant nature, including military training or advice.

SEC. 103. AUTHORIZATIONS.—(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1960 to carry out the purposes of this chapter not to exceed \$1,400,000,000, which shall remain available until expended. Programs of military assistance subsequent to the fiscal year 1960 program shall be budgeted so as to come into competition for financial support with other activities and programs of the Department of Defense. There is hereby authorized to be appropriated to the president for the fiscal years 1961 and 1962 such sums as may be necessary from time to time to carry out the purposes of this chapter, which sums shall remain available until expended.

(b) Funds made available pursuant to subsection (a) of this section shall be available for the administrative and operating expenses of carrying out the purpose of this chapter including expenses incident to United States participation in international security organizations.

(c) When appropriations made pursuant to subsection (a) of this section are used to furnish military assistance on terms of repayment within ten years or earlier such assistance may be furnished, notwithstanding sections 105, 141, and 142, to nations eligible to purchase military equipment, materials, and services under section 106. When appropriations made pursuant to this section are used to furnish military assistance on terms of repayment within three years or earlier, dollar repayments, including dollar proceeds derived from the sale of foreign currency received hereunder to any United States Government agency or program, may be credited to the current applicable appropriation and shall be available until expended for the purposes of military assistance on terms of repayment, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other

provision of law relating to the use of foreign currencies or other receipts accruing to the United States, repayments in foreign currency may be used for the purposes of this chapter: *Provided*, That the authority in this sentence shall apply to repayments from not to exceed \$175,000,000 of the appropriations used for such assistance.

SEC. 104. INFRASTRUCTURE.—(a) The President is authorized to make contributions to infrastructure programs of the North Atlantic Treaty Organization, in accordance with agreements made between the member nations, out of funds made available pursuant to this section, or section 103, or chapter IX of the Supplemental Appropriation Act, 1953, of amounts totaling not more than \$1,000,000,000, less amounts already contributed for such purpose. Such contributions by the United States shall not exceed its proportionate share, as heretofore agreed upon, of the expenses of such programs.

(b) When the President determines that it is in the interest of the security of the United States to participate in programs for the acquisition or construction of facilities in foreign nations for collective defense other than programs of the North Atlantic Treaty Organization, he may use for such purpose funds made available under section 103 or local currencies made available under section 402 in amounts totaling not more than \$50,000,000.

(c) Notwithstanding section 501 of this Act, no funds other than those referred to in subsections (a) and (b) of this section may be expended for the purposes of this section. No funds shall be expended under this section for rental or purchase of land or for payment of taxes.

SEC. 105. CONDITIONS APPLICABLE TO MILITARY ASSISTANCE.—(a) Military assistance may be furnished under this chapter to any nation whose increased ability to defend itself the President shall have determined to be important to the security of the United States and which is otherwise eligible to receive such assistance. Equipment and materials furnished under this chapter shall be made available solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of its area or in collective security arrangements and measures consistent with the Charter of the United Nations. The President shall be satisfied that such equipment and materials will not be used to undertake any act of aggression against any nation.

(b) In addition to the authority and limitations contained in the preceding subsection, the following provisions shall apply to particular areas:

(1) The Congress welcomes the recent progress in European cooperation and reaffirms its belief in the necessity of further efforts toward political federation, military integration, and economic unification as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this Act should be so administered as to support concrete measures to promote greater political federation, military integration, and economic unification in Europe, including coordinated production and procurement programs participated in by the members of the North Atlantic Treaty Organization to the greatest extent possible with respect to military equipment and materials to be utilized for the defense of the North Atlantic area.



(2) Military assistance furnished to any nation in the Near East and Africa to permit it to participate in the defense of its area shall be furnished only in accordance with plans and arrangements which shall have been found by the President to require the recipient nation to take an important part therein.

(3) In furnishing military assistance in Asia, the President shall give the fullest assistance, as far as possible directly, to the free peoples in that area, including the Associated States of Cambodia, Laos, and Vietnam, in their creation of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence.

(4) Military equipment and materials may be furnished to the other American Republics only in furtherance of missions directly relating to the common defense of the Western Hemisphere which are found by the President to be important to the security of the United States. The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not, unless the President determines otherwise, be the basis for military assistance programs to American Republics. The aggregate amount of funds which may be obligated or reserved during the fiscal year [1960] 1961 for furnishing military assistance to American Republics shall not exceed the aggregate amount of funds obligated or reserved for such purpose during the fiscal year [1959] 1960.

(5) To the extent feasible and consistent with the other purposes of this chapter, administrators of the military assistance program shall encourage the use of foreign military forces in underdeveloped countries in the construction of public works and other activities helpful to economic development.

SEC. 106. SALE OF MILITARY EQUIPMENT, MATERIALS, AND SERVICES.—(a) The President may, in order to carry out the purposes of this chapter, sell or enter into contracts (without requirement for charge to any appropriation or contract authorization) for the procurement for sale of equipment, materials, or services to any nation or international organization: *Provided*, That prior to the transfer of any such equipment, materials, or services to any nation which has not signed an agreement under section 142 of this Act or joined with the United States in a regional collective defense arrangement, the President shall have received commitments satisfactory to him that such equipment, materials, or services are required for and will be used by such nation solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in collective security arrangements and measures consistent with the Charter of the United Nations, and that it will not undertake any act of aggression against any other state.

(b) Whenever equipment or materials are sold from the stocks of or services are rendered by any United States Government agency to any nation or international organization as provided in subsection (a), such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President deter-

mines it to be in the best interests of the United States, within sixty days thereafter or, as determined by the President, within a reasonable period not to exceed three years. The fair value for the purpose of this subsection shall not be less than the value as defined in subsection (h) of section 545: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than (i) the minimum value specified in that subsection plus the scrap value, or (ii) the market value, if ascertainable, whichever is the greater. Before a contract for new production is entered into, or rehabilitation work is undertaken, such nation or international organization shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work.

(c) Sections 105, 141, and 142 shall not apply with respect to assistance furnished under this section.

SEC. 107. WAIVERS OF LAW.—(a) The President may perform any of the functions authorized under this chapter without regard to (1) the provisions of title 10, United States Code, section 7307(a); and (2) such provisions as he may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

(b) Notwithstanding the provisions of title 10, United States Code, section 3544(b) and 8544(b), personnel of the Department of Defense may be assigned or detailed to any civil office for the purpose of enabling the President to furnish assistance under this Act.

## CHAPTER II—ECONOMIC ASSISTANCE

### TITLE I—DEFENSE SUPPORT

SEC. 131. GENERAL AUTHORITY.—(a) The President is hereby authorized to furnish, to nations and organizations eligible to receive military assistance under Chapter I, or to nations which have joined with the United States in a regional collective defense arrangement, commodities, services, and financial and other assistance specifically designed to sustain and increase military effort. In furnishing such assistance, the President may provide for the procurement and transfer from any source of any commodity or service (including processing, storing, transporting, marine insurance, and repairing) or any technical information and assistance.

(b) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year [1960] 1961 to carry out the purposes of this section not to exceed [\$751,000,000] \$675,000,000, which shall remain available until expended.

(c) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation,

discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

(d) To the extent necessary to accomplish the purposes of this section in Korea (1) assistance may be furnished under this section without regard to the other provisions of this title or chapter I and (2) the authority provided in section 307 may be exercised in furnishing assistance under subsection (a) of this section; and funds available under this section may be used for payment of ocean freight charges on shipments for relief and rehabilitation in Korea without regard to section 409 of this Act.

SEC. 141. CONDITIONS OF ELIGIBILITY FOR ASSISTANCE.—No assistance shall be furnished under this title or chapter I to any nation or organization unless the President shall have found that furnishing such assistance will strengthen the security of the United States and promote world peace. **[No such assistance]** *No defense support or military equipment and materials* shall be furnished to a nation unless it shall have agreed to the provisions required by section 142, and such additional provisions as the President deems necessary to effectuate the policies and provisions of this title or chapter I and to safeguard the interests of the United States.

SEC. 142. AGREEMENTS.—(a) **[No assistance]** *No defense support or military equipment and materials* shall be furnished to any nation under chapter I or under this title unless such nation shall have agreed to—

- (1) join in promoting international understanding and good will, and maintaining world peace;
- (2) take such action as may be mutually agreed upon to eliminate causes of international tension;
- (3) fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreement or treaties to which the United States is a party;
- (4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;
- (5) take all reasonable measures which may be needed to develop its defense capacities;
- (6) take appropriate steps to insure the effective utilization of the assistance furnished under this title in furtherance of the policies and purposes of chapter I or of this title;
- (7) impose appropriate restrictions against transfer of title to or possession of any equipment and materials, information, or services furnished under chapter I without the consent of the President;
- (8) maintain the security of any article, service, or information furnished under chapter I;
- (9) furnish equipment and materials, services, or other assistance consistent with the Charter of the United Nations, to the United States or to and among other nations to further the policies and purposes of chapter I;

(10) permit continuous observation and review by United States representatives of programs of assistance authorized under chapter I or under this title, including the utilization of any such assistance and provide the United States with full and complete information with respect to these matters, as the President may require.

(b) In cases where any commodity is to be furnished on a grant basis under this title under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, such assistance shall not be furnished unless the recipient nation shall have agreed to establish a Special Account, and—

(i) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient nation in amounts equal to such proceeds;

(ii) make available to the United States such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States: *Provided*, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

(iii) utilize the remainder of the Special Account for programs agreed to by the United States to carry out the purposes for which new funds authorized by this Act would themselves be available: *Provided*, That if amounts in such remainder exceed the requirements of such programs, the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States: *Provided further*, That such utilization of such excess amounts in all Special Accounts shall not exceed the equivalent of \$4,000,000: *Provided further*, That whenever funds from such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States.

Any unencumbered balances of funds which remain in the Account upon termination of assistance to such nation under this Act shall be disposed of for such purposes as may, subject to approval by the Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States.

SEC. 143. ASSISTANCE TO YUGOSLAVIA.—In furnishing assistance to Yugoslavia, the President shall continuously assure himself (1) that Yugoslavia continues to maintain its independence, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and constantly informed of any assistance furnished to Yugoslavia under this Act.

SEC. 144. SOUTHEAST ASIA.—Assistance under this title or chapter I shall be made available subject to the provisions of sections 141 and 142, except that (1) in the case of assistance to the Associated States of Cambodia, Laos, and Vietnam, and (2) in the case of assistance (not

to exceed in the aggregate 10 per centum of the amount appropriated pursuant to section 121, excluding unexpended balances of prior appropriations) to other nations in the area of southeast Asia, the President may waive specific provisions of section 142 to the extent he may deem necessary in the national interest to carry out the purposes of this Act. The President or such officer as he may designate shall report each instance of such waiver to the Foreign Relations, Appropriations, and Armed Services Committees of the Senate and the Speaker of the House of Representatives within thirty days.

#### TITLE II—DEVELOPMENT LOAN FUND

SEC. 201. DECLARATION OF PURPOSE.—The Congress of the United States recognizes that the progress of free peoples in their efforts to further their economic development, and thus to strengthen their freedom, is important to the security and general welfare of the United States. The Congress further recognizes the necessity in some cases of assistance to such peoples if they are to succeed in these efforts. The Congress accordingly reaffirms that it is the policy of the United States, and declares it to be the purpose of this title, to strengthen friendly foreign countries by encouraging the development of their economies through a competitive free enterprise system; to minimize or eliminate barriers to the flow of private investment capital and international trade; to facilitate the creation of a climate favorable to the investment of private capital; and to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and to increase their productive capabilities.

SEC. 202. GENERAL AUTHORITY.—(a) To carry out the purposes of this title, there is hereby created as an agency of the United States of America, subject to the direction and supervision of the President, a body corporate to be known as the "Development Loan Fund" (hereinafter referred to in this title as the "Fund") which shall have succession in its corporate name. The Fund shall have its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. It may establish offices in such other place or places as it may deem necessary or appropriate.

(b) The Fund is hereby authorized to make loans, credits, or guaranties, or to engage in other financing operations or transactions (not to include grants or direct purchases of equity securities), to or with such nations, organizations, persons or other entities, and on such terms and conditions, as it may determine, taking into account (1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, and (4) the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved. Loans shall be made by the Fund only on the basis of firm commitments by the borrowers to make repayment and upon a finding that there are reasonable prospects of such repayment. The Fund in its operations shall recognize that development

loan assistance will be most effective in those countries which show a responsiveness to the vital long-term economic, political, and social concerns of their people, demonstrate a clear willingness to take effective self-help measures, and effectively demonstrate that such assistance is consistent with, and makes a contribution to, workable long-term economic development objectives. The Fund shall be administered so as to support and encourage private investment and other private participation furthering the purposes of this title, and it shall be administered so as not to compete with private investment capital, the Export-Import Bank or the International Bank for Reconstruction and Development. The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for or participating with the Fund in any operation or transaction, or from acquiring any obligation issued in connection with any operation or transaction, engaged in by the Fund. The authority of section 451(a) of this Act may not be used to waive the requirements of this title or of the Mutual Defense Assistance Control Act of 1951 with respect to this title, nor may the authority of section 501 of this Act be used to increase or decrease the funds available under this title. No guaranties of equity investment against normal business-type risks shall be made available under this subsection nor shall the fractional reserve maintained by the Development Loan Fund for any guaranty made pursuant to this section be less in any case than 50 per centum of the contractual liability of the Development Loan Fund under such guaranty, and the total contractual liability of the Development Loan Fund under all of such guaranties shall not, at any one time, exceed \$100,000,000. The President's semi-annual reports to the Congress on operations under this Act, as provided for in section 534 of this Act, shall include detailed information on the implementation of this title.

(c) *The Fund shall not allocate or commit funds aggregating in excess of \$100,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country which is supported by sufficient engineering, financial, or other data to indicate reasonably (A) the manner in which it is proposed to use such funds, (B) the economic and technical soundness of such use, and (C) the practicability of such use, or (2) the President determines it to be in the national interest to use such funds pursuant to multilateral plans.*

SEC. 203. CAPITALIZATION.—There is hereby authorized to be appropriated to the President at any time after enactment of the Mutual Security Act of 1959 without fiscal year limitation for advances to the Fund after June 30, 1959, not to exceed \$1,800,000,000 of which not to exceed \$700,000,000 may be advanced prior to July 1, 1960, and not to exceed an additional \$1,100,000,000 may be advanced prior to July 1, 1961.

SEC. 204. FISCAL PROVISIONS.—(a) All receipts from activities or transactions under this title shall be credited to the Fund and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of this title.

(b) The Fund is authorized to incur, in accordance with the provisions of this title, obligations in amounts which may not at any

time exceed the assets of the Fund. The term "assets of the Fund" as used in this section shall mean the amount of liquid assets of the Fund at any given time including any amount of capitalization made available pursuant to section 203 of this Act which has not been advanced to the Fund as of such time. The assets of the Fund shall be available without fiscal year limitation for any obligations or expenditures in connection with the performance of functions under this title.

(c) The Fund shall be deemed to be a wholly owned Government corporation and shall accordingly be subject to the applicable provisions of the Government Corporation Control Act, as amended.

SEC. 205. MANAGEMENT, POWERS AND AUTHORITIES.—(a) The management of the Fund shall be vested in a Board of Directors (hereinafter referred to in this title as the "Board") consisting of the [Under Secretary of State for Economic Affairs] *Secretary of State*, who shall be Chairman, the Director of the International Cooperation Administration, the Chairman of the Board of Directors of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director on the International Bank for Reconstruction and Development. The Board shall carry out its functions subject to the foreign policy guidance of the Secretary of State. The Board shall act by a majority vote participated in by a quorum; and three members of the Board shall constitute a quorum. Subject to the foregoing sentence, vacancies in the membership of the Board shall not affect its power to act. The Board shall meet for organization purposes when and where called by the Chairman. The Board may, in addition to taking any other necessary or appropriate actions in connection with the management of the Fund, adopt, amend, and repeal bylaws governing the conduct of its business and the performance of the authorities, powers, and functions of the Fund and its officers and employees. The members of the Board shall receive no compensation for their services on the Board but may be paid actual travel expenses and per diem in lieu of subsistence under the Standardized Government Travel Regulations in connection with travel or absence from their homes or regular places of business for purposes of business of the Fund.

(b) There shall be a Managing Director of the Fund who shall be the chief executive officer of the Fund, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, and whose compensation shall be at a rate of \$20,000 a year. There shall also be a Deputy Managing Director of the Fund, whose compensation shall be at a rate not in excess of \$19,000 a year, and four other officers of the Fund, whose titles shall be determined by the Board and whose compensation shall be at a rate not in excess of \$18,000 per year. Appointment to the offices provided for in the preceding sentence shall be by the Board. The Managing Director, in his capacity as chief executive officer of the Fund, the Deputy Managing Director and the other officers of the Fund shall perform such functions as the Board may designate and shall be subject to the supervision and direction of the Board. During the absence or disability of the Managing Director or in the event of a vacancy in the office of Managing Director, the Deputy Managing Director shall act as Managing Director, or, if the Deputy Managing Director is also absent or disabled or the office of Deputy Managing Director is vacant, such other officer as the Board may designate shall act as Managing Director. The offices provided for in this subsection shall be in addition to positions otherwise authorized by law.

(c) The Fund, in addition to other powers and authorities vested in or delegated or assigned to the Fund or its officers or the Board, may: enter into, perform, and modify contracts, leases, agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the United States, with any foreign government or foreign government agency, or with any person, partnership, association, corporation, organization, or other entity, public or private, singly or in combination; accept and use gifts or donations of services, funds, or property (real, personal or mixed, tangible or intangible); contract for the services of attorneys; determine the character of and necessity for obligations and expenditures of the Fund, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations; acquire and dispose of, upon such terms and conditions and for such consideration as the Fund shall determine to be reasonable, through purchase, exchange, discount, rediscount, public or private sale, negotiation, assignment, exercise of option or conversion rights, or otherwise, for cash or credit, with or without endorsement or guaranty, any property, real, personal, mixed, tangible or intangible, including, but not limited to, mortgages, bonds, debentures (including convertible debentures), liens, pledges, and other collateral or security, contracts, claims, currencies, notes, drafts, checks, bills of exchange, acceptances including bankers' acceptances, cable transfers and all other evidences of indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens, pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any instrument above specified; issue letters of credit and letters of commitment; collect or compromise any obligations assigned to or held by, and any legal or equitable rights accruing to, the Fund, and, as the Fund may determine, refer any such obligations or rights to the Attorney General for suit or collection; adopt, alter and use a corporate seal which shall be judicially noticed; require bonds for the faithful performance of the duties of its officers, attorneys, agents and employees and pay the premiums thereon; sue and be sued in its corporate name (provided that no attachment, injunction, garnishment, or similar process, mesne or final, shall be issued against the Fund or any officer thereof, including the Board or any member thereof, in his official capacity or against property or funds owned or held by the Fund or any such officer in his official capacity); exercise, in the payment of debts out of bankrupt, insolvent or decedent's estates, the priority of the Government of the United States; purchase one passenger motor vehicle for use in the [continental] United States and replace such vehicle from time to time as necessary; use the United States mails in the same manner and under the same conditions as the executive departments of the Federal Government; and otherwise take any and all actions determined by the Fund to be necessary or desirable in making, carrying out, servicing, compromising, liquidating, or otherwise dealing with or realizing on any transaction or operation, or in carrying out any function. Nothing herein shall be construed to exempt the Fund or its operations from the application of section 507(b) and 2679 of title 28, United States Code or of section 367 of the Revised Statutes (5 U.S.C. 316), or to authorize the Fund to borrow any funds from any source without the express legislative permission of the Congress.



(d) The Fund shall contribute, from the respective appropriation or fund used for payment of salaries, pay or compensation, to the civil service retirement and disability fund, a sum as provided by section 4(a) of the Civil Service Retirement Act, as amended (5 U.S.C. 2254a), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to the employees of the Fund covered by that Act, the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in said section 4(a). The Fund shall also contribute at least quarterly from such appropriation or fund, to the employees' compensation fund, the amount determined by the Secretary of Labor to be the full cost of benefits and other payments made from such fund on account of injuries and deaths of its employees which may hereafter occur. The Fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the respective funds attributable to its employees, as determined by the Civil Service Commission and the Secretary of Labor.

(e) The assets of the Development Loan Fund on the date of enactment of the Mutual Security Act of 1958 shall be transferred as of such date to the body corporate created by section 202(a) of this Act. In addition, records, personnel, and property of the International Cooperation Administration may, as agreed by the Managing Director and the Director of the International Cooperation Administration or as determined by the President, be transferred to the Fund. Obligations and liabilities incurred against, and rights established or acquired for the benefit of or with respect to, the Development Loan Fund during the period between August 14, 1957, and the date of enactment of the Mutual Security Act of 1958 are hereby transferred to, and accepted and assumed by, the body corporate created by section 202(a) of this Act. A person serving as Manager of the Development Loan Fund as of the date of enactment of the Mutual Security Act of 1958 shall not, by reason of the enactment of that Act, require reappointment in order to serve in the office of Managing Director provided for in section 205(b) of this Act.

SEC. 206. NATIONAL ADVISORY COUNCIL.—The Fund shall be administered subject to the applicable provisions of section 4 of the Bretton Woods Agreements Act (22 U.S.C. 286b) with respect to the functions of the National Advisory Council on International Monetary and Financial Problems.

#### TITLE III—TECHNICAL COOPERATION

SEC. 301. DECLARATION OF PURPOSE.—It is the policy of the United States and the purpose of this title to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power.

SEC. 302. GENERAL AUTHORITY AND DEFINITION.—The President is authorized to furnish assistance in accordance with the provisions of this title through bilateral technical cooperation programs. As used in this title, the term, "technical cooperation programs" means programs 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. Such activities shall be limited to economic, engineering, medical, educational, labor, agricultural, forestry, fishery, mineral, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources, productive capacities, and trade of economically underdeveloped areas, and training in public administration. The term "technical cooperation programs" does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development, nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor activities undertaken now or hereafter in the administration of areas occupied by the United States Armed Forces.

SEC. 303. PREREQUISITES TO ASSISTANCE.—Assistance shall be made available under section 302 of this Act only where the President determines that the nation being assisted—

- (a) pays a fair share of the cost of the program;
- (b) provides all necessary information concerning such program and gives the program full publicity;
- (c) seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that nation;
- (d) endeavors to make effective use of the results of the program; and
- (e) cooperates with other nations participating in the program in the mutual exchange of technical knowledge and skills.

SEC. 304. AUTHORIZATION.—There is hereby authorized to be appropriated to the President to remain available until expended not to exceed **[\$179,500,000]** *\$172,000,000* for use beginning in the fiscal year **[1960]** *1961* to carry out the purposes of this title.

SEC. 305. LIMITATION ON USE OF FUNDS.—Funds made available under section 304 may be expended to furnish assistance in the form of equipment or commodities only where necessary for instruction or demonstration purposes.

SEC. 306. MULTILATERAL TECHNICAL COOPERATION AND RELATED PROGRAMS.—As one means of accomplishing the purposes of this title and this Act, the United States is authorized to participate in multilateral technical cooperation and related programs carried on by the United Nations, the Organization of American States, their related organizations, and other international organizations, wherever practicable. There is hereby authorized to be appropriated to carry out the purpose of this section, in addition to the amounts authorized by section 304, not to exceed—

- (a) **[\$30,000,000]** *\$33,000,000* for the fiscal year **[1960]** *1961* for contributions to the United Nations Expanded Program of Technical Assistance and such related fund as may hereafter be established: *Provided, That, notwithstanding the limitation of 33.33 per centum*

contained in the Mutual Security Appropriation Act, 1957, the United States contribution for such purpose may constitute for the calendar year 1958 as much as but not to exceed 45 per centum of the total amount contributed for such purpose and for succeeding calendar years not to exceed 40 per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each such year.

(b) \$1,500,000 for the fiscal year [1960] 1961 for contributions to the technical cooperation program of the Organization of American States.

SEC. 307. ADVANCES AND GRANTS; CONTRACTS.—The President may make advances and grants-in-aid of technical cooperation programs to any person, corporation, or other body of persons or to any foreign government agency. The President may make and perform contracts and agreements in respect to technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency. A contract or agreement which entails commitments for the expenditure of funds appropriated pursuant to this title may, subject to any future action of the Congress, extend at any time for not more than three years.

SEC. 308. INTERNATIONAL DEVELOPMENT ADVISORY BOARD.—There shall be an advisory board, referred to in this section as the "Board," which shall advise and consult with the President, or such other officer or officers as he may designate, with respect to general or basic policy matters arising in connection with the operation of programs authorized by this title, title II, and section 413(b). The Board shall consist of not more than thirteen members appointed by the President, one of whom, by and with the advice and consent of the Senate, shall be appointed by him as chairman. The members of the Board shall be broadly representative of voluntary agencies and other groups interested in the programs, including business, labor, agriculture, public health, and education. All members of the Board shall be citizens of the United States; none except the chairman shall be an officer or an employe of the United States (including any United States Government agency) who as such regularly receives compensation for current services. Members of the Board, other than the chairman if he is an officer of the United States Government, shall receive out of funds made available for the purpose of this title a per diem allowance of \$50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the Board or at conferences held upon the call of the chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem, or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher, in lieu of subsistence and other expenses.

#### TITLE IV—SPECIAL ASSISTANCE AND OTHER PROGRAMS

SEC. 400. SPECIAL ASSISTANCE.—(a) There is hereby authorized to be appropriated to the President for the fiscal year [1960] 1961 not to exceed [\$247,500,000] \$256,000,000 for use on such terms and conditions as he may specify for assistance designed to maintain or promote

political or economic stability. *It is the sense of the Congress that so long as it is the policy of the United States not to sell or furnish armaments to any one nation in the Near East, no part of the funds appropriated pursuant to this section should be used for the purchase of armaments by any other nation in the Near East.*

(b) For the purpose of promoting economic development in Latin America there is hereby authorized to be appropriated to the President not to exceed \$25,000,000, which shall remain available until expended, and in the utilization of such sum preference shall be given to (A) projects or programs that will clearly contribute to promoting health, education, and sanitation in the area as a whole or among a group or groups of countries of the area, (B) joint health, education, and sanitation assistance programs undertaken by members of the Organization of American States, and (C) such land resettlement programs as will contribute to the resettlement of foreign and native migrants in the area as a whole, or in any country of the area, for the purpose of advancing economic development and agricultural and industrial productivity: *Provided*, That assistance under this sentence shall emphasize loans rather than grants wherever possible, and not less than 90 per centum of the funds made available for assistance under this subsection shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505.

(c) The President is authorized to use not to exceed \$20,000,000 of funds appropriated pursuant to subsection (a) of this section for assistance, on such terms and conditions as he may specify, to schools and libraries abroad, founded or sponsored by citizens of the United States, and serving as study and demonstration centers for ideas and practices of the United States, notwithstanding any other Act authorizing assistance of this kind. Further, in addition to the authority contained in this subsection, it is the sense of Congress that the President should make a special and particular effort to utilize foreign currencies accruing under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, and notwithstanding the provisions of Public Law 213, Eighty-second Congress, the President is authorized to utilize foreign currencies accruing to the United States under this or any other Act, for the purposes of this subsection and for hospitals abroad designed to serve as centers for medical treatment, education and research, founded or sponsored by citizens of the United States.

SEC. 401. UNITED NATIONS EMERGENCY FORCE.—The Congress of the United States, recognizing the important contribution of the United Nations Emergency Force to international peace and security, declares it to be the policy of the United States and the purpose of this section to support the United Nations Emergency Force. The President is hereby authorized to use during the fiscal year [1960] 1961 funds made available pursuant to section 400(a) of this Act for contributions on a voluntary basis to the budget of the United Nations Emergency Force.

SEC. 402. EARMARKING OF FUNDS.—Of the funds authorized to be made available in the fiscal year [1960] 1961 pursuant to this Act (other than funds made available pursuant to title II), not less than \$175,000,000 shall be used to finance the export and sale for foreign currencies or the grant of surplus agricultural commodities or products thereof produced in the United States, in addition to surplus agri-

cultural commodities or products transferred pursuant to the Agricultural Trade Development and Assistance Act of 1954, and in accordance with the standards as to pricing and the use of private trade channels expressed in section 101 of said Act. Foreign currency proceeds accruing from such sales shall be used for the purposes of this Act and with particular emphasis on the purposes of section 104 of the Agricultural Trade Development and Assistance Act of 1954 which are in harmony with the purposes of this Act. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use for such purposes the foreign currencies which accrue to the United States under this section. Surplus food commodities or products thereof made available for transfer under this Act (or any other Act) as a grant or as a sale for foreign currencies may also be made available to the maximum extent practicable to eligible domestic recipients pursuant to section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), or to needy persons within the United States pursuant to clause (2) of section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c). Section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), is amended by inserting "whether in private stocks or" after "commodities" the first time that word appears.

SEC. 403. RESPONSIBILITIES IN GERMANY.—The President is hereby authorized to use during the fiscal year [1960] 1961 not to exceed [\$7,500,000] \$6,750,000 of the funds made available pursuant to section 400(a) of this Act in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin. In carrying out this section, the President may also use currency which has been or may be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account, including that part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) which, upon approval by the President, shall be deposited in the GARIOA Special Account under the terms of article V of that agreement. The President may use the funds available for the purposes of this section on such terms and conditions as he may specify, and without regard to any provision of law which he determines must be disregarded.

SEC. 404. INDUS BASIN DEVELOPMENT.—The Congress of the United States welcomes the progress made through the good offices of the International Bank for Reconstruction and Development toward the development of the Indus Basin through a program of cooperation among South Asian and other nations of the free world in order to promote economic growth and political stability in South Asia, and affirms the willingness of the United States, pursuant to authorities contained in this and other Acts, to participate in this significant undertaking. In the event that funds appropriated pursuant to this Act are made available to be used by or under the supervision of the International Bank for Reconstruction and Development in furtherance of the foregoing purposes, such funds may be used in accordance with requirements, standards, or procedures established by the Bank concerning completion of plans and cost estimates and determination of feasibility, rather than with requirements, standards, or

*procedures concerning such matters set forth in this or other Acts; and such funds may also be used without regard to the provisions of section 901(b) of the Merchant Marine Act of 1936, as amended (46 U.S.C. 1241), whenever the President determines that such provisions cannot be fully satisfied without seriously impeding or preventing accomplishment of such purposes.*

SEC. 405. MIGRANTS, REFUGEES, AND ESCAPEES.—(a) The President is hereby authorized to continue membership for the United States on the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of migrants, there is hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee.

(b) Of the funds made available under this Act, not more than \$800,000 may be used by the President to facilitate the migration to the other American Republics of persons resident in that portion of the Ryukyu Island Archipelago under United States control.

(c) There is hereby authorized to be appropriated for the fiscal year [1960] 1961 not to exceed [\$1,100,000] \$1,500,000 for contributions to the program of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate.

(d) There is hereby authorized to be appropriated to the President for the fiscal year [1960] 1961 not to exceed [\$5,200,000] \$3,500,000 for continuation of activities, including care, training, and resettlement, which have been undertaken for selected escapees under section 451 of this Act.

SEC. 406. CHILDREN'S WELFARE.—There is hereby authorized to be appropriated not to exceed \$12,000,000 for the fiscal year [1960] 1961 for contributions to the United Nations Children's Fund.

SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—There is hereby authorized to be appropriated to the President for the fiscal year [1960] 1961 not to exceed [\$25,000,000] \$18,500,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East [ : Provided, That of the funds appropriated pursuant to this section 10 per centum shall be available only for repatriation or resettlement of such refugees]. In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East, the President shall take into account whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees. Whenever the President shall determine that it would more effectively contribute to the relief, rehabilitation, and resettlement of Palestine refugees in the Near East, he may expend any part of the funds made available pursuant to this section through any other agency he may designate.

SEC. 408. NORTH ATLANTIC TREATY ORGANIZATION.—(a) In order to provide for United States participation in the North Atlantic Treaty Organization, there is hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its share of the expenses of the Organization and all necessary salaries and expenses of the United States permanent representative to the Organization, of such persons as may be appointed to

represent the United States in the subsidiary bodies of the Organization or in any multilateral organization which participates in achieving the aims of the North Atlantic Treaty, and of their appropriate staffs, and the expenses of participation in meetings of such organizations, including salaries, expenses, and allowances of personnel and dependents as authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801), and allowances and expenses as provided in section 6 of the Act of July 30, 1946 (22 U.S.C. 287r).

(b) The United States permanent representative to the North Atlantic Treaty Organization shall be appointed by the President by and with the advice and consent of the Senate and shall hold office at the pleasure of the President. Such representative shall have the rank and status of ambassador extraordinary and plenipotentiary and shall be a chief of mission, class 1, within the meaning of the Foreign Service Act of 1946, as amended (22 U.S.C. 801).

(c) Persons detailed to the international staff of the North Atlantic Treaty Organization in accordance with section 529 of this Act who are appointed as Foreign Service Reserve Officers may serve for periods of more than five years notwithstanding the limitation in section 522 of the Foreign Service Act of 1946, as amended (22 U.S.C. 922).

SEC. 409. OCEAN FREIGHT CHARGES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation in nations and areas eligible for assistance under this Act, the President may pay ocean freight charges from United States ports to designated ports of entry of such nations and areas on shipments by United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid and shipments by the American Red Cross.

(b) Where practicable the President shall make arrangements with the receiving nation for free entry of such shipments and for the making available by that nation of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving nation to the designated shipping point of the consignee.

(c) There is hereby authorized to be appropriated to the President for the fiscal year **[1960] 1961** not to exceed **[\$2,300,000] \$2,000,000** to carry out the purposes of this section.

(d) In addition, any funds made available under this Act may be used, in amounts determined by the President, to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any Act for the disposal abroad of United States agricultural surpluses.

SEC. 411. ADMINISTRATIVE AND OTHER EXPENSES.—(a) Whenever possible, the expenses of administration of this Act shall be paid for in the currency of the nation where the expense is incurred.

(b) There is hereby authorized to be appropriated to the President for the fiscal year **[1960] 1961** not to exceed **[\$39,500,000] \$40,000,000** for necessary administrative expenses incident to carrying out the provisions of this Act (other than chapter I and title II of chapter II) and functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following) performed by any agency or officer administering nonmilitary assistance.

(c) There are authorized to be appropriated [to] for expenses of the Department of State such amounts as may be necessary from time to time for administrative expenses which are incurred for functions of the Department under this Act or for normal functions of the Department which relate to functions under this Act, and for expenses of carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611): *Provided*, That, in addition, funds made available for carrying out chapter I of this Act shall be available for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 in such amounts as the President may direct.

(d) Funds made available for the purposes of this Act may be used for compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, and without regard to the provisions of any other law, for printing and binding, and for expenditures outside [the continental limits of] the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds as may be necessary to accomplish the purposes of this Act.

**SEC. 412. PRESIDENT'S SPECIAL EDUCATION AND TRAINING FUND.**—Of the funds appropriated pursuant to this Act for use beginning in each of the fiscal years 1960 through 1964, \$10,000,000 for each such year shall be available only as follows:

[(a) \$5,000,000 shall be available until expended only for financing studies, research, instruction, and other educational activities of citizens of underdeveloped countries in educational institutions in the United States, Puerto Rico, and the Virgin Islands. Such financing may include payment for transportation, tuition, maintenance and other expenses incident to scholastic activities. The President may employ such funds to augment programs of this character authorized by section 32(b)(2) of the Surplus Property Act of 1944, as amended, and by the United States Information and Educational Exchange Act of 1948, as amended, and he may consolidate such portions of such \$5,000,000 as he may deem appropriate with appropriations made to carry out these two Acts.

[(b) \$5,000,000 shall be available until expended only for the training of people of underdeveloped countries in skills which will contribute to economic development. Such training shall be carried out in accordance with the policies set forth in title III of chapter II, relating to technical cooperation, and such \$5,000,000 may be consolidated with appropriations made for carrying out title III of chapter II.]

**SEC. 413. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.**—(a) The Congress recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other free nations to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture and commerce, and to strengthen free labor



unions; and to encourage the contribution of United States enterprise toward economic strength of other free nations, through private trade and investment abroad, private participation in the programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this section.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President—

(1) shall make arrangements to find and draw the attention of private enterprise to opportunities for investment and development in other free nations;

(2) shall accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to, and its equitable treatment in, nations participating in programs under this Act;

(3) shall, consistent with the security and best interests of the United States, seek compliance by other countries or a dependent area of any country with all treaties for commerce and trade and taxes and shall take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or dependent area thereof in violation of any such treaty; and

(4) may make, through an agency responsible for administering nonmilitary assistance under this Act, until June 30, 1967, under rules and regulations prescribed by him, guaranties to any person of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any nation with which the United States has agreed to institute the guaranty program: *Provided, That—*

(A) such projects shall be approved by the President as furthering the development of the economic resources and productive capacities of economically underdeveloped areas or, in the case of guaranties issued prior to January 1, 1960, on the basis of applications submitted prior to July 1, 1959, any of the purposes of this Act, and by the nation concerned;

(B) the guaranty to any person shall be limited to assuring any or all of the following:

(i) the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

(ii) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the President to have been lost to such person by reason of expropriation or confiscation by action of the government of a foreign nation or by reason of war;

(C) when any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, assets, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim or cause of action existing in connection therewith;

(D) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the President plus actual earnings or profits on said project to the extent provided by such guaranty, and shall be limited to a term not exceeding twenty years from the date of issuance;

(E) a fee shall be charged in an amount not exceeding 1 per centum per annum of the amount of each guaranty under clause (i) of subparagraph (B), and not exceeding 4 per centum of the amount of each guaranty under clause (ii) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this section until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section: *Provided*, That in the event the fee to be charged for a type of guaranty is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced;

(F) the President is authorized to issue guaranties up to a total face value of \$1,000,000,000 exclusive of informational media guaranties heretofore and hereafter issued pursuant to section 1011 of the Act of January 27, 1948, as amended (22 U.S.C. 1442), and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1509(b)(3)): *Provided*, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, and funds realized after June 30, 1955, from the sale of currencies or other assets acquired pursuant to subparagraph (C), shall be available for allocation to other guaranties, and the foregoing limitation shall be increased to the extent that such funds become available. Any payments made to discharge liabilities under guaranties issued under this paragraph shall be paid out of fees collected under subparagraph (E) as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of currencies or other assets acquired pursuant to subparagraph (C) and notes which have been issued under authority of paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended, and authorized to be issued under this paragraph by the Director of the International Cooperation Administration or such other officer as the President may designate, when necessary to discharge liabilities under any such guaranty: *Provided*, That all guaranties issued after June 30, 1956, pursuant to this paragraph shall be considered for the purposes of sections 3679 (31 U.S.C. 665) and 3732 (41

U.S.C. 11) of the Revised Statutes, as amended, as obligations only to the extent of the probable ultimate net cost to the United States of such guaranties; and the President shall, in the submission to the Congress of the reports required by section 534 of this Act, include information on the operation of this paragraph: *Provided further*, That at all times funds shall be allocated to all outstanding guaranties issued prior to July 1, 1956, exclusive of informational media guaranties issued pursuant to section 1011 of the Act of January 27, 1948, as amended (22 U.S.C. 1442), and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended, equal to the sum of the face value of said guaranties. For the purpose of this paragraph the Director of the International Cooperation Administration or such other officer as the President may designate is authorized to issue notes (in addition to the notes heretofore issued pursuant to paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended) in an amount not to exceed \$37,500,000, and on the same terms and conditions applicable to notes issued pursuant to said paragraph 111(c)(2);

(G) the guaranty program authorized by this paragraph shall be used to the maximum practicable extent and shall be administered under broad criteria so as to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of economically underdeveloped areas or, in the case of guaranties issued prior to January 1, 1960, on the basis of applications submitted prior to July 1, 1959, any of the purposes of this Act;

(H) as used in this paragraph--

(i) the term "person" means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States, and

(ii) the term "investment" includes any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made.

(c) Under the direction of the President, the Departments of State and Commerce and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international trade, foreign investment, and business operations in foreign countries, shall conduct annual studies to keep the data up to date of the ways and means in which the role of the private sector of the national economy can be more effectively utilized and protected in carrying out the purposes of this Act, so as to promote the foreign policy of the United

States, to stabilize and to expand its economy and to prevent adverse effects, with special reference to areas of substantial labor surplus and to the net position of the United States in its balance of trade with the rest of the world. Such studies shall include specific recommendations for such legislative and administrative action as may be necessary to expand the role of private enterprise in advancing the foreign policy objectives of the United States.

(d) Under the direction of the President, the Department of State and such other agencies of the Government as the President shall deem appropriate shall conduct a study of methods by which the United States and other nations including those which are parties to regional agreements for economic cooperation to which the United States is a party, or any of them, might best together formulate and effectuate programs of assistance to strengthen the economies of free nations so as to advance the principal purposes of this Act, as stated in section 2 thereof.

SEC. 414. MUNITIONS CONTROL.—(a) The President is authorized to control, in furtherance of world peace and the security and foreign policy of the United States, the export and import of arms, ammunition, and implements of war, including technical data relating thereto, other than by a United States Government agency. The President is authorized to designate those articles which shall be considered as arms, ammunition, and implements of war, including technical data relating thereto, for the purposes of this section.

(b) As prescribed in regulations issued under this section, every person who engages in the business of manufacturing, exporting, or importing any arms, ammunition, or implements of war, including technical data relating thereto, designated by the President under subsection (a) shall register with the United States Government agency charged with the administration of this section, and, in addition, shall pay a registration fee which shall be prescribed by such regulations. Such regulations shall prohibit the return to the United States for sale in the United States (other than for the Armed Forces of the United States and its allies) of any military firearms or ammunition of United States manufacture furnished to foreign governments by the United States under this Act or any other foreign assistance program of the United States, whether or not advanced in value or improved in condition in a foreign country. This prohibition shall not extend to similar firearms that have been so substantially transformed as to become, in effect, articles of foreign manufacture.

(c) Any person who willfully violates any provision of this section or any rule or regulation issued under this section, or who willfully, in a registration or license application, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than \$25,000 or imprisoned not more than two years, or both.

SEC. 415. ASSISTANCE TO INTERNATIONAL ORGANIZATIONS.—Whenever it will assist in achieving purposes declared in this Act, the President is authorized to use funds available under sections 131 and 403 in order to furnish assistance, including by transfer of funds, directly to the North Atlantic Treaty Organization and the Organization for European Economic Cooperation, for a strategic stockpile of food-stuffs and other supplies, or for other purposes.

SEC. 416. FACILITATION AND ENCOURAGEMENT OF TRAVEL.—The President, through such officer or commission as he may designate, shall facilitate and encourage, without cost to the United States except for administration expenses, the promotion and development of travel by citizens of the United States to and within countries receiving assistance under this Act and travel by citizens of such countries to the United States. To this end, under the direction of the President, the Departments of State and Commerce, the agency primarily responsible for administering nonmilitary assistance under this Act and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international travel, shall conduct a study of barriers to international travel and ways and means of promoting, developing, encouraging, and facilitating such travel in the mutual interests of the United States and countries assisted under this Act.

SEC. 417. IRISH COUNTERPART.—Pursuant to section 115(b)(6) of the Economic Cooperation Act of 1948, as amended, the disposition within Ireland of the unencumbered balance, in the amount of approximately 6,000,000 Irish pounds, of the special account of Irish funds established under article IV of the Economic Cooperation Agreement between the United States of America and Ireland, dated June 28, 1948, for the purposes of—

(1) scholarship exchange between the United States and Ireland;

(2) other programs and projects (including the establishment of an Agricultural Institute) to improve and develop the agricultural production and marketing potential of Ireland and to increase the production and efficiency of Irish industry; and

(3) development programs and projects in aid of the foregoing objectives, is hereby approved, as provided in the agreement between the Government of the United States of America and the Government of Ireland, dated June 17, 1954.

SEC. 419. ATOMS FOR PEACE.—(a) The President is hereby authorized to furnish from funds made available pursuant to this section, in addition to other funds available for such purposes, and on such terms and conditions as he may specify, assistance designed to promote the peaceful uses of atomic energy abroad. There is hereby authorized to be appropriated to the President for the fiscal year [1960] 1961 not to exceed [\$6,500,000] \$3,400,000 to carry out the purposes of this section.

(b) The United States share of the cost of any research reactor made available to another government under this section shall not exceed \$350,000.

(c) In carrying out the purposes of this section, the appropriate United States departments and agencies shall give full and continuous publicity through the press, radio, and all other available mediums, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the United States. Such portions of any research reactor furnished under this section as may be appropriately de-stamped or labeled as a product of the United States shall be so stamped or labeled.

SEC. 420. MALARIA ERADICATION.—The Congress of the United States, recognizing that the disease of malaria, because of its widespread prevalence, debilitating effects, and heavy toll in human life,

constitutes a major deterrent to the efforts of many peoples to develop their economic resources and productive capacities and to improve their living conditions, and further recognizing that it now appears technically feasible to eradicate this disease, declares it to be the policy of the United States and the purpose of this section to assist other peoples in their efforts to eradicate malaria. The President is hereby authorized to use funds made available under this Act (other than chapter I and title II of chapter II) to furnish to such nations, organizations, persons or other entities as he may determine, and on such terms and conditions as he may specify, financial and other assistance to carry out the purpose of this section: *Provided*, That this section shall not affect the authority of the Development Loan Fund to make loans for such purposes, so long as such loans are made in accordance with the provisions of title II of chapter II.

*SEC. 421. LOANS TO SMALL FARMERS.—It is the policy of the United States and the purpose of this section to strengthen the economies of underdeveloped nations, and in nations where the economy is essentially rural or based on small villages, to provide assistance designed to improve agricultural methods and techniques, to stimulate and encourage the development of local programs of self-help and mutual cooperation, particularly through loans of foreign currencies to associations of operators of small farms, formed for the purpose of joint action designed to increase or diversify agricultural productivity. The maximum unpaid balance of loans made to any association under this section may not exceed \$25,000 at any one time; and the aggregate unpaid balance of all loans made under this section may not exceed \$10,000,000 at any one time.*

#### CHAPTER III—CONTINGENCY FUND

*SEC. 451. PRESIDENT'S SPECIAL AUTHORITY AND CONTINGENCY FUND.—(a) Of the funds made available for use under this Act, not to exceed \$150,000,000, in addition to the funds authorized for use under this subsection by subsection (b) of this section, may be used in any fiscal year, without regard to the requirements of this Act or any other Act for which funds are authorized by this Act or any Act appropriating funds for use under this Act, in furtherance of any of the purposes of such Acts, when the President determines that such use is important to the security of the United States. Not to exceed \$100,000,000 of the funds available under this subsection may be expended for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia or the Communist-dominated or Communist-occupied areas of Germany, or any Communist-dominated or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union, either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when the President determines that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. Certification by the President that he has expended amounts under this Act not in excess of \$50,000,000, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for such amounts. Not more than \$30,000,000 of the funds available under this subsection may be allocated to any one nation in any fiscal year*

(b) There is hereby authorized to be appropriated to the President for the fiscal year ~~1960~~ 1961 not to exceed ~~[\$155,000,000]~~ \$100,000,000 for assistance authorized by this Act, other than by title II of chapter II, in accordance with the provisions of this Act applicable to the furnishing of such assistance. \$100,000,000 of the funds authorized to be appropriated pursuant to this subsection for any fiscal year may be used in such year in accordance with the provisions of subsection (a) of this section.

(c) It is the purpose of this Act to advance the cause of freedom. The Congress joins with the President of the United States in proclaiming the hope that the peoples who have been subjected to the captivity of Communist despotism shall again enjoy the right of self-determination within a framework which will sustain the peace; that they shall again have the right to choose the form of government under which they will live, and that sovereign rights of self-government shall be restored to them all in accordance with the pledge of the Atlantic Charter. Funds available under subsection (a) of this section may be used for programs of information, relief, exchange of persons, education, and resettlement, to encourage the hopes and aspirations of peoples who have been enslaved by communism.

#### CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

SEC. 501. TRANSFERABILITY OF FUNDS.—Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available pursuant to any provision of this Act may be transferred to and consolidated with the funds made available pursuant to any other provisions of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount made available for such provision pursuant to this Act.

SEC. 502. USE OF FOREIGN CURRENCY.—(a) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, proceeds of sales made under section 550 of the Mutual Security Act of 1951, as amended, shall remain available and shall be used for any purposes of this Act, giving particular regard to the following purposes—

- (1) for providing military assistance to nations or mutual defense organizations eligible to receive assistance under this Act;
- (2) for purchase of goods or services in friendly nations;
- (3) for loans, under applicable provisions of this Act, to increase production of goods or services, including strategic materials, needed in any nation with which an agreement was negotiated, or in other friendly nations, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;
- (4) for developing new markets on a mutually beneficial basis;
- (5) for grants-in-aid to increase production for domestic needs in friendly countries; and
- (6) for purchasing materials for United States stockpiles.

(b) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, local currencies owned by the United States shall be made available to appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946, as amended, and to the Joint Committee on Atomic Energy and the Joint Economic Committee and the Select Committees on Small Business of the Senate and House of Representatives for their local currency expenses: *Provided*, That each member or employee of any such committee shall make, to the chairman of such committee in accordance with regulations prescribed by such committee, an itemized report showing the amounts and dollar equivalent values of each such foreign currency expended, together with the purposes of the expenditure, including lodging, meals, transportation, and other purposes. Within the first sixty days that Congress is in session in each calendar year, the chairman of each such committee shall consolidate the reports of each member and employee of the committee and forward said consolidated report showing the total itemized expenditures of the committee and each subcommittee thereof during the preceding calendar year, to the Committee on House Administration of the House of Representatives (if the committee be a committee of the House of Representatives or a joint committee whose funds are disbursed by the Clerk of the House) or to the Committee on Appropriations of the Senate (if the committee be a Senate committee or a joint committee whose funds are disbursed by the Secretary of the Senate). Each such report submitted by each committee shall be published in the Congressional Record within ten legislative days after receipt by the Committee on House Administration of the House or the Committee on Appropriations of the Senate.

SEC. 503. TERMINATION OF ASSISTANCE.—If the President determines that the furnishing of assistance to any nation under any provision of this Act—

- (1) is no longer consistent with the national interest or security or the foreign policy of the United States; or
- (2) would no longer contribute effectively to the purposes for which such assistance is furnished; or
- (3) is no longer consistent with the obligations and responsibilities of the United States under the Charter of the United Nations,

he shall terminate all or part of any assistance furnished pursuant to this Act. If the President determines that any nation which is receiving assistance under chapter I of this Act is not making its full contribution to its own defense or to the defense of the area of which it is a part, he shall terminate all or part of such assistance. Assistance to any nation under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for twelve months from the date of termination under this section for the necessary expenses of liquidating assistance programs.

(b) In any case in which the President determines that a nation has hereafter nationalized or expropriated the property of any person as defined in section 413(b) and has failed within six months of such nationalization or expropriation to take steps determined by the President to be appropriate to discharge its obligations under in-



ternational law toward such person, the President shall, unless he determines it to be inconsistent with the national interest, suspend assistance under this Act to such nation until he is satisfied that appropriate steps are being taken.

(c) The President shall include in his recommendations to the Congress for the fiscal year 1961 programs under this Act a specific plan for each country receiving bilateral grant assistance in the categories of defense support or special assistance whereby, wherever practicable, such grant assistance shall be progressively reduced and terminated.

SEC. 504. SMALL BUSINESS.—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under chapter II of this Act—

(1) by causing to be made available to suppliers in the United States and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds.

(2) by causing to be made available to prospective purchasers in the nations receiving assistance under this Act information as to commodities and services produced by small independent enterprises in the United States, and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such United States Government agency as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to chapter I, such information to be furnished as far in advance as possible.

[(d) Of the funds appropriated pursuant to section 451(b) of this Act, the President is authorized to utilize not to exceed \$2,500,000 for the fiscal year 1960 to make available to foreign small business concerns in underdeveloped countries, or to foreign government organizations established for the purpose of helping such concerns in underdeveloped countries, on such terms and conditions as he may determine, machine tools, industrial equipment, and other equipment owned by agencies of the United States Government.]

SEC. 505. LOAN ASSISTANCE AND SALES.—(a) Except as otherwise specifically provided in this Act, assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States of materials required for stockpiling or other purposes) as may be determined to be best suited to the achievement of the purposes of this Act and shall emphasize loans rather than grants wherever possible. *Commodities, equipment, and materials transferred to the United States as repayment may be used for assistance authorized by this Act, other than title II of chapter*

*II, in accordance with the provisions of this Act applicable to the furnishing of such assistance.* Whenever commodities, equipment, materials, or services are sold for foreign currencies the President, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, may use or enter into arrangements with friendly nations or organizations of nations to use such currencies for the purposes for which the funds providing the commodities, equipment, materials, or services which generated the currencies were appropriated.

(b) Funds for the purpose of furnishing assistance on terms of repayment may be allocated to the Export-Import Bank of Washington, which may, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on such terms. Credits made by the Export-Import Bank of Washington with funds so allocated to it shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. United States dollars received in repayment of principal and payment of interest on any loan made under this section shall be deposited in miscellaneous receipts of the Treasury. Foreign currencies received in repayment of principal and payment of interest on any such loan which are in excess of the requirements as determined from time to time by the Secretary of State for purposes authorized in section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 App. U.S.C. 1641(b)), may be sold by the Secretary of the Treasury to United States Government agencies for payment of their obligations abroad and the United States dollars received as reimbursement shall also be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the requirements of the United States in the payment of its obligations abroad, as such requirements may be determined from time to time by the President, shall be credited to and be available for the authorized purposes of the Development Loan Fund in such amounts as may be specified from time to time in appropriation Acts. Amounts received in repayment of principal and interest on any credits made under paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into miscellaneous receipts of the Treasury, except that, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes heretofore authorized to be issued for the purpose of financing assistance on a credit basis under paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into the Treasury for the purpose of the retirement of such notes.

SEC. 506. PATENTS AND TECHNICAL INFORMATION.—(a) As used in this section—

(1) the term "invention" means an invention or discovery covered by a patent issued by the United States; and

(2) the term "information" means information originated by or peculiarly within the knowledge of the owner thereof and those in privity with him, which is not available to the public and is subject to protection as property under recognized legal principles.

(b) Whenever, in connection with the furnishing of any assistance in furtherance of the purposes of this Act—

(1) use within the United States, without authorization by the owner, shall be made of an invention; or

(2) damage to the owner shall result from the disclosure of information by reason of acts of the United States or its officers or employees,

the exclusive remedy of the owner of such invention or information shall be by suit against the United States in the Court of Claims or in the District Court of the United States for the district in which such owner is a resident for reasonable and entire compensation for unauthorized use or disclosure. In any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by any defendant in a like action.

(c) Before such suit against the United States has been instituted, the head of the appropriate United States Government agency, which has furnished any assistance in furtherance of the purposes of this Act, is authorized and empowered to enter into an agreement with the claimant, in full settlement and compromise of any claim against the United States hereunder.

(d) The provisions of the last sentence of section 1498 of title 28 of the United States Code shall apply to inventions and information covered by this section.

(e) Except as otherwise provided by law, no recovery shall be had for any infringement of a patent committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action, except that the period between the date of receipt by the Government of a written claim under subsection (c) above for compensation for infringement of a patent and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the six years, unless suit is brought before the last-mentioned date.

**SEC. 507. AVAILABILITY OF FUNDS.**—Except as otherwise provided in this Act, funds shall be available to carry out the provisions of this Act (other than sections 414 and 416) as authorized and appropriated to the President each fiscal year.

**SEC. 508. LIMITATION ON FUNDS FOR PROPAGANDA.**—None of the funds herein authorized to be appropriated nor any counterpart funds shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the mutual security program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.

**SEC. 509. SHIPPING ON UNITED STATES VESSELS.**—The ocean transportation between foreign countries of commodities, materials, and equipment procured out of local currency funds made available or derived from funds made available under this Act or the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following), shall not be governed by the provisions of section 901(b) of the Merchant Marine Act of 1936, or any other law relating to the ocean transportation of commodities, materials, and equipment on United States flag vessels. Sales of fresh fruit and the products thereof under this Act shall be exempt from the require-

ments of the cargo preference laws (Public Resolution 17, Seventy-third Congress, and section 901(b) of the Merchant Marine Act, 1936, as amended).

SEC. 510. PURCHASE OF COMMODITIES.—No funds made available under title I of chapter II of this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this section does not include the purchase of raw cotton in bales. Funds made available under title I or II of chapter II of this Act may be used for the procurement of commodities outside the United States unless the President determines that such procurement will result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, or to the net position of the United States in its balance of trade with the rest of the world, which outweigh the economic advantages to the United States of less costly procurement abroad. In providing for the procurement of any surplus agricultural commodity for transfer by grant under this Act to any recipient nation in accordance with the requirements of such nation, the President shall, insofar as practicable and where in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the nations receiving assistance under this Act.

SEC. 511. RETENTION AND RETURN OF EQUIPMENT.—(a) No equipment or materials may be transferred under chapter I or title I of chapter II out of military stocks if the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such transfer would be detrimental to the national security of the United States, or that such equipment or materials are needed by the reserve components of the Armed Forces to meet their training requirements.

(b) Any equipment, materials, or commodities procured to carry out this Act shall be retained by, or, upon reimbursement, transferred to and for the use of, such United States Government agency as the President may determine in lieu of being disposed of to a foreign nation or international organization whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities so retained may be disposed of without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodities or to conserve the usefulness thereof. Funds realized from any such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such equipment, materials, or commodities or to appropriations currently available for such procurement.

(c) The President shall make appropriate arrangements with each nation receiving equipment or materials on a grant basis under chapter I for the return to the United States (1) for salvage or scrap, or (2) for such other disposition as the President shall deem to be in the interest of mutual security, of any such equipment or materials

which are no longer required for the purposes for which originally made available.

SEC. 512. PENAL PROVISION.—Whoever offers or gives to anyone who is or in the preceding two years has been an employee or officer of the United States any commission, payment, or gift, in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, and whoever, being or having been an employee or officer of the United States in the preceding two years, solicits, accepts, or offers to accept any commission, payment, or gift in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, shall upon conviction thereof be subject to a fine not to exceed \$10,000 or imprisonment for not to exceed three years, or both: *Provided*, That this section shall not apply to persons appointed pursuant to sections 308 or 530(a) of this Act.

SEC. 513. NOTICE TO LEGISLATIVE COMMITTEES.—When any transfer is made under section 501, or any other action is taken under this Act which will result in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or Acts appropriating funds pursuant to authorizations contained in this Act or which will result in expenditures greater by 50 per centum or more than the proposed expenditures included in such presentation for the program concerned, the President or such officer as he may designate shall promptly notify the Committee on Foreign Relations and, when military assistance is involved, the Committee on Armed Services of the Senate, and the Speaker of the House of Representatives, stating the justification for such changes. Notice shall also be given to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives of any determination under the first sentence of section 451 (except with respect to unvouchered funds) *and under the last clause of the second sentence of section 404*, and copies of any certification as to loyalty under section 531 shall be filed with them.

SEC. 514. INTERNATIONAL EDUCATIONAL EXCHANGE ACTIVITIES.—Foreign currencies or credits owed to or owned by the United States, where arising from this Act or otherwise, shall, upon a request from the Secretary of State certifying that such funds are required for the purpose of international educational exchange activities under programs authorized by section 32(b)(2) of the Surplus Property Act of 1944, as amended, be reserved by the Secretary of the Treasury for sale to the Department of State for such activities on the basis of the dollar value at the time of the reservation.

SEC. 515. AUTHORIZATION FOR GRANT OF CONTRACT AUTHORITY.—Provisions in this Act authorizing the appropriation of funds shall be construed to authorize the granting in any appropriation Act of authority to enter into contracts, within the amounts so authorized to be appropriated, creating obligations in advance of appropriations.

SEC. 516. PROHIBITION AGAINST DEBT RETIREMENT.—None of the funds made available under this Act nor any of the counterpart funds generated as a result of assistance under this Act or any other Act

shall be used to make payments on account of the principal or interest on any debt of any foreign government or on any loan made to such government by any other foreign government; nor shall any of these funds be expended for any purpose for which funds have been withdrawn by any recipient country to make payment on such debts: *Provided*, That to the extent that funds have been borrowed by any foreign government in order to make a deposit of counterpart and such deposit is in excess of the amount that would be required to be deposited pursuant to the formula prescribed by section 142(b) of this Act, such counterpart may be used in such country for any agreed purpose consistent with the provisions of this Act.

SEC. 517. COMPLETION OF PLANS AND COST ESTIMATES.—(a) After June 30, 1958, no agreement or grant which constitutes an obligation of the United States in excess of \$100,000 under section 1311 of the Supplemental Appropriation Act, 1955, shall be made for any assistance authorized under title I, II, or III (except section 306) of chapter II, or section 400(a)—

(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States of providing such assistance, have been completed; and

(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed within one year from the date the agreement or grant is made.

This section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans. To the maximum extent practicable, all contracts for construction outside the United States made in connection with any agreement or grant subject to this section, except any agreement for assistance authorized under title II of chapter II, shall be made on a competitive basis.

(b) *All nonmilitary flood control, reclamation, and other water and related land resource programs or projects proposed for construction under titles I, II, or III (except section 306) of chapter II, under section 400, or under section 451 of this Act, shall be examined by qualified engineers, financed under this Act, in accordance with the general procedures prescribed in circular A-47 of the Bureau of the Budget, dated December 31, 1952, for flood control, reclamation, and other water and related land resource programs and projects proposed for construction within the continental limits of the United States of America. In all cases the benefits and costs shall be determined, and a copy of the determination shall be submitted to the Speaker of the House of Representatives and the Foreign Relations Committee and the Appropriations Committee of the Senate. No such program or project shall be undertaken on which the benefits do not exceed the costs and which does not otherwise meet the standards and criteria used in determining the feasibility of flood control, reclamation, and other water and related land resource programs and projects proposed for construction within the continental limits of the United States of America as per circular A-47 of the Bureau of the Budget, dated December 31, 1952.*

SEC. 521. DELEGATION OF AUTHORITY BY THE PRESIDENT.—(a) Except as provided in subsection (b) and section 413(b)(4), the President may exercise any power or authority conferred on him by this

Act through such agency or officer of the United States as he shall direct, and the head of such agency or such officer may from time to time promulgate such rules and regulations as may be necessary and proper to carry out functions under this Act and may delegate authority to perform any of such functions to his subordinates acting under his direction.

(b) After June 30, 1955, the President shall exercise the powers conferred upon him under title III of chapter II of this Act through the Secretary of State.

(c) The President shall continue to exercise the powers conferred on him under title I of chapter II, relating to defense support, only through the Secretary of State and his subordinates.

SEC. 522. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—

(a) The President may allocate or transfer to any United States Government agency any part of any funds available for carrying out the purposes of this Act, including any advance to the United States by any nation or international organization for the procurement of equipment or materials or services. Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the Government agencies to which such funds are allocated or transferred. Funds allocated to the Department of Defense shall be governed as to reimbursement by the procedures of subsection (c) of this section.

(b) Any officer of the United States performing functions under this Act may utilize the services and facilities of, or procure commodities from, any United States Government agency as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury. The Administrator of General Services is authorized to maintain in a separate consolidated account, which shall be free from fiscal year limitations, payments received by the General Services Administration for administrative surcharges in connection with procurement services performed by the General Services Administration in furtherance of the purposes of this Act. Such payments shall be in amounts mutually acceptable to the General Services Administration and the United States Government agency which finances the procurement, and these amounts shall be available for administrative expenses incurred by the General Services Administration in performing such procurement services.

(c) Reimbursement shall be made to any United States Government agency, from funds available to carry out chapter I of this Act, for any assistance furnished under that chapter from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 545) of the equipment and materials, services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under that chapter. The amount of any such reimbursement shall be credited as reimbursable receipts to current applicable appropriations, funds, or accounts of such agency and shall be available for, and under the authority applicable to, the purposes for which such appropriations, funds, or accounts are authorized to be used, including the procurement of equipment and materials

or services, required by such agency, in the same general category as those furnished by it or authorized to be procured by it and expenses arising from and incident to such procurement.

(d) In the case of any commodity, service, or facility procured from any United States Government agency under any provision of this Act other than chapter I, reimbursement or payment shall be made to such agency from funds available to carry out such provision. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposal agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owing agency determines that such replacement is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

(e) In furnishing assistance under this Act and in making surplus agricultural commodities available under section 402 accounts may be established on the books of any United States Government agency or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, against which (i) letters of commitment may be issued which shall constitute obligations of the United States, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended, and (ii) withdrawals may be made by recipient nations or agencies, organizations or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

(f) Any appropriation made to carry out the provisions of this Act may initially be charged, within the limits of available funds, to finance expenses for which funds are available in other appropriations made under this Act: *Provided*, That as of the end of the same fiscal year such expenses shall be finally charged to applicable appropriations with proper credit to the appropriations initially utilized for financing purposes.

SEC. 523. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. The Chief of the Diplomatic Mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires.



(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.

SEC. 524. THE SECRETARY OF DEFENSE.—(a) In the case of aid under chapter I of this Act, the Secretary of Defense shall have primary responsibility for—

- (1) the determination of military end-item requirements;
- (2) the procurement of military equipment in a manner which permits its integration with service programs;
- (3) the supervision of end-item use by the recipient countries;
- (4) the supervision of the training of foreign military personnel;
- (5) the movement and delivery of military end-items; and
- (6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense.

SEC. 525. FOREIGN OPERATIONS ADMINISTRATION.—The President may transfer to any agency or officer of the United States, and may modify or abolish, any function, office, or entity of the Foreign Operations Administration (including any function, office or entity thereof transferred to any other agency) or any officer or employee thereof, and may transfer such personnel, property, records, and funds as may be necessary incident thereto: *Provided*, That such authority conferred by this sentence shall be exercised in accordance with applicable laws and regulations relating to the Civil Service and Veterans' Preference.

SEC. 526. MISSIONS AND STAFFS ABROAD.—The President may maintain special missions or staffs abroad in such nations and for such periods of time as may be necessary to carry out this Act. Such special mission or staff shall be under the direction of a chief. The chief and his deputy shall be appointed by the President and may, notwithstanding any other law, be removed by the President at his discretion. The chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946 (22 U.S.C. 801), or (2) compensation and allowances in accordance with section 527(c) of this Act, as the President shall determine to be appropriate. If a Foreign Service Officer shall be appointed by the President to a position under this section, the period of his service in such capacity shall be considered as constituting an assignment for duty within the meaning of section 571 of the Foreign Service Act of 1946, as amended, and such person shall not, by virtue of his acceptance of such an assignment, lose his status as a Foreign Service Officer.

SEC. 527. EMPLOYMENT OF PERSONNEL.—(a) Any United States Government agency performing functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States on programs authorized by this Act, not to exceed [seventy] *seventy-four* may be compensated without regard to the provisions of the Classification Act of 1949, as amended, of whom not to exceed [forty-five] *forty-nine* may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed fifteen may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per annum. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended. One of the offices established by section 1(d) of Reorganization Plan Numbered 7 of 1953 may, notwithstanding the provisions of any other law, be compensated at a rate not in excess of \$20,000 per annum.

(c) For the purpose of performing functions under this Act outside [the continental limits of] the United States, the [Director] *President* may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees of other United States Government agencies, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U.S.C. 801), together with allowances and benefits established thereunder including, in all cases, post differentials prescribed under section 443 of the Foreign Service Act; and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of the employment or assignment exceeds thirty months, to the same benefits as are provided by section 528 of the Foreign Service Act for persons appointed to the Foreign Service Reserve and, except for policy-making officials, the provisions of section 1005 of the Foreign Service Act shall apply in the case of such persons; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended (22 U.S.C. 801), as the President deems necessary to carry out functions under this Act. Such provisions of the Foreign Service Act as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including, in all cases, the provisions of sections 443 and 528 of that Act: *Provided, however,* That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or assignment exceeds thirty months: *Provided further,* That *Foreign Service Reserve Officers appointed or assigned pursuant to this paragraph shall receive in-class promotions in accordance with such regulations as the President may prescribe.*

(d) For the purpose of performing functions under this Act outside [the continental limits of] the United States, the Secretary of State may[, at the request of the Director,] appoint for the duration of operations under this Act alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946, as amended (22 U.S.C. 801).

(e) Notwithstanding the provisions of title 10, United States Code, section 712, or any other law containing similar authority, officers and employees of the United States performing functions under this Act shall not accept from any foreign nation any compensation or other benefits. Arrangements may be made by the President with such nations for reimbursement to the United States or other sharing of the cost of performing such functions.

SEC. 528. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.—

(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail or assign any officer or employee of his agency to any office or position to which no compensation is attached with any foreign government or foreign government agency: *Provided*, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which assigned or detailed, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act.

SEC. 529. DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATIONS.—(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with or as a member of the international staff of such organization, or to render any technical, scientific or professional advice or service to or in cooperation with such organization.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority and other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act. He may also receive under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U.S.C. 801). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes.

(c) Details or assignments may be made under this section—

(1) without reimbursement to the United States by the international organization;

(2) upon agreement by the international organization to reimburse the United States for compensation, travel expenses, and allowances, or any part thereof payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section; and such reimbursement shall

be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses or allowances, or to the appropriation, fund, or account currently available for such purposes;

(3) upon an advance of funds, property, or services to the United States accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the international organization; or

(4) subject to the receipt by the United States of a credit to be applied against the payment by the United States of its share of the expenses of the international organization to which the officer or employee is detailed, such credit to be based upon the compensation, travel expenses and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section.

SEC. 530. EXPERTS AND CONSULTANTS OR ORGANIZATIONS THEREOF.—(a) Experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), may be employed by any United States Government agency for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence and other expenses at a rate not to exceed \$10 or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher, while so employed within [the continental limits of] the United States and at the applicable rate prescribed in the Standardized Government Travel Regulations (Foreign Areas) while so employed outside the continental limits of the United States: *Provided*, That contracts for such employment with such organizations may be renewed annually.

(b) Persons of outstanding experience and ability may be employed without compensation by any United States Government agency for the performance of functions under this Act in accordance with the provisions of section 710(b) of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2160), and regulations issued thereunder.

SEC. 531. SECURITY CLEARANCE.—No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Director under this Act for a period to exceed three months unless—

[(a) such individual has been investigated as to loyalty and security by the Civil Service Commission, or by the Federal Bureau of Investigation in the case of specific positions which have been certified by the Director as being of a high degree of importance or sensitivity or in case the Civil Service Commission investigation develops data reflecting that the individual is of questionable loyalty, and a report thereon has been made to the Director, and until the Director has certified in writing (and filed copies thereof with the Senate Committee on Foreign Relations

and the House Committee on Foreign Affairs) that, after full consideration of such report, he believes such individual is loyal to the United States, its Constitution, and form of government, and is not now and has never knowingly been a member of any organization advocating contrary views; or

[(b) such individual has been investigated by a military intelligence agency and the Secretary of Defense has certified in writing that he believes such individual is loyal to the United States and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs.

[This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate, nor shall it apply in the case of any person already employed under programs covered by this Act who has been previously investigated in connection with such employment.]

*SEC. 531. SECURITY CLEARANCE.—The standards and procedures set forth in Executive Order Numbered 10450, as amended or supplemented, shall apply to the employment under this Act by any agency administering nonmilitary assistance of any citizen or resident of the United States.*

**SEC. 532. EXEMPTION OF PERSONNEL FROM CERTAIN FEDERAL LAWS.—**(a) Service of an individual as a member of the Board established pursuant to section 308 of this Act or as an expert or consultant under section 530(a) shall not be considered as service or employment bringing such individual within the provisions of title 18, U.S.C., section 281, 283 or 284, or of section 190 of the Revised Statutes (5 U.S.C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service; nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 6 of the Act of May 22, 1920, as amended (5 U.S.C. 715), section 212 of the Act of June 30, 1932, as amended (5 U.S.C. 59a), or any other Federal law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities. Contracts for the employment of retired military personnel with specialized research and development experience, not to exceed ten in number, as experts or consultants under section 530(a), may be renewed annually, notwithstanding section 15 of the Act of August 2, 1946 (5 U.S.C. 55a).

(b) Notwithstanding section 2 of the Act of July 31, 1894 (5 U.S.C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under this Act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the provisions of the Act of June 30, 1932 (5 U.S.C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer.

SEC. 533. WAIVERS OF CERTAIN FEDERAL LAWS.—Whenever the President determines it to be in furtherance of purposes declared in this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951, as amended) regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

SEC. 533A. INSPECTOR GENERAL AND COMPTROLLER.—(a) There is hereby established in the Department of State an office to be known as the "Office of the Inspector General and Comptroller", which shall be headed by an officer designated as the "Inspector General and Comptroller", whose salary shall be fixed at the annual rate of \$19,000, and who shall be appointed by the Secretary of State and be responsible to an Under Secretary of State designated for such purpose by the Secretary of State. In addition, there shall be a Deputy Inspector General and Comptroller, whose salary shall not exceed the maximum rate provided under the General Schedule of the Classification Act of 1949, as amended, and such other personnel as may be required to carry out the functions vested in the Inspector General and Comptroller by or pursuant to this section.

(b) There are hereby transferred to the Inspector General and Comptroller all functions, powers, and duties of the Office of Evaluation of the International Cooperation Administration, and so much of the functions, powers, and duties of the Office of Personnel Security and Integrity as relate to investigations of improper activities in connection with programs under the International Cooperation Administration.

(c) The Inspector General and Comptroller shall have the following duties, in addition to those duties transferred to him under subsection (b) of this section:

(1) Establishing or reviewing and approving a system of financial controls over programs of assistance authorized by this Act to insure compliance with applicable laws and regulations;

(2) Advising and consulting with the Secretary of Defense or his delegate with respect to the controls, standards, and procedures established or approved under this section insofar as such controls, standards, and procedures relate to assistance furnished under chapter I of this Act;

(3) Establishing or reviewing and approving policies and standards providing for extensive internal audits of programs of assistance authorized by this Act;

(4) Reviewing and approving internal audit programs under this section, and coordinating such programs with the appropriate officials of other Government departments in order to insure maximum audit coverage and to avoid duplication of effort;

(5) Reviewing audit findings and recommendations of operating agencies and the action taken thereon, and making recommendations with respect thereto to the Under Secretary of State and other appropriate officials;

(6) Conducting or requiring the conduct of such special audits as in his judgment may be required in individual cases, and of inspections with respect to end-item use in foreign countries;

(7) Establishing or reviewing and approving a system of financial and statistical reporting with respect to all programs of assistance authorized by this Act;

(8) Advising the Under Secretary of State and other appropriate officials on fiscal and budgetary aspects of proposed programs of assistance authorized by this Act;

[(9) Designing the form and prescribing the financial and statistical content of the annual program presentation to the Congress;]

[(10)](9) Coordinating and cooperating with the General Accounting Office in carrying out his duties, to the extent that such duties are within areas of responsibility of the General Accounting Office; and

[(11)](10) Carrying out such other duties as may be vested in him by the Under Secretary of State.

(d) Expenses of the Office of the Inspector General and Comptroller with respect to programs under this Act shall be charged to the appropriations made to carry out such programs: *Provided*, That all documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the Office of Inspector General and Comptroller shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Office, upon request of the General Accounting Office or such committee or subcommittee as the case may be.

SEC. 534. REPORTS.—(a) The President, from time to time while funds appropriated for the purpose of this Act continue to be available for obligation, shall transmit to the Congress reports covering each [six months] *fiscal year* of operations, in furtherance of the purposes of this Act, except information the disclosure of which he deems incompatible with the security of the United States. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session. Such reports shall include detailed information on the implementation of sections 504, 202, 400, 416, 413(b), and 418 of this Act.

(b) All documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the International Cooperation Administration shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Administration, upon request of the General Accounting Office or such committee or subcommittee as the case may be.

SEC. 535. COOPERATION WITH NATIONS AND INTERNATIONAL ORGANIZATIONS.—(a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this Act, and may make payments by advancements or reimbursements, for such purposes, out of funds made available for the purposes of this Act, as may be necessary

therefor, to the extent that special compensation is usually required for such services and facilities: *Provided*, That nothing in this section shall be construed to authorize the delegation to any international or foreign organization or agency of authority to decide the method of furnishing assistance under this Act to any country or the amount thereof.

(b) Whenever the President determines it to be consistent with and in furtherance of the purposes and within the limitations of this Act, United States Government agencies, on request of international organizations, are authorized to furnish supplies, materials, and services, and on request of free nations, are authorized to furnish nonmilitary supplies, materials, and services, to such organizations and nations on an advance of funds or reimbursement basis. Such advances, or reimbursements which are received under this subsection within one hundred and eighty days after the close of the fiscal year in which such supplies, materials, and services are delivered, may be credited to the current applicable appropriation or fund of the agency concerned and shall be available for the purposes for which such appropriations and funds are used.

SEC. 536. JOINT COMMISSION ON RURAL RECONSTRUCTION IN CHINA.—The President is authorized to continue to participate in the Joint Commission on Rural Reconstruction in China and to appoint citizens of the United States to the Commission.

SEC. 537. PROVISIONS ON USES OF FUNDS.—(a) Appropriations for the purposes of this Act (except for chapter I), allocations to any United States Government agency, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to any agency administering nonmilitary assistance, shall be available for—

- (1) rents in the District of Columbia;
- (2) expenses of attendance at meetings concerned with the purposes of such appropriations, including (notwithstanding the provisions of section 9 of the Act of March 4, 1909 (31 U.S.C. 673)) expenses in connection with meetings of persons whose employment is authorized by section 530 of this Act;
- (3) [employment of aliens, by contract, for services abroad] *contracting with individuals for personal services abroad: Provided, That such individuals shall not be regarded as employees of the United States for the purpose of any law administered by the Civil Service Commission;*
- (4) purchase, maintenance, operation, and hire of aircraft: *Provided, That aircraft for administrative purposes may be purchased only as specifically provided for in an appropriation or other Act;*
- (5) purchase and hire of passenger motor vehicles: *Provided, That, except as may otherwise be provided in an appropriation or other Act, passenger motor vehicles abroad for administrative purposes may be purchased for replacement only and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles and the cost, including exchange allowance, of each such replacement shall not exceed \$3,500 in the case of an automobile for the chief of any special mission or staff abroad established under section 526 of this Act: Provided further, That passenger motor vehicles may be purchased for use in the [con-*



tinental] United States only as may be specifically provided in an appropriation or other Act;

(6) entertainment within the United States (not to exceed \$15,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);

(7) exchange of funds without regard to section 3651 of the Revised Statutes (31 U.S.C. 543), and loss by exchange;

(8) expenditures (not to exceed \$50,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act) of a confidential character other than entertainment: *Provided*, That a certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by an officer administering nonmilitary assistance, or such person as he may designate, and every such certificate shall be deemed a sufficient voucher for the amount therein specified;

(9) insurance of official motor vehicles in foreign countries;

(10) rental or lease outside [the continental limits of] the United States of offices, buildings, grounds, and living quarters to house personnel; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government abroad; and costs of fuel, water and utilities for such properties;

(11) actual expenses of preparing and transporting to their former homes in the United States or elsewhere, and of care and disposition of, the remains of persons or member of the families of persons who may die while such persons are away from their homes participating in activities carried out with funds covered by this subsection (a);

(12) purchase of uniforms;

(13) payment of per diem in lieu of subsistence to foreign participants engaged in any program of furnishing technical information and assistance, while such participants are away from their homes in countries other than the [continental] United States, at rates not in excess of those prescribed by the Standardized Government Travel Regulations, notwithstanding any other provision of law;

(14) expenses authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 and the following), not otherwise provided for;

(15) ice and drinking water for use abroad;

(16) services of commissioned officers of the Public Health Service and of the Coast and Geodetic Survey, and for the purposes of providing such services the Public Health Service may appoint not to exceed twenty officers in the regular corps to grades above that of senior assistant, but not above that of director, as otherwise authorized in accordance with section 711 of the Act of July 1, 1944, as amended (42 U.S.C. 211a), and the Coast and Geodetic Survey may appoint for such purposes not to exceed twenty commissioned officers in addition to those otherwise authorized;

(17) expenses in connection with travel of personnel outside the [continental] United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel) and transportation of personal effects,

household goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during that same fiscal year, and cost of transporting to and from a place of storage, and the cost of storing, the furniture and household and personal effects of any employee (i) for not to exceed three months after first arrival at a new post, (ii) when an employee is assigned to a post to which he cannot take, or at which he is unable to use, his furniture and household and personal effects, (iii) when such storage would avoid the cost of transporting such furniture and effects from one location to another, (iv) when he is temporarily absent from his post under orders, or (v) when through no fault of the employee, storage costs are incurred on such furniture and effects (including automobiles) in connection with authorized travel, under such regulations as an officer administering nonmilitary assistance, or such person as he may designate, may prescribe;

(18) payment of unusual expenses incident to the operation and maintenance of official residences for chiefs of special missions or staffs serving in accordance with section 526 of this Act.

(b) United States Government agencies are authorized to pay the costs of health and accident insurance for foreign participants in any exchange-of-persons program or any program of furnishing technical information and assistance administered by any such agency while such participants are en route or absent from their homes for purposes of participation in any such program.

(c) Notwithstanding the provisions of section 406(a) of Public Law 85-241, not to exceed \$27,750,000, of the funds available for assistance in Korea under this Act may be used by the President to construct or otherwise acquire essential living quarters, office space, and supporting facilities in Korea for use by personnel carrying out activities under this Act, and not to exceed ~~[\$2,750,000]~~ \$4,250,000 of funds made available for assistance in other countries under this Act may be used (in addition to funds available for such use under other authorities in this Act) for construction or acquisition of such facilities for such purposes elsewhere.

(d) Funds made available under section 400(a) may be used for expenses (other than those provided for under section 411(b) of this Act) to assist in carrying out functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following), delegated or assigned to any agency or officer administering nonmilitary assistance.

(e) Funds available under this Act may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 527(c)(2) of this Act (through interchange or otherwise) at any State or local unit of government, public or private non-profit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 918, Eighty-fourth Congress, may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that Act. Such training shall not be considered employment or holding of office under title 5, United States Code, section 62

and any payments or contributions in connection therewith may, as deemed appropriate by the head of the United States Government agency authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: *Provided, however,* That any such payments to an employee in the nature of compensation shall be in lieu of or in reduction of compensation received from the Government of the United States.

(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, there shall be submitted a detailed report on the assistance to be furnished, country-by-country, under title I of chapter II, and under section 400(a), of this Act. The report with respect to each country shall contain a clear and detailed explanation of the proposed level of aid for such country and shall include a listing of all significant factors considered, and the methods used, in determining the level of aid for such country; the reason for including each such factor and an explanation of the manner in which each of such factors is related to the specific dollar figure which constitutes the proposed level of aid for each such country. In addition, with respect to assistance proposed to be furnished under title I of chapter II of this Act, the report shall contain a clear and detailed explanation on a country-by-country basis of the determination of the particular level of forces to be supported by the proposed request for authorization and appropriation for military assistance, the factors considered and methods used in arriving at each country determination, and where the level of forces supported by military assistance differs from the total level of forces maintained in any such country, an explanation, in detail, of the reason for the difference in such level of forces.

SEC. 541. EFFECTIVE DATE.—This Act shall take effect on the date of its enactment.

SEC. 542. STATUTES REPEALED.—(a) There are hereby repealed—

(1) an Act to provide for assistance to Greece and Turkey, approved May 22, 1947, as amended;

(2) the joint resolution to provide for relief assistance to the people of countries devastated by war, approved May 31, 1947, as amended;

(3) the Foreign Aid Act of 1947;

(4) the Foreign Assistance Act of 1948, as amended; including the Economic Cooperation Act of 1948, as amended, the International Children's Emergency Fund Assistance Act of 1948, as amended, the Greek-Turkish Assistance Act of 1948, and the China Aid Act of 1948, as amended;

(5) the Mutual Defense Assistance Act of 1949, as amended;

(6) the Foreign Economic Assistance Act of 1950, as amended; including the Economic Cooperation Act of 1950, the China Area Aid Act of 1950, as amended, the United Nations Palestine Refugee Aid Act of 1950, and the Act for International Development, as amended;

(7) the Far Eastern Economic Assistance Act of 1950, as amended;

(8) the Yugoslav Emergency Relief Assistance Act of 1950;

(9) the Mutual Security Act of 1951, as amended;

(10) the Mutual Security Act of 1952;

- (11) the Mutual Security Act of 1953;
- (12) section 12 of the joint resolution of Congress approved November 4, 1939 (54 Stat. 10; 22 U.S.C. 452);
- (13) section 4 of the Act of March 3, 1925 (50 Stat. 887; 50 U.S.C. 165); and
- (14) section 968 of title 18, United States Code.

(b) References in other Acts to the Acts listed in subsection (a) shall hereafter be considered to be references to the appropriate provisions of this Act.

(c) The repeal of the Acts listed in subsection (a) shall not be deemed to affect amendments contained in such Acts to Acts not named in subsection (a).

SEC. 543. SAVING PROVISIONS.—(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken or entered into under authority of any provision of law repealed by section 542 shall continue in full force and effect until modified by appropriate authority.

(b) Where provisions of this Act establish conditions which must be complied with before use may be made of authority contained in or funds authorized by this Act, compliance with substantially similar conditions under Acts named in section 542 shall be deemed to constitute compliance with the conditions established by this Act.

(c) No person in the service or employment of the United States or otherwise performing functions under an Act repealed by section 542 or under section 408 shall be required to be reappointed or reemployed by reason of the entry into force of this Act, except that appointments made pursuant to section 110(a)(2) of the Economic Cooperation Act of 1948, as amended, shall be converted to appointments under section 527(c) of this Act.

(d) Funds appropriated pursuant to provisions of this Act repealed subsequent to the time such funds are appropriated shall remain available for their original purposes in accordance with the provisions of law originally applicable thereto. References in any Act to provisions of this Act repealed or stricken out by the Mutual Security Act of 1957 or subsequent Acts are hereby stricken out; and references in any Act to provisions of this Act redesignated by the Mutual Security Act of 1957 or subsequent Acts are hereby amended to refer to the new designations.

SEC. 544. AMENDMENTS TO OTHER LAWS.—(a) Section 1 of Public Law 283, Eighty-first Congress, is repealed. The Institute of Inter-American Affairs, created pursuant to Public Law 369, Eightieth Congress (22 U.S.C. 281), shall have succession until June 30, 1960, and may make contracts for periods not to exceed five years: *Provided*, That any contract extending beyond June 30, 1960, shall be made subject to termination by the said Institute upon notice: *And provided further*, That the said Institute shall, on and after July 1, 1954, be subject to the applicable provisions of the Budget and Accounting Act, 1921, as amended (31 U.S.C. 1), in lieu of the provisions of the Government Corporation Control Act, as amended (31 U.S.C. 841).

SEC. 545. DEFINITIONS.—For the purposes of this Act—

(a) The term "commodity" includes any commodity, material, article, supply or goods.

(b) The term "surplus agricultural commodity" means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

(c) The terms "equipment" and "materials" shall mean any arms, ammunition, or implements of war, or any other type of material, article, raw material, facility, tool, machine, supply or item that would further the purpose of chapter I or any component or part thereof, used or required for use in connection therewith, or required in or for the manufacture, production, processing, storage, transportation, repair or rehabilitation of any equipment or materials, but shall not include merchant vessels.

(d) The term "mobilization reserve" as used with respect to any equipment or materials, means the quantity of such equipment or materials determined by the Secretary of Defense under regulations prescribed by the President to be required to support mobilization of the Armed Forces of the United States in the event of war or national emergency until such time as adequate additional quantities of such equipment or materials can be procured.

(e) The term "excess" as used with respect to any equipment or materials, means the quantity of such equipment or materials owned by the United States which is in excess of the mobilization reserve of such equipment or materials.

(f) The term "services" shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act.

(g) The term "Armed Forces of the United States" shall include any component of the Army of the United States, of the United States Navy, of the United States Marine Corps, of the Air Force of the United States, of the United States Coast Guard, and the Reserve components thereof.

(h) The term "value" means—

(1) with respect to any excess equipment or materials furnished under chapter I the gross cost of repairing, rehabilitating, or modifying such equipment or materials prior to being so furnished;

(2) with respect to any nonexcess equipment or materials furnished under chapter I which are taken from the mobilization reserve (other than equipment or materials referred to in paragraph (3) of this subsection), the actual or the projected (computed as accurately as practicable) cost of procuring for the mobilization reserve an equal quantity of such equipment or materials or an equivalent quantity of equipment or materials of the same general type but deemed to be more desirable for inclusion in the mobilization reserve than the equipment or materials furnished;

(3) with respect to any nonexcess equipment or materials furnished under chapter I which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its replacement cost, whichever the Secretary of Defense may specify; and

(4) with respect to any equipment or materials furnished under chapter I which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating or modifying any excess equipment furnished under chapter I, all parts, accessories, or other materials used in the course of repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment and materials owned by the furnishing agency. Notwithstanding the foregoing provisions of this subsection (h) and for the purpose of establishing a more equitable pricing system for transactions between the military departments and the Mutual Defense Assistance Program, the Secretary of Defense shall prescribe at the earliest practicable date, through appropriate pricing regulations of uniform applicability, that the term "value" (except in the case of excess equipment or materials) shall mean—

(1) the price of equipment or materials obtaining for similar transactions between the Armed Forces of the United States; or

(2) where there are no similar transactions within the meaning of paragraph (1), the gross cost to the United States adjusted as appropriate for condition and market value.

(i) The term "United States Government agency" means any department, agency, board, wholly or partly owned corporation, or instrumentality, commission, or establishment of the United States Government.

(j) The term "agency administering nonmilitary assistance" shall refer to the Development Loan Fund and any agency to which authorities and functions under title I, title III, or title IV of chapter II or under chapter III of this Act are delegated or assigned pursuant to authority contained in sections 521 and 525 of this Act.

(k) The term "officer administering nonmilitary assistance" shall refer to the Board of Directors of the Development Loan Fund and any officer to whom authorities and functions under title I, title III, or title IV of chapter II or under chapter III of this Act are delegated or assigned pursuant to authority contained in sections 521 and 525 of this Act.

SEC. 546. CONSTRUCTION.—(a) If any provisions of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act and applicability of such provision to other circumstances or persons shall not be affected thereby.

(b) Nothing in this Act shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011).

(c) Nothing in this Act is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any nation or nations, or to any international organization.

SEC. 548. UNEXPENDED BALANCES.—Unexpended balances of funds made available under authority of this Act are hereby authorized to be continued available for the general purposes for which appropriated, and may be consolidated with appropriations made available beginning in fiscal year 1957 for the same general purposes under the authority of this Act.

SEC. 550. INFORMATION POLICY.—The President shall, in the reports required by section 534, or in response to requests from Members of the Congress or inquiries from the public, make public all information concerning the mutual security program not deemed by him to be incompatible with the security of the United States.

SEC. 551. LIMITATION ON THE USE OF THE PRESIDENT'S SPECIAL AUTHORITY.—The authority contained in sections 403, 451, and 501 of this Act shall not be used to augment appropriations made pursuant to sections 103(b), 408, 411(b), and 411(c) or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses.

SEC. 552. ASSISTANCE TO CUBA.—*No assistance shall be furnished under this Act to Cuba after the date of enactment of the Mutual Security Act of 1960 unless the President determines that such assistance is in the national and hemispheric interest of the United States.*

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## Title II of the Agricultural Trade Development and Assistance Act of 1954 as Amended

AN ACT To increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agricultural Trade Development and Assistance Act of 1954".*

\* \* \* \* \*

### TITLE II—FAMINE RELIEF AND OTHER ASSISTANCE

SEC. 201. In order to enable the President to furnish emergency assistance on behalf of the people of the United States to friendly peoples in meeting famine or other urgent or extraordinary relief requirements, the Commodity Credit Corporation shall make available to the President out of its stocks such surplus agricultural commodities (as defined in section 106 of title I) as he may request, for transfer (1) to any nation friendly to the United States in order to meet famine or other urgent or extraordinary relief requirements of such nation, and (2) to friendly but needy populations without regard to the friendliness of their government.

SEC. 202. **[The]** *In order to facilitate the utilization of surplus agricultural commodities in meeting the requirements of needy peoples, and in order to promote economic development in underdeveloped areas in addition to that which can be accomplished under title I of this Act, the President may authorize the transfer on a grant basis of surplus agricultural commodities from Commodity Credit Corporation stocks*

to assist programs undertaken with friendly governments or through voluntary relief agencies: *Provided*, That the President shall take reasonable precaution that such transfers will not displace or interfere with sales which might otherwise be made.

SEC. 203. Not more than \$300,000,000 (including the Corporation's investment in such commodities) plus any amount by which transfers made in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than could have been expended during such preceding year under this title as in effect during such preceding year shall be expended in any calendar year during the period January 1, 1960, and ending December 31, 1961, for all such transfers and for other costs authorized by this title. The President may make such transfers through such agencies including intergovernmental organizations, in such manner, and upon such terms and conditions as he deems appropriate; he shall make use of the facilities of voluntary relief agencies to the extent practicable. Such transfers may include delivery f.o.b. vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of this title or of section 416 of the Agricultural Act of 1949, as amended, ocean freight charges from United States ports to designated ports of entry abroad may be paid from funds available to carry out this title on commodities transferred pursuant hereto or donated under said section 416, *and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto may be paid from such funds.* Funds required for ocean freight costs authorized under this title may be transferred by the Commodity Credit Corporation to such other Federal agency as may be designated by the President.

SEC. 204. No programs of assistance shall be undertaken under the authority of this title after December 31, 1961.

### Chapter V of the Mutual Security Act of 1959

AN ACT To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

*Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled*, That this Act may be cited as the "Mutual Security Act of 1959."

\* \* \* \* \*

### CHAPTER V—INTERNATIONAL COOPERATION IN HEALTH; COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

#### INTERNATIONAL COOPERATION IN HEALTH

SEC. 501. (a) The Congress of the United States recognizes that large areas of the world are being ravaged by diseases and other health deficiencies which are causing widespread suffering, debility, and death, and are seriously deterring the efforts of peoples in such areas to develop their resources and productive capacities and to improve their living conditions. The Congress also recognizes that international efforts are needed to assist such peoples in bringing diseases and other



health deficiencies under control, in preventing their spread or re-appearance, and in eliminating their basic causes. Accordingly, the Congress affirms that it is the policy of the United States to accelerate its efforts to encourage and support international cooperation in programs directed toward the conquest of diseases and other health deficiencies.

[(b) In order to carry out the purposes of subsection (a) of this section and in order to plan logically for an orderly expansion of United States support to international health activities, the President is authorized to undertake, in cooperation directly with other governments, or indirectly through utilizing the resources and services of the United Nations and the Organization of American States or any of their specialized agencies, programs and projects of research, studies, field surveys, trials, and demonstrations to determine the feasibility of future intensive programs for reduction, control, or eradication of disease problems of international importance. Of the funds appropriated pursuant to section 451(b) of the Mutual Security Act of 1954, as amended, the sum of \$2,000,000 shall be available to carry out the purposes of this section.]

COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

SEC. 502. To enable the United States to maintain membership in the Colombo Plan Council for Technical Cooperation, there is hereby authorized to be appropriated from time to time to the Department of State such sums as may be necessary for the payment by the United States of its share of the expenses of the Colombo Plan Council for Technical Cooperation.

SUPPLEMENTAL VIEWS OF CONGRESSMAN ALVIN M.  
BENTLEY ON FOREIGN AID BILL

I opposed reporting the Mutual Security Act of 1960, H.R. 11510, out of the Foreign Affairs Committee at this time since I feel strongly that the entire program is overdue for a complete review and reappraisal. Such action has not been taken by the Foreign Affairs Committee during its current hearings on this legislation.

In order to accomplish this, I introduced H.R. 10084 on February 2, 1960, which contained the basic mutual security legislation, the 1954 act with subsequent amendments up to and including the authorizing legislation passed last year.

When the markup of the present legislation commenced, I offered my bill as a substitute. This substitute was rejected by a committee vote and, therefore, I opposed reporting out the present bill at this time.

If a recommittal motion is offered to send the present bill, H.R. 11510, back to committee for further study and review, I will vote for it. If this motion is defeated, however, I expect to vote for passage of the present bill. This represents a reversal of the position I have taken in previous years, but I do admit that the mutual security program has greatly improved in recent years, especially in the trend from grants to loans for purposes of economic aid. I also feel that there has been substantial improvement in the administration of the program, a step for which the Foreign Affairs Committee deserves much credit.

This does not mean that I am completely satisfied with the present program, apart from the urgent necessity for its thorough review. I am deeply concerned over certain aspects of the military assistance, especially its programs in countries whose armed forces would reasonably be expected to contribute little or nothing to the defense of the free world in the event of an all-out war. Undoubtedly, there exists a certain amount of justification for such nations to have limited forces for reasons of internal security, but in many instances the country programs go far beyond such criteria. I feel strongly that much more emphasis should be placed on economic aid in those particular areas for the purpose of assisting the people of those countries to improve their economies and raise their standard of living. I think that such steps would make them more immune to Communist penetration than the topheavy military programs now being undertaken.

The vast amounts of local or "soft" currencies which the mutual security and other programs are creating throughout the world is likewise a cause for real concern. There are certain countries where our holdings of such currencies are far in excess of the absorptive capacities of the countries themselves and can only result in creating inflationary pressures. Indeed, there are certain holdings of local currencies of such size that they could not possibly be spent in the foreseeable future. This has been due in part to the fact that there are a variety of programs which create these currencies, many of which are not

under the control of the Foreign Affairs Committee. I feel there should be much more centralization of direction in this respect, both on the executive and on the legislative level.

The so-called foreign-aid program seems now to have become a permanent part of our foreign policy, regardless of the political administration in power. While registering my concern over certain aspects of the program, as stated above, and while insisting upon the necessity for more constant review and reappraisal than the program has received from the Foreign Affairs Committee, I nevertheless accept the fact that the program is here to stay, possibly for an indefinite period of time. My opposition to the program in the past has often been assumed to be opposition to the entire concept of foreign aid, which was never the case. I, therefore, announce my support of the present program even if my efforts to require its further study and review are unsuccessful. In any event, the committee has shown its agreement with my position by promising to undertake such a study early in the coming year. I happen personally to believe, however, that such a study should not be delayed that long merely because of the time element in the present congressional session.

One final word. By agreeing to open-end authorizations for military assistance and the Development Loan Fund as was done in the Mutual Security Act of 1959, I feel that the Congress has abdicated a great deal of its responsibility in this field. I, therefore, expect to offer an amendment which would terminate this authorization for military assistance since I feel strongly that no blank checks should be given to the Executive in this or indeed in any other program of comparable size. The Foreign Affairs Committee is expected to set policy for the Congress in this field and it cannot possibly do so without undertaking annually the closest scrutiny of the operational details as well as the overall trend of mutual security legislation. I sincerely trust that the committee will undertake to expand its own staff to a number sufficient to do the job that the Congress and, indeed, the entire country expects of it.

MINORITY VIEWS OF MR. PILCHER, MRS. CHURCH, AND  
MR. ADAIR ON H.R. 11510

For some years, as earnest participants on the committee considering the Mutual Security Act, we have felt compelled to be realistic and honest critics, not of what is sought to be done but of the inadequate planning and poor administration of the program. Despite efforts this year to make some improvements in this basic legislation, we can see no indication that the actual planning and administration of the program will be radically changed. As in previous years, we who find this present bill unsatisfactory again assert that we believe in mutual security. We do not believe, however, that the present measure, H.R. 11510, adequately meets the challenge to provide such mutual security. It does not present the new imaginative program which is so necessary to further the efforts of the United States to build peace and progress in this troubled world.

Despite conclusive evidence that, due to obvious uncorrected weaknesses, the program has failed to achieve the anticipated results toward the establishment of security in the free world, H.R. 11510, as reported out by the Committee on Foreign Affairs, authorizes an appropriation of \$1,318,400,000, a reduction of \$136,500 from the Executive request. In addition, there are continuing authorizations, agreed to by the committee last year, for military assistance, the Development Loan Fund, and other smaller items, in the amount of \$2,720,100,000. In other words, the total amount proposed to be appropriated for fiscal year 1961 is \$4,038,500,000. Furthermore, under Public Law 480, additional funds will be made available to the mutual security program.

Last fall a study mission comprised of members of the Committee on Foreign Affairs completed a 40,000-mile tour to study the impact of U.S. foreign aid programs in the areas around the world. The chairman of this minority report was also chairman of the study mission. Another signer of the minority report accompanied him. In its report the study mission pointed up the reality and justice of our former criticisms. The final conclusions of the report had this to say about foreign aid:

The study mission is convinced that a realistic review and reappraisal of our aid program is immediately necessary, and that greater supervision must be given to its operations. However noble the purpose or well advised the goal, the quality and success of performance remain an essential criterion of success. We have pointed out in this report specific cases of poor programming and excessive spending. There is indication in more than one instance that, as suggested by

the Comptroller General in 1959, the field operations have actually been hampered by an excess rather than a paucity of funds. A far more vigorous effort, moreover, must be made to correct conditions and weaknesses that are known to exist and that have been pointed out again and again. There is some indication that blame for such weaknesses should be placed as much, if not more, on the planners in Washington than on those in the field. In any event, there is ample justification for our insistence that there be a complete revision of programs and operations.

In fact, there is justification for insistence on a broader vision and a more imaginative approach. Such approach should aim to produce in the peoples of the world greater and more successful self-reliance and stable political institutions under which the people in each country could live in freedom and dignity with full enjoyment of economic progress under democratic institutions.

What is desperately needed in this world to build sound bodies and sound minds is an adequate food supply and elementary education. In generations to come, grandiose dams and multi-million-dollar fertilizer plants might bring ultimate benefit, but we express again our fear of the inconsistent and strikingly dangerous gap between such grandiose projects at the top and the millions of human beings still starving, still untaught, who have neither the stamina to undertake nor the capacity to understand self-government. Without such understanding and capacity there is little chance for orderly progress. Such a course only adds to economic dislocation and confusion. Premature advance toward industrialization not only seriously strains the present capacity of countries but is bound to produce an insecure economic base. We would urge, therefore, that primary attention be given to food production and the teaching of at least elementary knowledge.

Since the end of World War II, the United States has spent well over 80 billions of dollars in aid to the nations of the world. The program has assisted in the effort of keeping them free and improving their economic position. In recent years changing conditions in the United States and in the world require reappraisal and revision of the program. The struggle to maintain freedom and encourage economic development involves the future of all free nations and, therefore, must be regarded by them as a joint responsibility.

The financial condition of the United States makes an expenditure each year of \$3 to \$4 billion an extremely difficult burden to carry. Such an effort can be justified only if the programs and obligations succeed in achieving their objectives. The American citizen today is paying more peacetime taxes than ever before. Interest on the public debt is taking approximately one-twelfth of all taxes collected. The American dollar, once the strongest and

most sought after currency in the world, is selling at a discount in some countries (e.g., Canada, Switzerland, Belgium). Our gross national debt is approximately \$292 billion.

Those nations which the United States helped to rehabilitate after World War II, and which are now financially strong, should make every effort to assist, both militarily and economically, in strengthening the less developed countries. The United States should no longer carry so large a share of the military and economic assistance to the other free nations of the world.

Furthermore, since 1947, the United States has so given to other countries its technical "know-how" and the dollars to develop it, that its own formerly unchallenged economic supremacy of the free world is under successful attack. The United States faces stronger economic competition than ever before—a competition that can have an immeasurable effect not only on our trade but on our industrial prosperity and the high living standards of our workers. Every possible wise step must be taken to protect our own position in world trade as well as the stability of the American dollar.

These facts, in addition to the findings of the study mission, underlie our insistence for an immediate detailed examination and careful review and revision of programs and operations.

In particular, the study mission comes back impressed by obvious evidence that ultimate failure is inherent in the program unless we can somehow develop plans and operations that will reach down to the people themselves of each country.

Paul G. Hoffman, in his pamphlet, "One Hundred Countries, One and One-Quarter Billion People," succinctly states the problems confronting underdeveloped countries:

The underdeveloped countries need high-level manpower just as urgently as they need capital. Indeed, unless these countries are able to develop the required strategic human resources they cannot effectively absorb capital. But human resources of the less-developed nations have been shamefully neglected. Only a very small percentage of the people who live in these countries have ever had an opportunity to acquire an education and only a few have ever had positions of responsibility. There is a huge need for training of all types from on-the-job training of artisans to training in more complex technological and management sciences.

Of all the resources required for economic development, high-talent manpower requires the longest "lead-time" for its creation. Dams, power stations, textile factories, and steel mills can be constructed in a few years, but it takes 10 to 15 years to develop managers, engineers, and the administration to operate them. The existence of such manpower,

however, is essential if the countries are to achieve self-sustaining growth.

Thus, while it is imperative that these countries survey their natural resources and draw up programs spelling out priorities for the strategic investment of capital in their development, so must they draw up some kind of a "high-level manpower budget" for the next 10 or even 20 years. This should be an integral part of their development plan.

Eugene R. Black, President of the International Bank for Reconstruction and Development, in a speech made at Oxford University, England, on March 3, 1960, stated:

We think that in administering economic aid quality is more important than quantity; even the most enthusiastic supporters of economic aid recognize that the outside world cannot provide more than a small margin of the resources needed; the really crucial economic and human resources must come from within. Therefore, it is only realistic, we think, to try to use economic aid primarily to promote proper standards in the art of managing a country's resources. \* \* \*

This present legislation in no sense gives the true picture of what is available for mutual security. Attention is directed to the following figures showing mutual security funds by program and amount available for expenditure for fiscal year 1960, which were inserted in the Congressional Record of March 31, 1960, by Hon. Otto E. Passman, chairman of the Subcommittee on Foreign Operations of the House Appropriations Committee:

*Mutual security funds by program and amount (available for expenditure (fiscal 1960))*

	<i>Total available for expenditure</i>
1. Military assistance:	
Unexpended, June 30, 1959.....	\$2, 547, 998, 755
New funds, fiscal 1960.....	1, 331, 247, 000
Sale military material, fiscal 1960.....	30, 200, 000
Total.....	<u>3, 909, 445, 755</u>
2. Defense support:	
Unexpended, June 30, 1959.....	787, 500, 953
New funds, fiscal 1960.....	695, 000, 000
Sale military material, fiscal 1960.....	500, 000
Total.....	<u>1, 483, 000, 953</u>
3. Development Loan Fund:	
Unexpended, June 30, 1959.....	782, 010, 480
New funds, fiscal 1960.....	550, 000, 000
Loan repayments, fiscal year 1960.....	15, 700, 000
Total.....	<u>1, 347, 710, 480</u>
4. Development assistance, unexpended, June 30, 1959.....	97, 768, 490
5. Special assistance:	
Unexpended, June 30, 1959.....	173, 389, 255
New funds, fiscal 1960.....	245, 000, 000
Estimated reimbursement, fiscal 1960.....	100, 000
Total.....	<u>418, 489, 255</u>

*Mutual security funds by program and amount (available for expenditure) fiscal 1960)*  
 —Continued

	<i>Total available for expenditure</i>
6. President's Asian fund, unexpended, June 30, 1959.....	\$85, 846, 438
7. President's contingency fund:	
Unexpended, June 30, 1959.....	139, 789, 149
New funds, fiscal 1960.....	123, 753, 000
Total.....	<u>263, 542, 149</u>
8. Technical cooperation, bilateral:	
Unexpended, June 30, 1959.....	158, 717, 287
New funds, fiscal 1960.....	150, 000, 000
Estimated reimbursement, fiscal 1960.....	700, 000
Total.....	<u>309, 417, 287</u>
9. Technical cooperation, U.N.:	
Unexpended, June 30, 1959.....	8, 292, 101
New funds, fiscal 1960.....	30, 000, 000
Estimated reimbursement, fiscal 1960.....	
Total.....	<u>38, 292, 101</u>
10. Technical cooperation, Organization of American States:	
Unexpended, June 30, 1959.....	1, 307, 960
New funds, fiscal 1960.....	1, 200, 000
Total.....	<u>2, 507, 960</u>
11. Joint control, unexpended, June 30, 1959.....	472, 167
12. Atoms for peace:	
Unexpended, June 30, 1959.....	9, 280, 648
New funds, fiscal 1960.....	1, 500, 000
Total.....	<u>10, 780, 648</u>
13. North Atlantic Treaty Organization, unexpended, June 30, 1959.....	<u>1, 088, 558</u>
14. Intergovernment Committee for European Migration:	
Unexpended, June 30, 1959.....	10, 829, 222
New funds, fiscal 1960.....	7, 371, 000
Total.....	<u>18, 200, 222</u>
15. U.N. Refugee Fund:	
Unexpended, June 30, 1959.....	1, 200, 000
New funds, fiscal 1960.....	1, 100, 000
Total.....	<u>2, 300, 000</u>
16. Escapee program:	
Unexpended, June 30, 1959.....	6, 887, 757
New funds, fiscal 1960.....	4, 632, 000
Total.....	<u>11, 516, 757</u>
17. U.N. Children's Fund:	
Unexpended, June 30, 1959.....	8, 925, 635
New funds, fiscal 1960.....	12, 000, 000
Total.....	<u>20, 925, 635</u>



*Mutual security funds by program and amount (available for expenditure (fiscal 1960))*  
 —Continued

	<i>Total available for expenditure</i>
18. U.N. Relief and Works Agency:	
Unexpended, June 30, 1959.....	\$8, 956, 957
New funds, fiscal 1960.....	25, 000, 000
Total.....	<u>33, 956, 957</u>
19. Ocean freight:	
Unexpended, June 30, 1959.....	1, 662, 992
New funds, fiscal 1960.....	1, 910, 000
Total.....	<u>3, 572, 992</u>
20. Control Act, unexpended, June 30, 1959.....	119, 101
21. Administrative expenses, ICA:	
Unexpended, June 30, 1959.....	4, 956, 497
New funds, fiscal 1960.....	38, 000, 000
Estimated reimbursement, fiscal 1960.....	800, 000
Total.....	<u>43, 756, 497</u>
22. Administrative expenses, State:	
Unexpended, June 30, 1959.....	708, 341
New funds, fiscal 1960.....	8, 100, 000
Total.....	<u>8, 808, 341</u>
Grand total.....	<u>8, 111, 521, 750</u>
RECAPITULATION	
Unexpended funds, June 30, 1959.....	4, 837, 708, 750
New funds, appropriated, fiscal 1960.....	3, 225, 813, 000
New funds, other, fiscal 1960.....	48, 000, 000
Total.....	<u>8, 111, 521, 750</u>

INADEQUATE PLANNING AND POOR ADMINISTRATION

Since the end of World War II the United States has spent more than \$80 billion to assist nations in remaining free and in improving their economic conditions. Newly independent nations seek to build prestige by building huge dams, steel mills, and super highways before there is need for such grandiose projects. As a result the International Cooperation Administration has acceded to too many requests for such programs and there have been too many projects begun without proper planning, determination of need, or benefits to be derived. Too often the people at the grassroots do not derive any immediate benefits from these grandiose projects—but continue to live in poverty and hunger under circumstances which certainly are not conducive to economic well being or the development of democratic processes. Too much emphasis has been placed on meeting the personal desires of the political leaders of the recipient governments and too little emphasis on the needs of the little people who, after all, determine the potential and the future of each country.

There is a true need for technical assistance in all of the underdeveloped nations, but such assistance should be given on the basis of a smaller number of better selected projects. A study mission, of which two of the signers of this minority report were members, found more than 600 projects in being in one country and more ready to be started before completion of the existing projects. The criticism that a multiplicity of projects has been undertaken is justified by the appended compilation showing aid to and projects in countries which the study mission visited (pp. 119 to 172).

In too many instances inadequate planning has resulted in the undertaking of impractical and unsuitable projects in underdeveloped nations which have led to excessive spending and waste of U.S. funds. We cite the following examples in support of these charges: A highway program in Vietnam on which the costs have skyrocketed from \$18 million to \$85 million, and may exceed \$100 million before its completion; a fertilizer plant in Taiwan, started with foreign aid money and estimated to cost approximately \$34 million, which is nonoperable because some of the equipment does not meet the specifications for the desired operations, and on which the Taiwanese Government has instituted proceedings against the manufacturer for contractual noncompliance; radio towers installed in Saigon which have never been put in operation because their utility is undetermined and their location in doubt.

As a further illustration, it seems worth while at this point to go into the problem of the Saigon water program in detail, and quote from the previously mentioned subcommittee report.

\* \* \* Everyone agrees Saigon badly needs a new water system, but plans have bogged down in a heated dispute between two schools of thought. On one side is the International Water Corp. of Pittsburgh which believes in deep wells. It has done business in Saigon for 30 years and has drilled most of the city's wells. On the other side is the Hydro-Technique Corp. of New York which believes in dams and pipelines.

Our foreign aid authorities gave the Hydro-Technique Corp. a \$200,000 contract for a survey 2 years ago. Hydro-Technique came up with a report favoring a dam and filtration plant on Dang Nai River near Bien Hoa, 18 miles north of Saigon. From this plant a 72-inch pipeline would lead to Saigon. The International Water Corp. made several surveys, all of which showed again that deep wells are quite adequate. What is more, the International Water Corp. said they would be much cheaper and provide water much sooner. The Hydro-Technique pipeline project is estimated to cost \$19.5 million to be put in by the United States. The International claims it can give Saigon all the water it needs indefinitely for \$12 to \$14 million. The Vietnamese seem to favor the dam and pipeline system, but the military of both Vietnam and the United States have raised the question of

security. It was at Bien Hoa that two American military advisers recently were killed when Red terrorists tossed a grenade into a movie audience.

It is pointed out that the 18-mile above-ground pipeline could be sabotaged and the already hard-pressed Vietnamese Armed Forces probably would have to furnish daily patrols, as well as guards for the river plant.

In November 1959 the Development Loan Fund approved a \$19.5 million loan for the water system and called for another survey. Who gets the contract for this survey and what it will cost, we do not know.

The most urgent need in many of the underdeveloped countries is the employment of manpower, which is one of their greatest economic resources. There is intense need for development of the agricultural regions and the implementation of small industries so that this excessive supply of manpower may be put to productive use, instead of the multimillion-dollar projects carried out by contract with large business firms only interested in making a profit, with little or no regard for the utilization of local manpower.

#### LOSS OF CONGRESSIONAL CONTROL

We regret that each year there is further shrinkage in the degree of control exercised over the program by the Congress. Progressive loss of control of funds inevitably leads to loss of administrative control. In the face of our repeated criticisms over the years of the administrative deficiencies in the foreign aid program, the executive branch this year requested an appropriation of \$4,175 million for mutual security. During fiscal year 1959 total U.S. mutual security expenditures were \$3,898 million. Despite the fact that we are being asked to continue to pour vast sums of money into the program, this request for funds in fiscal year 1961 makes no suggestion for strengthening congressional control over the programing and expenditure of funds. Nor is any recognition seemingly given to the fact that many of the projects do not have economic justification, let alone a defense requirement.

It is true that the bill for this year contains no authorization for military assistance. The mutual security law was changed last year so as to provide that for fiscal years 1961 and 1962 **such sums as might be necessary could be appropriated for military assistance.** This is an open-end authorization. There is no possible way to indicate just how much will actually be spent for the military under the unlimited amount authorized. We definitely feel that such authorization further weakens the control of the Congress over the funds and over the program.

In our judgment, the Congress made a serious mistake when it changed the pattern of congressional action as regards the military aid programs which previously had prevailed for nearly 10 years. It is urgent that we return to the original procedure whereby military assistance funds were annually authorized and annually appropriated.

BUREAUCRACY IN MUTUAL SECURITY PROGRAMS

The foreign aid program is administered by an increasingly large number of personnel without any noticeable increase in efficiency. This has led to the creation of an entrenched, self-perpetuating bureaucracy, still growing in size, power, and inefficiency. In this regard, the figures speak for themselves. In December 1948, a total of 2,858 persons were employed in the economic aid program. Today there are more than 42,000 personnel employed in the administration of the mutual security program.

INADEQUACY OF INSPECTION

The Office of Inspector General and Comptroller was created in last year's mutual security legislation to undertake the required actions to correct a program warped with waste and inefficiency. It was hoped that the creation of such an office would bring to the program a fresh review through impartial inspection by competent personnel whose judgment would not be prejudiced through long-time association with the practices and operations under consideration. It was brought out in the hearings on the program this year that personnel who have worked with the International Cooperation Administration in various capacities throughout the years are now being employed in this new Office of Inspector General-Comptroller. We find no personal fault with those administering the Office of Inspector General-Comptroller but we do feel that the decision to place the inspection of the program in the hands of those who have been intimately associated with its development was a wrong decision.

DANGERS IN THE DEVELOPMENT LOAN FUND

The Development Loan Fund continues to be an adjunct of the foreign-aid program for the making of loans rather than grants. When the Development Loan Fund was created, many of us were given the impression that the making of loans to underdeveloped countries for economic development would result in a reduction of economic grant assistance. There has been no appreciable reduction in the use of economic grant assistance funds.

Testimony received during the hearings indicates that money in the fund has been earmarked for certain countries without having received from those countries specifications and plans for particular economic projects. As a result of this unorthodox and inefficient procedure, many countries with worthy projects have been denied the assistance that they require because of the lack of funds. Until sound methods are utilized, the Development Loan Fund cannot possibly achieve maximum success.

NEED FOR REVIEW AND REVISION OF MUTUAL SECURITY PROGRAM

In prior years we have expressed our strong conviction that a realistic and objective review of the mutual security program and the legislation by which it is implemented should be immediately undertaken. Although annual revision of the act has been made, the basic legislation has not been thoroughly considered or rewritten since 1954. We are hopeful that the entire mutual security legislation will be reviewed by the committee in the next session of Congress.

Again this year we urge a thorough study, a reappraisal, and a redefining of foreign policies and methods. What is needed is a deeper understanding of the fundamental problems, better programing, and more efficient administration. To continue to vote large appropriations for the mutual security program is not enough. To refuse to face the facts and in the very name of mutual security and freedom fail to demand adequate remedy for current deficiencies would be a negation of our congressional responsibility.

**AID TO AND COMPILATION OF PROJECTS UNDERTAKEN SINCE 1951 IN COUNTRIES VISITED BY STUDY MISSION**

**JAPAN**

*Total economic and military aid through fiscal year 1959*

[In thousands of dollars]

Economic (since beginning of ICA and predecessor programs)----- \$16, 253  
 Military (programed since 1950)----- 711, 557

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1959	Accomplishments
29-006	<p>Japan Productivity Center.....</p> <p>The purpose of this project is to assist the Japanese increase their industrial productivity and thereby facilitate the expansion of essential exports upon which Japan depends in order to meet the requirements of a growing population. An important secondary objective is to strengthen Japan's free enterprise system. These purposes are being achieved by introducing modern concepts in management, production, distribution techniques, and labor-management relations.</p> <p>The Japan Productivity Center is the most important ICA project in Japan, and accounts for a large portion of ICA assistance to Japan. The JPC was established in 1955, and has been designated by the Japanese Government as the coordinating agency for promoting productivity throughout Japan.</p>	Tokyo.....	Technical cooperation.	<p><i>Thousands</i></p> <p>\$3, 337</p>	<p>Over 1,000 participants, representing a cross section of Japanese industry, have been brought to the United States, and with the cooperation of American industry they have observed and learned modern U.S. methods and techniques. U.S. consultants in the fields of management, production, and labor relations have visited Japan and conducted seminars which have attracted well over 70,000 persons.</p> <p>In 3½ years, the Japan Productivity Center has trained a staff of 120 persons and established 7 regional centers in key Japanese cities.</p> <p>While it is difficult to assess quantitatively the results, it is generally conceded that the productivity program has played an important role in Japan's economic progress since 1955.</p> <p>The success of the productivity program in Japan has stimulated great interest on the part of other Asian nations and inspired the holding of the Asian Round Table Productivity Conference in March 1959, which was attended by representatives of 14 Asian nations.</p>

ANNUAL SECURITY ACT OF 1960

## JAPAN—Continued

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1959 <i>Thousands</i>
11-025	Hokkaido University affiliation This project finances an affiliation between the University of Hokkaido and the University of Massachusetts designed to promote agricultural research, effective utilization of uplands for crops, and livestock production in northern Japan. This is done by sending consultants from the University of Massachusetts to Hokkaido and by sending Hokkaido faculty members to Massachusetts for training in specialized agricultural fields.	Hokkaido	Technical cooperation	569
13-018	Grassland development demonstration This project encourages the development of grasslands for livestock feed by furnishing demonstration grass and legume seed. This is a basic step toward increasing livestock production and thereby raising the present low protein consumption level of the Japanese people. The Ministry of Agriculture implements the program through prefectural livestock production associations.	Tokyo, etc.	do	240
19-017	Agriculture productivity teams This project provides technical assistance to Japanese agencies in order to further the development of agricultural resources and related industries and services, particularly upland agriculture and livestock production. This is done by sending participants to the United States for observational study and inservice training and by bringing U.S. consultants to Japan.	do	do	644
27-009	Waseda University affiliation This project finances an affiliation between Waseda University and the University of Michigan designed to improve the level of industrial engineering and management and market research techniques. This is done by sending Waseda faculty members to the United States for training and by sending Michigan faculty members to Japan to assist Waseda University in these fields.	Tokyo	do	776
27-023	Kelo-Harvard business administration This project provides for the training of Kelo University senior faculty members at Harvard University and the sending of Harvard consultants to Kelo University to help establish an effective graduate school of business at Kelo University, in order to meet the needs of Japanese industry.	do	do	53
37-016	Japan Civil Aviation Bureau This project is assisting the Japan Civil Aviation Bureau establish standardized aeronautical facilities and services required for domestic and international air transportation. This is being done by providing technical advisory services of U.S. specialists and by training Japanese technicians in the United States.	do	do	719
43-020	Japan Trade Unions This project provides for the sending of labor participants to the United States for study and observation of the basic functions, activities, and philosophy of the U.S. trade union movement, and also the bringing of U.S. trade union consultants to Japan to provide technical guidance to Japanese trade unions.	do	do	915
98-010	Peaceful uses of atomic energy This project provides for the sending of Japanese participants to the United States for observational study and training in the peaceful uses of atomic energy.	do	do	138

KOREA

Total economic and military aid through fiscal year 1959

[In thousands of dollars]

Economic (since beginning of ICA and predecessor programs)----- \$1, 410, 709  
 Military (programed since 1950)----- 1, 291, 947

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1959	Accomplishments
22-257	Thermal plant construction..... Construction of 3 steam electric powerplants and comprehensive training program for operator personnel.	Tangin-Ri Samehok Masan.	Defense support.....	Thousands \$28, 000	Increased power generation by 100,000 kilowatts, which doubled Korea's power generation capacity. Has provided needed power for industrial expansion.
23-323	Rehabilitation of Hwachon hydroelectric plant and dam. Repair of war damage and expansion of generating capacity.	Hwachon.....	do.....	9, 000	Strengthening of the dam which controls the North Han River. Expansion of generating capacity from 10,000 to 81,000 kilowatts to provide power for industrial expansion.
23-459 (Subproject 28).	Pesticide plant..... Rehabilitation and reconstruction of buildings and facilities for manufacturing pesticides, caustic soda, hydrochloric acid, and bleaching powder.	Inchon.....	do.....	275	Plant now producing about 100 metric tons of chemicals and pesticides per month. Plant now employs 66 people and planning is going forward to expand present facilities to meet increased demands.
66-259	Seoul National University operating facilities..... Rehabilitation and improvement of the war-damaged physical plant and provision of essential laboratory supplies and equipment.	Seoul.....	do.....	3, 685	Although physical construction not fully completed, progress to date has enabled the several colleges to expand their capacity to meet student needs.

MUTUAL SECURITY ACT OF 1960



KOREA—Continued

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1959
11-209	Agricultural research. This project provides for administrative personnel of the Suwon Agricultural Institute, 9 provincial institutes, and 6 main experiment stations to be technically trained in procedures and methods essential for the success of agricultural research in Korea.	Suwon	Defense support	<i>Thousands</i> \$401
11-286	Agricultural extension and development. Provides technicians, contract services, training, equipment and supplies for the establishment and operation of an extension service to disseminate information to farm people on better methods and improved practices of farm production.	Overall	Technical cooperation Defense support	707 1,025
12-210	Flood control. This project provides assistance for the construction of levees and sluice gates in order that agricultural lands might be protected from flooding which occurs in varying intensity almost every summer.	do	do	1,528
12-509	Land and water use improvement. Provides technical services, training, materials and supplies required to help increase and stabilize the production of foodstuffs and other economic products of the soil such as timber and watershed cover.	do	Technical cooperation Defense support	126 8,313
13-212	Specialty farm enterprises. This project provides training and equipment which will serve to increase food and fiber output in Korea through upgrading of production and improved processing methods.	do	Technical cooperation	137
13-214	Livestock and veterinary improvement. This project provides for the necessary veterinary services training and equipment to improve the quality of livestock and livestock products as well as to increase the production factor per animal unit.	do	do Defense support	107 350
13-215	Crop and soil improvement. This project provides funds to procure seeds in order to develop better crop varieties and establish a better seed program, and also provides a training program for improvement of production of vegetable crops.	do	Technical cooperation Defense support	141 481
13-426	Soil management. This project provides U.S. technicians to assist the Koreans in fertilizer-soil management problems by means of demonstrations in the application of various fertilizers.	do	Technical cooperation	81
13-431	Agriculture pest control. This project provides for training in agriculture pest control—the various phases of insect and disease fungi, including life cycles and their economic importance and control.	do	do	191
13-432	Sericulture development. Provides for expansion and development in Korea of silk through increasing mulberry plantation areas, training programs, and the training of selected Korean sericulture technicians in Italy on production, processing, and marketing methods in order that the silk production may be at least doubled in the next few years.	Suwon	do Defense support	9 370
13-500	Agriculture rodent and pest control. Provides funds to survey and recommend a program for rodent and pest control; also to conduct a training program which will involve supplies and equipment to be provided through agriculture extension-type approach.	Overall	do	205

14-439	Agricultural cooperatives development. This project is to encourage and assist the promotion and development of independent controlled agriculture cooperatives which will promote the development of democratic institutions suited to farmer needs for purposes of production, marketing, and agricultural credit.	do	Technical cooperation. Defense support.	115 43
15-428	Agricultural statistics improvement. This project assists the Ministry of Agriculture and Forestry in establishing an efficient agricultural statistics collection and reporting service to better operate a food supply management program.	Seoul	Technical cooperation.	90
15-434	Farm products storage improvements. This project provides assistance through improving preservation and storage of farm products in South Korea; provides for training and commodities to carry out a research program to develop preservation methods and to effect proper distribution and marketing of such products.	Overall	do	38
18-281	Fisheries development. This provides for rehabilitation and development of Korean fishing industry to enable it to supply a substantial portion of protein food required for expanding population and to assist in increasing foreign exchange earnings through exports of marine products.	do	do Defense support.	37 3,580
19-424	Agricultural engineering development. Provides training for technicians in improved engineering techniques in crop and livestock fields in order to increase the production of food crops.	do	Technical cooperation.	75
21-489	Coal mine development. This project providing through engineering services, supplies and equipment seeks to reestablish mining as a major Korean industry through a program of resource exploration and exploitation and development of exports.	do	Defense support.	5,554
21-490	Development of metals and minerals, other than coal. Provides engineering services and equipment required for the exploration, rehabilitation and/or development of mines, mine sites, other than coal, which will permit Korea to participate in the international ore and metal market.	do	do	2,604
21-491	Mining and geological training. Provides technical training and assistance in the improvement of exploration, development and production of Korean mineral resources and the analysis and treatment of ores and quarry products.	do	Technical cooperation.	92
22-200	Rehabilitation of telephone central office. This project provides materials and equipment for installing telephone carrier terminals and a teletype network linking all primary toll centers.	Seoul	Defense support.	608
22-201	Rehabilitation of telegraph and telephone toll centers. This project provides equipment for the interconnection of a primary toll switching center in 10 selected areas, as well as toll centers within each toll area.	Chinhae-Chinju	do	252
22-202	Telecommunications cable and open-wire lines. This project provides material for the rehabilitation of open-wire toll connecting links as well as toll connecting cables for both telephone and telegraph systems to connect to the Mokpo radio transmitter station.	Taegu-offshore	do	1,655
22-206	Communications technical improvement. This project provides U.S. management and technical services to assist the Ministry of Communications in the management and operation of the telephone communications system.	Overall	do	762
22-220	Rehabilitation of Yongwol and Tangin-Ri thermal plants. This project rehabilitates Yongwol and Tangin-Ri thermal powerplants together with their substations and switchyards to provide urgently needed additional generation.	Yongwol Tangin-Ri	do	5,560
22-221	Rehabilitation and construction overall transmission and distribution system. This project provides equipment to rehabilitate and construct substations in the Korea power system to meet new patterns of power supply, distribution, increased services and shifts in load centers.	Overall east coast sector.	do	6,510
22-224	Rehabilitation of Unam powerplant. Provides for the rehabilitation of existing generating capacity, and engineering studies to ascertain total costs of reconstructing both plant and dam structure.	Unam	do	115

KOREA—Continued

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1959
22-225	Power substation of Hambak This project provides for the procurement of transformers, associated switch gear and necessary protective metering equipment for a substation at the Hambak coal field in order that additional coal reserves may be investigated and present proved reserves may be developed.	Hambak	Defense support	Thousands \$74
22-228	Rehabilitation of Chong Pyong Dam This project provides the necessary engineering services and funds for the first phase of equipment required to rehabilitate both the plant and dam structure.	Hwachon	do	6,000
22-256	Rehabilitation of outside telephone cable plant This project provides equipment for a properly designed technical outside plant cable distribution installation in order to make 23,000 lines of automatic telephone equipment operable.	Seoul	do	1,000
22-336	Electric power distribution system This project provides for equipment and supplies to correct power factors, improve voltage regulation of distribution systems, provide protective equipment in relocating primary distribution lines. Also to purchase meters so that flat-rate customers can be placed on 24-hour service in order that unauthorized use of power may be curtailed.	Overall	do	1,473
22-338	Voice telephone carrier system This project provides additional voice telephone carrier system equipment for 11 primary and secondary toll centers.	Taegu	do	243
22-415	Power system maintenance Provides spare parts to keep generation, transmission and distribution systems in operation.	Overall	do	237
22-442	Extension of telecommunications system part I and II Provides for equipment required to provide additional and improved telephone service in areas having priority requirements largely of an industrial or governmental nature.	Seoul-Inchon	do	1,761
22-501	Thermal plant, southwest Korea Project provides for the phased financing of engineering and design work, procurement of equipment and construction, training and supervision of operations for a 30,000 kilowatt thermal electric plant to be located at Kunsan.	Kunsan	do	9,292
23-280	Industrial training This project provides essential technical training abroad for participants in a variety of industrial fields thereby filling a need for trained technicians particularly in Law processes, newly developed industries and industrial management.	Overall	Technical cooperation	413
23-282	Rice straw pulp plant This project provides funds for engineering services and equipment required to complete the erection and equipment of a straw pulp plant which will produce 7,200 M/T annually of straw pulp from indigenous grain straws for the manufacture of printing and writing paper.	Yongdungpo	Defense support	5,554
23-293	Korea handicrafts This project provides for the services of a professional U.S. industrial design firm and for the training of Korean personnel in the development of markets for Korean handicraft and products on large volumes. It also provides assistance in industrial planning techniques.	Overall	Technical cooperation	298

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23-305 (23-306)	Caustic soda plant. These projects provide funds for engineering services and equipment to erect and equip two electrolytic caustic soda plants to produce, from indigenous materials, salt, caustic soda, chlorine, hydrogen, hydrochloric acid, bleaching powder, and related chemicals in amounts sufficient to take care of the current requirements of the country.	Inchon Namdong	Defense support	1,289
23-307	Hardboard plant. This project provides engineering services and equipment for the construction of a hardboard plant which will produce 20 metric tons of 4 by 8 hardboard sheets every 22 hours.	Seoul	do	500
23-308	Paper mill. This project provides funds for the rehabilitation and expansion of a paper mill to produce 4,500 metric tons of printing paper per year. It is estimated that 1/3 of the raw materials required can be supplied from Korea.	Suwon	do	500
23-313	Bran oil plant. This project provides funds for engineering services and equipment for an oil extraction and refinery plant utilizing domestic rice bran as a main raw material in addition to such high oil content seeds as cotton seed and soy bean. It is expected that this plant will produce 3,600 metric tons of oil annually.	Seoul	do	450
23-319	Textile parts plants. This project provides for the rehabilitation expansion and modernization of an existing needle manufacturing plant which will produce 9 different types of needles totaling 13,200,000 annually.	Pusan	do	202
23-330	Spun rayon yarn spinning plant. This project provides for technical assistance and equipment to construct a rayon yarn mill capable of spinning fibers separately or in blends for light weight summer clothing. It is estimated that this plant will produce 1,395,800 pounds per year.	Taegu	do	1,000
23-414	Service and training—Chungju fertilizer plant. This project provides technical services in the field of management and in the advisory, operational and training services in the operations of Chungju fertilizer plant. This service is provided for a minimum period of time required to train Korean personnel in the specialized management and operation for the production of urea fertilizer.	Chungju	do	3,131
23-444	Development of domestic building materials plants. This project provides for the necessary technical assistance and materials required to develop and improve the indigenous building material industry in Korea, to alleviate both a shortage of such materials and at a lower cost.	Seoul	do	500
23-455	Small industry development. Provides through a loan mechanism, the required technical services, machinery and equipment for the development of a great number and wide variety of small private industries, for the production of locally produced consumer necessities and industrial products.	Overall	do	5,500
23-459	Medium industry development. Provides through a loan mechanism technical services, machinery and equipment required to develop essential private medium-size industrial plants and facilities.	do	do	15,572
23-492	Industrial development center. Provides technical assistance and training through the establishment of an industrial development center designed to achieve a higher level of industrial production and employment.	Seoul	Technical cooperation	405
23-503	Central industrial research center. Provides equipment for the testing and analysis of industrial raw materials and finished products as well as providing materials for the required rehabilitation of structures to house such testing equipment.	do	Defense support	300
23-504	Dai Han Shipbuilding Corp. Provides engineering services and equipment to permit the construction and repair of oceangoing vessels, manufacture semidiesel and diesel engines up to 500 horsepower, cast iron pipes up to 20 inches and castings and replacement parts for industry.	Pusan	do	340
25-249	Waterworks rehabilitation and expansion. This project provides training and equipment required in rehabilitating existing water treatment plants, for the construction of new plants, the replacement of existing steel waterlines or the installation of new steel waterlines in the Seoul city area.	Seoul-Inchon	Technical cooperation Defense support	47 4,935

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KOREA—Continued

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1959
25-405	City drainage improvement. Project provides for equipment and materials required to build proper drainage ditches in order to improve the health, sanitary and traffic conditions in Korea.	Seoul	Technical cooperation. Defense support.	Thousands \$9 1,254
31-278	Highway and bridge construction and rehabilitation.	Overall	Technical cooperation. Defense support.	9 31 2,282
31-404	Paving and bridge construction. Provides basic maintenance equipment (machinery) for heavy equipment shop use, where construction equipment is serviced, repaired or rebuilt. These items are essential to complete construction projects initiated and contemplated.	Seoul	do	1,821
33-233	Railway rolling stock. Provides additional passenger coaches and freight cars within a level sufficient to meet the demands for national defense and to assist in development of the national economy.	Overall	do	5,410
33-234	Railway rehabilitation. Provides for reconstruction and rehabilitation of the largest and major structures required for normal railroad operations. Also provides for relocation, reconstruction, and/or installation of required communication conduits, pole lines wire, and underground cable systems.	do	do	1,620
33-239	Railway construction. Provides for extensive construction activities on major railroad lines; activities involve bridge alterations to correct structural defects, relocation of trackage on several lines in order that flood control measures may be effected, and track improvement to meet diesel locomotive weight requirements.	do	do	4,317
33-240	KNR logistic support. Provides logistic support in the shape of coal, lubricants, and other required commodities to permit continued operation of the railroad system.	do	Technical cooperation. Defense support.	8 55,453
33-273	Diesel locomotives. Involves procurement of additional diesel-electric locomotives, and necessary remodeling and renovation of the Pusan and Taejon diesel engine shops in order that these facilities will be adequate for full maintenance and repair operations.	do	do	15,001
34-261	Port and harbor improvement (major ports). Major construction activities are being implemented at 9 major ports; these activities include completion of 3 port facilities, expansion of existing facilities in the remaining 6 ports. The project will permit berthing of oceangoing vessels which have been denied the use of these ports heretofore.	Inchon, Pusan, etc.	do	1,082
34-429	Inchon port rehabilitation. Provides for equipment engineering services and materials required to repair or replace the lock gates and machinery lock chambers, aprons and quay of the tidal basin at Inchon. This project will enable unloading at dockside instead of lengthy and costly lightening.	Inchon	do	1,608
36-423	Coastal vessel improvement. Provides for rehabilitation of 50 coastal vessels of approximately 1,500 tons each, and construction of 15 additional vessels, thereby increasing cargo-carrying capacity of the coastal fleet.	Overall	do	500

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36-502	Marine aids to navigation. Provides for the procurement of marine lighting equipment for navigational improvement, modification of existing navigational structures to accommodate the new equipment. Also provides for construction of a buoy depot for the servicing and repair of marine navigational aids.	Coastal areas	do	400
37-267	Civil aviation operations improvement. Provides technical assistance for the establishment of civil aviation activities and air navigational aids within the Republic of Korea.	Overall	Technical cooperation Defense support	90 867
51-451	Disease control. Provides commodities for disease control, supplies for environmental sanitation activities, laboratory equipment and supplies related to vaccine production, and training of public health technicians in the United States and 3d countries.	do	Technical cooperation Defense support	40 2,228
52-251	Construction of wells. Provides for a program of well construction, city-type and rural-type public baths and night soil tanks; also technical assistance is provided by U.S. technicians and trainees are receiving on-the-job experience.	do	Technical cooperation Defense support	10 1,563
52-510	Environmental sanitation. Provides imported materials, training, demonstration, relating to the construction and improvement of a comprehensive environmental sanitation system, and its effective operation and maintenance.	do	do	368
53-436	SNU Dental College improvement. Provides training for recent graduates or faculty members in the United States in the field of teaching methods; also provides training equipment and supplies, dental motors, laboratory equipment and supplies.	Seoul	Technical cooperation	107
54-505	Public health education. Provides funds for the services of a qualified U.S. technician in the health education field, and such minimal equipment as may be required by the public health training program.	do	do Defense support	34 48
54-430	Nursing education. Provides for services of 3 nursing education advisers to assist in development of curriculum, improvement of educational materials, selection of demonstration equipment, and consultative services to hospital clinics, health centers and educational institutions.	do	Technical cooperation	303
55-252	Public health facilities improvement. Provides construction materials, equipment and furnishings to complete 3 national health institutions (tuberculosis hospital, mental hospital, national blood bank) and a number of health centers which will provide medical care in areas previously without such institutions.	Overall	Defense support	2,243
61-265	Vocational education. Involves rehabilitation and upgrading of vocational educational facilities and, through technical assistance activities, aims to improve the educational practices in this field.	do	Technical cooperation Defense support	795 2,211
61-287	Republic of Korea Merchant Marine Academy. Provides technical assistance and necessary equipment support for the development of the Merchant Marine Academy into an institution capable of providing necessary training for merchant marine personnel. The Academy will serve as a source of qualified reserve officers for the Republic of Korea Navy.	Chin Hae	Technical cooperation Defense support	128 127
65-511	Secondary education. Provides commodity and technical assistance to a program of reorientation of the secondary education system along functional lines: introduction of more practical subject into the curriculum is designed to be responsive to Korea's basic needs.	Overall	Technical cooperation	91
66-258	Seoul National University, technical assistance. Provides high level training for technicians, administrators, and leaders of Seoul National University; improvements in administration, curriculums, and teaching methods are under the aegis of a University of Minnesota contract.	Seoul	do	1,050
66-259	Seoul National University operating facilities. Rehabilitation and improvement of the war-damaged physical plant and provision of essential laboratory supplies and equipment.	do	Defense support	3,685
66-260	Improvement of teacher training. Provides technical services, partly under contract, training and supplies and equipment required for the training of teachers and administrators for primary, middle, and high schools.	Overall	Technical cooperation Defense support	1,364 2,028

KOREA—Continued

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1959
66-296	Technical assistance in public administration. Provides university contractual services and training required to supply trained qualified public servants to meet the growing demands of the country and establish a center of research and training in the field of public administration.	Overall	Technical cooperation.	<i>Thousands</i> \$626
66-512	Higher education. Provides technical services, university contract services, training and necessary materials and equipment to rehabilitate and improve the physical plant of Seoul National University and to strengthen the educational and research programs in the broad fields of agriculture, engineering, medicine, and nursing at Seoul National University.	do	do Defense support	324 587
71-421	National police modernization. Provides a broad program of technical services and basic equipment designed to improve and modernize the training, functioning, and utilization of police and firefighting units.	do	Technical cooperation. Defense support	154 1,876
72-420	Public administration service. Provides for a technical survey of existing ministerial and bureau organization patterns and relationships in order to develop more effective governmental services through a broad program of legislative and executive reforms.	do	Technical cooperation.	200
72-493	Economic Development Council. Provides technical assistance for the establishment of an economic board to analyze economic potential, formulate and describe economic goals, and develop programs relating to the nation's needs in terms of economic policies and priorities.	Seoul	do	418
74-413	Improvement in Government management and personnel administration. Aims at development of a corps of technically competent personnel in public administration and modernization of the civil service system; funds are to provide participant training, advisory services of U.S. technicians, and a small amount of demonstration equipment.	do	do	232
75-271	Improvement of government fiscal management and statistics. This project involves technical guidance, training, and some demonstration equipment for the purpose of developing a corps of technically competent personnel in the finance, banking, internal revenue, and statistical agencies of the Republic of Korea, and to assist in development of methods, procedures and programs in the statistical field.	Overall	do Defense support	1,493 200
77-284	Technical assistance in business administration. Provides support to the leading educational institutions of Korea in modernizing and reorienting their schools of economics and business administration through a technical assistance contract with Washington University of St. Louis.	do	Technical cooperation.	1,060
79-452	Meteorological laboratory. This project involves assistance to the Ministry of Education for the procurement of essential weather instruments not available in Korea and technical assistance in the installation and utilization of this equipment in meteorological activities.	Seoul	Defense support.	208
81-417	Republic of Korea office building. Provides assistance in architectural engineering and construction of a modern 8-story office building to provide additional required space for Republic of Korea Government offices.	do	do	950

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81-469	Community Development Demonstration and Training Provides technician services, contract services, basic equipment and supplies to establish demonstration and training centers in each province to encourage rural communities to plan and execute community improvement activities.	Overall	Technical cooperation Defense support	417 48
81-519	Community assimilation and economic development Provides technician services, training, machinery, and equipment required for the development of pilot and demonstration centers in both the rural and urban areas to assist in the resettlement of refugees either to the extent feasible on their own land or in new communities.	do	Technical cooperation Defense support	53 315
82-250	Public health relief This activity, in support of the health of U.N. defense forces, is aimed at prevention of disease in the civilian population in order to stabilize health conditions, and to provide supplies for relief medical care.	do	do	1,687
82-407	Welfare and rehabilitation institutions, training and demonstration Provides demonstration, training, and planning assistance in the development of an overall integrated welfare program, and institutions to rehabilitate people to enable them to meet their own needs.	do	Technical cooperation Defense support	148 120
82-457	CARE milk feeding support program Project finances a contract between CARE and the Republic of Korea Government under which CARE handles the distribution of surplus dairy products provided by the U.S. Government under title III of Public Law 480.	do	do	197
83-448	Housing construction materials Provides material and psychological stimulus for replacing over 400,000 dwelling units now obsolescent or war-damaged and building an additional 80,000 new homes each year, a minimum requirement to keep pace with population growth and natural disaster. It will also assist in reducing shortages in basic building materials, provide credit capital, and establish adequate building industries.	do	do	3,827
83-498	Housing for Chung-Ju fertilizer plant Provides for construction of necessary housing and utilities for workers at the Chung-Ju fertilizer plant. The project is planned, designed, and will be built to serve as a demonstration project for the planning of worker's housing at Korean industrial and commercial plants.	Chung-Ju	do	450
85-449	Housing research and development Provides for publication and dissemination of technical and nontechnical information on housing construction practices; develops housing surveys and studies on conditions, needs, and problems, and provides for research programs on housing materials, methods, and design. Also provides for demonstration of advances in housing construction as a result of research.	Overall	Technical cooperation Defense support	49 147
92-438	Improvement of technical information services Provides technical services, training, and supplies and equipment required to improve and expand the communications media facilities and techniques of the Republic of Korea Government. In addition, trained personnel are being provided in the fields of motion pictures, radio, and printing.	do	Technical cooperation Defense support	1,133 250
92-494	Demonstration Audiovisual Center Provides technical services training and equipment required to establish jointly with the Republic of Korea a demonstration audiovisual center to enable the Koreans to assume full direction of their audiovisual program through the academic, administration, and planning and execution phases.	Seoul	Technical cooperation	329
98-461	Atomic energy training Provides basic training in the United States for Korean scientists in the peaceful uses of atomic energy including the construction and operation of an atomic reactor.	(Argonne Laboratories, United States)	do	95
99-282	General engineering services Provides for a qualified U.S. engineering consortium to furnish advisory engineering services to the Korean Government and to those governmental and private organizations designated by the Government and the USOM under the direction of the Combined Economic Board. Such services are in the fields of industry, power, transportation, and public works.	Overall	do Defense support	990 2,886
99-506	Design and construction engineering services Provides for the contractual services of a U.S. architectural and engineering firm to advise, supervise and train Korean engineers, to secure competency in both design and construction of Government-owned buildings and related facilities.	do	Technical cooperation	350



CHINA (TAIWAN)

Total economic and military aid through fiscal year 1959

[In thousands of dollars]

Economic (since beginning of ICA and predecessor programs)----- \$1,003,494  
 Military (programed since 1950)----- 2,056,930

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1959	Accomplishments
11-453	Agriculture and rural improvement (JCRR)----- This project is designed to increase agricultural production and improve rural living conditions. The Joint Commission on Rural Reconstruction (JCRR), which directs this project, is a Sino-American group, which works through public and private sponsoring agencies at the provincial and local level. Among the specific activities of JCRR are control of plant diseases and pests, improvement in quality of livestock, strengthening of local farmers organizations, improvement of soil conservation practices, and development of a more adequate agricultural credit program.	Taipei and island-wide.	Technical cooperation. Defense support.-----	Thousands \$2,337 601	The JCRR is the catalytic agent for numerous projects completed each year. In the 9 years since it initiated operations on Taiwan, JCRR has promoted approximately 3,000 projects, in cooperation with sponsoring agencies. Its activities cover the entire island, and are believed to have directly benefited more than 90 percent of the rural population. The work of JCRR has been instrumental in bringing about production increases in rice, sweet potatoes, sugar cane, peanuts, tea, and many other crops. JCRR provided administrative, technical, and financial support to the land reform program, as a result of which 84 percent of Taiwan's families own their own land, as compared to one-third prior to the program.
12-334	Land and water resources development (JCRR)---- This project is designed to improve and expand the irrigation, drainage, and flood control facilities in Taiwan in order to increase agricultural production. Activities include extension of the area of irrigated land, provision of supplemental water to areas already being irrigated, provision of more adequate flood protection to downstream valleys and reclamation of tidal lands.	---do-----	Technical cooperation. Defense support.-----	587 1,996	Since 1952, more than 94,000 acres of new land has been irrigated, and more than 390,000 acres have received improved irrigation. Miles of new and improved dikes have furnished flood and typhoon protection to valuable farm lands. Encouragement of a rotational irrigation system has resulted in savings of water, fertilizer, and labor.
27-311	China productivity center----- The purpose of this project is to improve the productivity of small and medium-sized private industrial enterprises in Taiwan. Activities include improvement of management, introduction of improved production and marketing techniques and promotion of industrial safety measures and quality control methods.	Taipei-----	Technical cooperation.	331	Since its organization in 1956, the center has responded to many inquiries for information and technical services. A number of enterprises have been assisted to increase their production significantly for the local market, and some have been brought to the point where they can export their products, e.g., consumer goods such as electric fans, thermos bottles, etc., for the southeast Asia mar

23-053	Hsinchu window glass works. The purpose of this project is to provide glass for buildings and other local requirements, thus saving foreign exchange, and also to export glass abroad, thus increasing foreign exchange earnings. Nearly all the raw materials required for the manufacture of glass are available locally.	Chutung.....	Defense support.....	433	ket. The center has already proved itself an important stimulus to the development of private enterprise in Taiwan. Production of sheet glass by this privately owned enterprise began in 1956 and soon reached the planned production of 180,000 standard cases per year. In 1957, production of frosted glass and of glass-made blackboards was initiated. A part of the production of the plant is now being exported.
23-055	Chia Hsin cement plant. The purpose of this project is to produce 100,000 tons of portland cement annually, in order to help supply sizable local requirements, both military and civilian, and to provide a means of increasing foreign exchange earnings through exports. The manufacture of cement is one of the most promising industries in Taiwan utilizing local raw materials, in this case limestone.	Chia Hsin.....	do.....	1,900	Commercial production from this privately owned plant began in 1953, increasing domestic output of cement by about 20 percent.

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1959 <i>Thousands</i>
17-339	Forestry development (JCRR). This project aims at supporting various activities designed to expand and better utilize the forest resources of Taiwan. It emphasizes forest surveys, reforestation, and building of windbreaks.	Islandwide.....	Technical cooperation.....	\$295
18-340	Fisheries development (JCRR). This project provides support to a large number of activities the objective of which is to increase fishing production in the coastal and inland areas of Taiwan, particularly by increased catch through improved equipment and methods.	do.....	do.....	29
21-455	Coal mine development. The purpose of this project is to increase production of coal to meet the increased demands of Taiwan's new thermal powerplants, cement factories, urea fertilizer and other industrial plants. In connection with the project, coal reserve areas are explored and mapped, and improved mining equipment is furnished.	do.....	Defense support.....	1,553
21-456	Mineral development (other than coal). The purpose of this project is to increase the production of minerals such as copper, manganese, dolomite, sulfur, etc., by exploration and evaluation of deposits.	do.....	do.....	38
22-357	Hydroelectric power development. This project is designed to expand hydroelectric power generation in order to meet civilian and military power requirements. At present this project covers 4 major powerplants: Wushieh, Lung Chien, Ku Kwan, and Ta Chien, which are in various stages of completion. Total installed capacity since 1952, the beginning of this project, has increased from 250,000 kilowatts to about 400,000 kilowatts.	do.....	do.....	14,566

MUTUAL SECURITY ACT OF 1950

CHINA (TAIWAN)—Continued

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1959
22-473	Thermal power development. The purpose of this project is to increase thermal power on Taiwan where it is needed to supplement hydroelectric power, especially during the dry season. At present this project covers the 2-unit Shen Ao plant with a goal of providing generating capacity of 200,000 kilowatts. Westinghouse International Electric Co. is supplying a generator and other equipment for the 1st unit under a long-term financial arrangement, with ICA financing the remainder of the equipment. The second unit is being financed by aid funds.	Islandwide	Defense support	Thousands \$27,177
22-474	Primary system improvement. This project provides for the expansion of the high voltage or primary power distribution system needed as new electric power generating units are constructed on Taiwan. The project was started in fiscal year 1955.	do	do	9,089
22-475	Power transmission and distribution. This project provides for the improvement and expansion of Taiwan's electric power transmission system by correcting unsatisfactory voltage conditions, improving reliability of service, and increasing power transmission capacity as needed. Started in fiscal year 1955, the project has already resulted in improvement and expansion. The capacity for distribution transformers has increased from 264,000 to 366,000 kilovolt-amperes, and the capacity of secondary substations has increased from 421,000 to 515,000 kilovolt-amperes.	do	do	15,880
22-476	Telecommunications. This project is for the purpose of improving and expanding the telecommunications network in Taiwan in order to meet the heavy and increasing demand for basic communication facilities from both military and civilian sectors of the economy. Initiated in fiscal year 1955, project has been expanded annually and provides for participant training as well as procurement of equipment.	do	do	3,710
23-477	Fertilizer production. This project consists of several plants including urea, nitrochalk, nitrophosphate, and ammonium sulfate, all of which are designed to produce chemical fertilizer from locally available raw materials. In so doing, it will reduce one of the heaviest annual drains on Taiwan's foreign exchange resources and help increase agricultural production.	do	do	9,488
23-479	Industrial base expansion. This project is a lithograph-printing and platemaking plant that will make color reproduction facilities available to the publishing industry in Taiwan and thus save the foreign exchange required for having this work done abroad.	Taipei	do	683
23-501	Caustic soda and chlorine. The purpose of the project is to expand the Taiwan Alkali Co.'s Kaohsiung plant in order to increase local production of caustic soda and chlorine compounds for industrial consumption.	Kaohsiung	do	212
25-282	Water resources survey. The purpose of this project is to survey underdeveloped ground and surface water resources in order to secure additional irrigation, power, and water supply. The services of a U.S. firm have been provided on a contract basis to advise and assist the local water resources planning commission.	Islandwide	do	292

28-313	Handicraft promotion center. This project is designed to develop handicraft industries in Taiwan for the manufacture of products with an export potential. With the assistance of a U.S. firm under an ICA-financed contract, the center is attempting to improve utilization of local materials, promote training of workers, and improve and increase production.	Taipei	Technical cooperation. Defense support	134 318
23-056	Ta Shu Shan logging operation. This project involves the exploitation of a virgin stand of timber in the central part of Taiwan. U.S. aid is planned for providing a logging and milling operation based on the use of diesel yarders and logging trucks and combined with a modern sawmill.	Tungshih	do	1,451
29-323	General industrial training. This project provides inservice training in the United States and other countries for key employees of selected local industries.	Islandwide	Technical cooperation	209
23-541	Industrial dynamite. The purpose of this project is to provide a source of local production of industrial dynamite and thus eliminate import requirements.	Hualien	Defense support	25
33-427	Expansion of railways. This project is designed to expand railroad facilities to meet the transportation needs of the economy as reflected by the increased civilian and military freight and passenger traffic. Initiated in fiscal year 1957, ICA financing is planned only through fiscal year 1960. Specific goals are: (a) Increasing the number of diesel locomotives, freight and passenger cars; (b) installing central traffic control equipment; (c) providing for a wrecking crane; and (d) replacing of worn rails, switches, and ties.	Islandwide	do	17,233
34-512	Harbor and shipping development. This project is designed to assist in the improvement of (a) Taiwan's coastal cargo and tanker vessels by replacement of present obsolete and uneconomical tonnage, and (b) 2 major harbors by expansion of cargo-handling facilities, fairways, and deep-water berths. Initiated in fiscal year 1952, the project calls for extension of Kaohsiung harbor to provide a new fairway, deep-water berths, land recovery, and expansion of cargo-handling facilities; and extension of harbor and improvement of port facilities at Hualien.	Kaohsiung, Hualien	do	2,247
37-509	Air transportation improvement. The purpose of this project is (a) to increase the utilization of the Taiwan airways system and to promote the efficiency and safety of domestic and international flight operations and (b) to provide an adequate area for service facilities for modern international air carriers. Advisory services are being provided through the U.S. Civil Aeronautics Administration.	Taipei	Technical cooperation. Defense support	100 1,387
51-469	Disease control (excluding malaria). This project provides assistance to the Provincial Health Administration for cooperation with other health agencies such as WHO and UNICEF, in fighting disease, primarily tuberculosis.	Islandwide	Technical cooperation. Defense support	238 130
52-536	Municipal water supply. This project is designed to help improve municipal water supply in Taichung, one of the major cities of Taiwan, in order to relieve the critical water shortage.	Taichung	do	121
55-492	Taiwan sanitarium expansion. Under the auspices of the Seventh Day Adventist Mission, a cancer treatment center is being established at the Taiwan Sanitarium.	Taipei	Technical cooperation	25
59-386	Rural health and sanitation (JCRR). This project provides technical and financial assistance in an extensive rural health program emphasizing provision of health facilities and improvement of environmental sanitation.	Islandwide	do Defense support	93 33
52-458	Improvement of sanitation and water supply. The purpose of this project is the construction and demonstration of wells, small waterworks and sewage disposal facilities in rural areas and villages.	do	Technical cooperation	224
54-513	Medical and paramedical education. This project provides aid to medical schools, schools of nursing, dentistry, midwifery and other paramedical training institutions in a program aimed at increasing the number and competence of local staff personnel.	do	do	724
55-514	Improvement of hospitals and other health facilities. This project provides assistance on a small scale to improve substandard hospital and public health facilities by furnishing advisory services of technicians and training programs for local staffs.	do	do	67

CHINA (TAIWAN)—Continued

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1959
61-460	Trade and industrial education. This project includes development of adequate in-school technical training at the skilled and semi-skilled level, as well as training of vocational industrial teachers. Advisory services have been provided under a contract with Pennsylvania State University.	Islandwide	Technical cooperation.	Thousands \$1,761
63-470	Home economics teacher training. This project is designed to develop adequate teacher training in home economics at the Taiwan Provincial Normal University. Advisory services have been provided under a contract with Pennsylvania State University.	Taipei	do	67
62-461	Vocational agricultural education. This project involves training at the secondary school level, and development of a vocational agricultural teacher-training program in 1 or 2 colleges (the latter to be assisted by a U.S. university under a contract).	Islandwide	do Defense support	714 55
69-539	Science education. The purpose of this project is to develop science teaching at the secondary level and to provide support to scientific research facilities in selected colleges.	do	do Technical cooperation	200 191
66-228	Overseas Chinese education. The purpose of this project is to attract overseas Chinese students from southeast Asia to Taiwan for higher education in order to prevent them from going to Communist China.	do	do	996
69-515	Education administration and development. This is a project designed to provide overall educational advisory services, assistance in community school development, support for an education materials center, and assistance in improvement of the engineering college at Cheng Kung University (under a contract with Purdue University).	do	do	1,486
72-452	Public administration improvement. This project provides the services of technicians and training programs for selected employees of Chinese Government agencies in such fields as budget administration, financial analysis and statistics, and taxation.	do	do	256
92-001	Communications media. This project is designed to help improve the production of audiovisual materials and the mass communications techniques used by local public information facilities, particularly in connection with economic development.	do	do	465
99-163	Engineering services. This project is to provide general and consulting engineering services required for the general economic development of Taiwan, with special reference to the ICA aid program. The services are provided on contract with J. G. White Engineering Corp.	Taipei	do Defense support	2,410 2,245
99-466	General training. This project includes various types of training, such as English language training for participants, and short courses and workshops.	Islandwide	Technical cooperation.	73
99-534	CUSA administration. This project covers the administrative and support costs of the Council for U.S. Aid (CUSA), which is the Chinese Government counterpart of the ICA mission in Taipei.	Taipei	do	13

VIETNAM

Total economic and military aid through fiscal year 1959

[In thousands of dollars]

Economic (since beginning of ICA and predecessor programs)..... \$964, 638  
 Military (programed since 1950)..... 496, 265

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1959	Accomplishments
11-065	Improvement of agricultural education..... This project was designed to assist the Government of Vietnam in building and staffing an agricultural college with a capacity of 400 to 600 students. The purpose is to improve the agricultural practices of the country and to help develop a sound agricultural economy.	Blao.....	Technical cooperation.....	Thousands \$536	The agricultural college was opened and began training students in December 1955. The first class of 50 students was graduated in October 1958. Most of the buildings and facilities needed for the college have been completed. Several Vietnamese who have been sent abroad to study agriculture have completed their training and have joined the faculty of the college. The enrollment of the college in 1958-59 was about 300. The college will need some additional technical assistance, but the primary objectives of the project are nearing attainment.
31-021	Highway and bridge construction..... This project assists the Government of Vietnam in rehabilitating and modernizing its national highway system to enable military and civilian traffic to move more efficiently and to service new settlements in the high plateau area. Better highways and bridges are essential for the security and economic development of the country.	Saigon to Bien Hoa, Ban Me Thuot to Nhu Trang, Pleiku to Qui Nhon.	Defense support.....	48, 353	The first accomplishment of this project, which started in 1955, was to make temporary repairs and restore traffic on 75 farm-to-market roads totaling approximately 375 miles. The next phase was the rebuilding of high-priority sections of the highway system of the country by an American contractor. The work has been largely completed except for the construction of bridges. A modern highway department has been established in the Ministry of Public Works and its employees are being trained so that they will be able to maintain and develop the highways of the country when ICA assistance is terminated.

MUTUAL SECURITY ACT OF 1960

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VIETNAM—Continued

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1959	Accomplishments
77-080	<p>Development of the National Institute of Administration.</p> <p>Through a contract with Michigan State University this project has assisted the Government of Vietnam in establishing and developing a National Institute of Administration and in providing police instruction. The purpose of the project is to train civil servants and police officers and to provide research and advisory services to the Government of Vietnam in order to introduce modern administrative organization and methods in the Government and to improve financial and personnel procedures.</p>	Saigon.....	Technical cooperation. Defense support.....	Thousands \$4,894 982	The National Institute of Administration was established in 1955 and was expanded rapidly to include a 3-year course, a night school, and a graduate school. Training programs have also been extended in several Government departments. Some staff members and advanced students have been sent abroad for further training. Vietnamese language textbooks and teaching materials have been developed for many classes. Most of the classes are now taught by Vietnamese professors. Members of the MSU group have conducted a number of surveys of Government agencies and made recommendations for reorganizations. Many of these recommendations have been adopted. Police instruction courses have also been established for the national police, the civil guard, and the Vietnamese Bureau of Investigation.
82-075	<p>Resettlement and rehabilitation.....</p> <p>This project—the 2d phase of the refugee program—assisted the Government of Vietnam in caring for and resettling the refugees who fled from Communist domination in North Vietnam when the country was partitioned under the Geneva agreement of July 1954. The goal of the project was to assist the refugees in building new lives for themselves in South Vietnam. It also helped to counteract the effect of Communist propaganda.</p>	Nationwide.....	Defense support.....	6,064	116,000 refugee families, with a total of more than 550,000 members, were cared for and resettled in South Vietnam under this project. The major emphasis of the program was shifted as rapidly as possible from emergency relief to permanent rehabilitation of the refugees. The refugees were settled in more than 300 villages that were designed to become self-sustaining. Abandoned ricefields were restored; new land was cleared and leveled; irrigation ditches, drainage canals, and roads were repaired or built; and work animals, tools, seed, and fertilizer were supplied to the refugee farmers. Fishermen, tradesmen, and small businessmen were also rehabilitated and equipped for their work. The project was brought to a successful conclusion by the end of 1957.

VIETNAM—Continued

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1959
11-058	Development of agricultural extension service. Assists the Government of Vietnam in developing an extensive educational organization through which rural families will be encouraged to apply practical scientific methods of agriculture and home economics.	21 provinces	Technical cooperation Defense support	<i>Thousands</i> \$469 43
11-072	Crop development. Undertakes the continued improvement of food and forage crops, fruits and vegetables, sugarcane, pasture and cover crops, fiber crops, medicinal and industrial crops. Imported varieties are introduced to improve quality and to increase disease resistance and production.	Nationwide	Technical cooperation Defense support	640 115
12-046	Improvement of irrigation and water control. Assists the Government of Vietnam in developing an irrigation and water control system by improving or building canals, dikes drains, gates, dams, and other structures. There is a large element of self-help, e.g., the people, who will, directly benefit, donate their labor to the work of rehabilitation and construction. This project is designed also to equip and upgrade the Government engineering services responsible for such activities.	do	Technical cooperation Defense support	319 128
12-144	Land development. Supports a program of resettling 11,000 to 12,000 families from overpopulated areas on new lands or lands abandoned during the war. This project will bring into cultivation land that is currently nonproductive, and the resettlement of loyal Vietnamese will greatly improve the security and stability of areas of marginal loyalty.	Southern delta and the high plateau.	Defense support	4,509
13-055	Livestock development. To increase the number and quality of livestock and poultry through (1) prompt control of diseases by veterinary services and mobile teams, (2) importation of improved breeds, and (3) the establishment of breeding farms where farmers can study improved methods.	Nationwide	Technical cooperation Defense support	556 472
14-143	Improvement of agricultural economics and statistics. Provides training to Vietnamese in statistical practices in order to help the Government of Vietnam Agricultural Economics and Statistics Service become capable of making estimates of total acreage and yield of major crops and forecasts for policy planning purposes.	Saigon	Technical cooperation	116
14-218	Improvement of agricultural credit and cooperative organizations. This project is designed to support the National Agricultural Credit Office, which provides reasonable credit to farmers and to develop a system of cooperative facilities for purchasing, processing, storing, and marketing.	Nationwide	do	203
18-062	Fisheries development. Increases political and economic stability in sensitive coastal areas by encouraging more effective fishing methods by improving transportation and marketing techniques, by increasing fish production, and by generally developing a national fishery industry.	Coastal areas	do Defense support	70 1,281
21-223	Nong Son coal development. Designed to exploit the coal resources of the Nong Son area for use by local industry and powerplants by providing mining equipment and gondola-type railway cars.	Nong Son	do	1,630
22-087	Telecommunications development. Designed to provide an effective, modern telecommunications system in Vietnam and to establish links with neighboring countries.	Nationwide	Technical cooperation Defense support	84 1,332
22-108	Electric power development. Provides technical assistance to the Government of Vietnam in establishing an efficient electric power system. It also provides for the purchase of small electric generators for outlying districts.	do	Technical cooperation Defense support	247 848
22-220	Tan Mai wood panel plant. Provides machinery and equipment for a new pressed wood panel plant, which will utilize scrap wood as a raw material and thereby increase the economy of operation of the Tan Mai sawmill.	Tan Mai	do	265

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VIETNAM—Continued

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1969
				<i>Thousands</i>
23-170	Industrial development center. Designed to stimulate and vitalize private industrial activity by providing loan capital and technical advisory services for new or expanding small industries.	Saigon	Technical cooperation. Defense support	\$54 6,540
23-213	Sugar industry engineering survey. Provides the contract services of a team of engineers who will perform all the engineering prerequisite to the establishment of 3 modern sugar mills.	Tuy Hoa, Quang Ngai, Thu Dau Mot.	Technical cooperation.	40
23-216	Cement plant engineering survey. Provides contract services for the exploratory work needed for establishing a 100,000-ton-per-year cement plant. A long-range goal of this project is the reduction of foreign exchange requirements.	Ha-Tien	do Defense support	270 160
25-015	Expansion of rural-urban water supply. Assists in establishing a well drilling section in the Department of Public Works by training Vietnamese technicians in the various phases of drilling, completing, and equipping water wells. Wells have been constructed and pumps installed in many areas where the need for potable water was great.	Nationwide	Technical cooperation. Defense support	105 546
26-159	Development of small industry. Promotes the development of Vietnamese handicraft by providing technical and financial assistance for the establishment of a handicraft development center and for the development of improved production techniques and designs.	Saigon	Technical cooperation. Defense support	577 68
29-217	Development of tourism. Assists the Government of Vietnam to develop a national tourist office which will play an active part in expanding Vietnam's nascent tourist industry.	do	Technical cooperation.	52
33-096	Rehabilitation and improvement of railway operations. Helped the Government of Vietnam restore railway service from Saigon to the 17th parallel and now provides advice and training in railroad management and shop and traffic operations.	Along the coastal plain running from Saigon north to the 17th parallel.	do Defense support	20 4,415
34-148	Rehabilitation of inland waterways. Assists the Vietnamese Government in (a) rehabilitating and developing its vast canal network, and (b) restoring lighthouses and installing other navigational aids on the Saigon River.	Southwestern Vietnam.	do	3,367
37-092	Improvement and expansion of aeronautical ground facilities. Provides technical assistance in air traffic control procedures to enable Vietnam to meet international civil aviation standards. Navigational aids are being provided and installed, existing airfield runways improved, and a heavy-duty 10,000-foot runway will be constructed at the Saigon (Tan Son Nhut) airport.	Tan Son Nhut and other airports.	do	6,885
53-018	Health services development. Facilitates the provision of basic health services to the people of Vietnam by helping establish village health centers, organizing mobile district health teams to support and supervise village health workers, and thus promoting an awareness of preventive medicine practices.	Nationwide	Technical cooperation. Defense support	1,062 2,109
54-150	Expansion of medical education facilities. Designed to strengthen the teaching staff of the faculty of science of the University of Saigon and to develop a medical center consisting of a basic science building and a 500-bed teaching hospital to serve as the physical plant of the faculty of medicine.	Saigon	Technical cooperation. Defense support	166 2,805
54-214	Improvement of nursing and allied education. Assists the Government of Vietnam improve nursing and midwifery service by providing inservice training and technical advisory services to the national schools of nursing and midwifery.	Saigon, Hue, Can Tho.	Technical cooperation.	134
61-110	Expansion and improvement of technical-vocational education. Designed to develop a technical-vocational education program by constructing and equipping provin-	Phu-Tho, Saigon, Vinh Long, Qui	do Defense support	654 6

	cial schools and by providing preservice and inservice teaching training and other concurrent requirements of a modern technical-vocational school system.	Nhon, Tourane, My Tho, Long Xuyen.		
64-152	Expansion and improvement of elementary education. Provides assistance in curriculum development as well as in establishing and equipping new classrooms. There is a large element of self-help in this project.	Nationwide	Technical cooperation. Defense support	410 197
65-153	Expansion and improvement of secondary education. Designed to provide equipment for new classrooms, to strengthen the science curriculum by establishing science laboratories, to train teachers in use of the equipment, and to develop a model demonstration school for secondary-school teachers.	do	Technical cooperation. Defense support	237 423
66-151	Expansion and improvement of teacher training and higher education. Provides for the improvement of curriculum and teaching methods as well as for instructional materials and equipment.	Saigon, Ban Me Thuot, Tan-An, Vinh Long, Qui Nhon, Phu-Tho.	Technical cooperation. Defense support	1,341 55
67-209	Scholarships for leadership training. Provides for graduates of secondary schools specialized training in the United States in fields which are deficient at the university level in Vietnam.		Technical cooperation.	350
68-154	Instructional materials development. Designed to assist the Government of Vietnam in writing and publishing basic textbooks for the public schools, translating instructional materials in certain fields, and developing a national department of publications.	Saigon	do Defense support	254 65
71-120	Improvement of municipal police and surete. Designed to strengthen the capability of the police force to maintain law, order, and internal security by providing technical training and equipment.	do	do	741
71-219	Strengthening civil guard. Designed to organize, train, and equip 204 civil guard companies in order to increase their efficiency through improved mobility and better communications.	Nationwide	do	6,008
72-172	Establishment of inservice training. Supports an expanded training program for civil servants.	Saigon	Technical cooperation. Defense support	47 30
72-174	Modernization of accounting and auditing systems. Assists the Government of Vietnam to improve the assessment and collection of taxes, the collection and analysis of budget, accounting and audit data, and the collection and dissemination of trade and business information.	do	Technical cooperation. Defense support	39 164
75-211	Establishment of bank examination and insurance system. Provides technical assistance to improve banking policies and practices by developing a system of inspection of local banks and by implementing a training program for local bank examiners.	do	Technical cooperation.	24
76-139	Development of government supply system. Designed to establish an autonomous Government of Vietnam agency to procure project-type commodities and provide related supply services.	do	do Defense support	76 18
78-136	Development of the National Institute of Statistics. Designed to develop a professional staff and work program which can provide the Government of Vietnam with basic statistics urgently needed for the planning of future programs and the evaluation of present activities.	do	Technical cooperation. Defense support	187 112
79-081	Public administration training. Assists in developing various sectors of public administration by providing U.S. and third-country workshop and observation training.		Technical cooperation.	288
92-006	Expansion of government information facilities. Assists the Government of Vietnam in the development and use of modern communications media. Activities are aimed at developing institutions, staff, and facilities.	Nationwide	Defense support	2,550
92-165	Establishment of national radio network. Undertakes to improve Vietnam's radio facilities by (1) the creation of a network of small local medium wave frequency stations; (2) improvement of the signal of the principal station at Saigon; and (3) the construction of a 50-kilowatt medium frequency station at Hue.	do	Technical cooperation. Defense support	157 994

MUTUAL SECURITY ACT OF 1960

**PHILIPPINES**

*Total economic and military aid through fiscal year 1959*

[In thousands of dollars]

Economic (since beginning of ICA and predecessor programs) ----- \$187,317  
 Military (programed since 1950) ----- 238,257

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1959	Accomplishments
61-103	Vocational education This project, started in 1951, is designed to support the rehabilitation and improvement of Philippine vocational schools and to strengthen the vocational educational systems. The project emphasizes the training of teachers and school administrators. A contract with Stanford University covering the services of a team of 16 experts in agricultural, trade, and industrial education was begun in 1956 and will be completed in fiscal year 1960.	Various	Defense support and technical cooperation.	Thousands \$6,033	Recently the number of vocational secondary schools was increased from 85 to 117. ICA aid has been extended to 76 of the original 85 schools including 5 teacher training institutions. Instruction has been greatly improved and physical plant has been brought into good shape. ICA has assisted the 42 agricultural secondary schools by supplying both equipment and instruction in the proper use of equipment. There were 2,577 graduates in 1957 with marked demand for graduates by the large agricultural estates and smaller rural communities. Teaching programs in 34 schools have been supported in the basic areas of automechanics, machine shop, sheet metal, woodworking, and electricity. Trade school graduates at the rate of 7,000 a year are taking their place in industry.
11-053	College of Agriculture and Central Experiment Station. This project, begun in 1952, has helped establish a research and higher education center capable of providing training and investigation facilities for agricultural leaders, scientists, teachers, and farmers so that these men might make a greater contribution toward increased agricultural production. Beginning in 1954 technical assistance has been supplied primarily through contract services of Cornell University. The College of Agriculture is now recognized as the leading institution of its kind in southeast Asia.	Los Banos	Technical cooperation.	2,330	The following research and educational activities were accomplished: The professional staff has increased from 99 in 1952 to 247 in 1957. The college has supplied 85 percent of the teachers in agriculture and over 90 percent of the administrators in the 42 agricultural high schools. The number of students increased from 1,000 in 1952 to 3,000, a maximum controlled by limited registration. Third-country training for southeast Asia was developed. Accomplishments in the research field are numerous. Improved varieties of rice have been developed, 11 rust-resistant varieties of coffee have been identified, ranges of safety for fungicidal soil

58899-00-10

31-024	<p>Highway improvement                  This project provides technical assistance, equipment, and commodity support to the Philippine Bureau of Public Highways in its program of improving, extending, and maintaining the highway system.</p>	Various	<p>Defense support and technical cooperation.</p>	27,430	<p>treatments have been established, young Filipinos have been started on sound research projects after advanced training in the United States.                  The entire 460 miles of roads in the Mindanao development program have been surveyed and almost all plans have been completed. All but 15 of the 168 bridges included in the project have been designed. Construction has been completed on about 250 miles of road and is underway on an additional 170 miles.                  About 4,500 miles of the national highway system have been brought up to the standard desired.                  The training of Philippine personnel under this project will enable the Philippine Government to conduct its Bureau of Public Highways on an efficient basis after the termination of ICA assistance.</p>
31-077	<p>Community development                  This project provides direct assistance to the office of the Presidential Assistant on Community Development, the agency which surveys local conditions, formulates plans and coordinates all of the government agencies engaged in rural services.</p>	Manila	<p>Defense support and technical cooperation.</p>	1,255	<p>A training school for barrio community development workers has been established. About 1,200 workers have been trained and are working in the barrios giving guidance to 6,000 barrio councils covering one-third of the country.                  Inservice training has been given to all provincial and municipal community development personnel and to 56 third country participants.                  The initial program of 4-day lay leadership institute sessions was completed with a total of 22,000 barrio lieutenants and council members having participated.                  Late in 1959, the Philippine Congress passed several bills providing for increased autonomy for local governments, including barrios. One important provision was the authority for local governments to levy taxes which could be later utilized in community development projects. These laws mark a significant turning point in political development. It is expected that substantial political power will be transferred from the national government to the barrio as the unit of local government.</p>

MUTUAL SECURITY ACT OF 1960

## PHILIPPINES—Continued

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1959
11-029	Agricultural extension. Provides demonstration equipment, supplies, and technical assistance in organizing, equipping and training personnel in the Bureau of Agricultural Extension in the areas of improved practices in farming, homemaking, and rural youth work in order to increase and diversify agricultural production.	Manila	Defense support Technical cooperation	<i>Thousands</i> \$2,183
12-041	Water resources planning and development. Provides assistance in the collection, analysis, and publication of data concerning surface and ground-water resources.	do	Defense support Technical cooperation	772
12-051	Soil conservation. Provides assistance to the Bureau of Soils in soil classification and erosion surveys, soil analysis, application of conservation practices and fertilization experimentation.	do	do	392
12-097	Land tenure and development. Provides demonstration commodities, educational material, and technical advice and assistance to the following agencies involved in land tenure: Agricultural Tenancy Commission (ATC), Court of Agrarian Relations (CAR), Land Tenure Administration (LTA), National Resettlement and Rehabilitation Administration (NARRA).	do	Defense support Technical cooperation	1,762
12-100	Irrigation services. Provides technical assistance and construction and shop equipment in planning, design, construction, operation and maintenance of gravity irrigation systems and commodity support and technical assistance for the pump irrigation program of the Bureau of Public Works.	do	Defense support Technical cooperation	10,728
13-048	Crop development and diversification. Provides training, technical assistance, demonstration materials, and research supplies to the Bureau of Plant Industry in efforts to aid farmers diversify production and increase farm yields.	do	do	909
13-110	Livestock breeding. Provides the Bureau of Animal Industry's livestock breeding programs with training services and commodities for equipping artificial insemination centers.	Nationwide	do	7
14-030	Agricultural economics. A technician assists the Agricultural Economics Division to assist in the collecting and publishing of agricultural statistics.	Manila	do	166
14-098	Agricultural credit and cooperatives. This project is designed to improve operating practices of rural credit institutions and cooperatives in order to assist farmers in developing, processing, storing, and marketing agricultural produce. The project provides technical assistance, contract services, and machinery and equipment for food processing and storing.	do	Defense support Technical cooperation	3,520
17-038	Forestry management improvement. Provides demonstration commodities, contract services, and technical assistance to the Bureau of Forestry, DANR, in its efforts to improve forest product utilization, strengthen forest policies, and increase the reforestation rate.	do	do	1,107
21-006	Nonmetallic minerals survey. 1 technician assists the Philippine Government in the investigation of nonmetallic mineral resources and their utilization.	Various	do	1,262

21-015	Strategic mineral survey. Provides training, technical assistance, and scientific laboratory and transportation equipment for the conduct of geological surveys on strategic mineral resources including chromite, iron, nickel, cobalt, copper, mercury, and manganese.	Manila	Defense support. Technical cooperation.	1,120
27-035	Industrial development center. Provides technical advice, contract services, and instructional materials to this important agency of the Philippine Government which renders the following services to indigenous industry: financial investment, industrial training, industrial consultation and industrial information.	do	do	1,288
28-073	Industrial research (including Forest Products Institute). Provides assistance to the Philippine Industrial Research and Training Center and supports industrial research activities of the Forest Products Research Institute.	do	Defense support. Technical cooperation.	250
34-028	Port and harbor improvement. This project provides assistance in the rehabilitation, expansion and improvement of the country's harbors and port facilities, including harbor dredging; pier and wharf construction; and harbor protective works.	do	Defense support. Technical cooperation.	6,754
41-003	Labor education center. Provides participant and commodity assistance to the Labor Education Center of the University of the Philippines in support of the center's workers' education program which is designed to develop democratic and responsible leadership in the Philippine trade union movement.	do	do	252
43-060	Labor productivity. This project provides assistance to the Department of Labor and the Industrial Development Center in developing an effective program for raising productivity levels in industry in order to improve the earning capacity and real income of the average worker and to raise management profits and reduce consumer prices.	do	do	80
45-102	Manpower development and utilization. Provides technical assistance to the Department of Labor and the National Economic Council in the development and implementation of programs related to manpower development and utilization.	do	do	176
51-092	Tuberculosis control. This project supplies two mobile X-ray clinic units, complete with auxiliary equipment, film, and supplies, for field use in the national tuberculosis control program.	Various	Defense support and technical cooperation.	419
51-108	Filaria control. This project seeks to determine the quantitative and geographical extent of filariasis and to develop and prove control methods for a nationwide filaria control program.	Nationwide	Technical cooperation.	18
52-014	Water supply (wells and springs). Provides technical and advisory services, piping and waterworks equipment for assisting the National Waterworks and Sewerage Authority (NWSA) to develop water supplies by the construction of municipal waterworks and the digging of deep wells and the improvement of springs in rural communities.	Various	Defense support and technical cooperation.	6,597
54-004	Health training. This project seeks to provide direct health training through participant activities and to establish and strengthen indigenous training institutions and training activities through community and advisory services.	Manila	do	1,495
66-012	University of the Philippines. This project contributes to the improvement of the University of the Philippines through the development of administrative management procedures and strengthening its academic and instructional programs.	do	do	3,020
67-098	General education. Provides technical and commodity assistance to the Bureau of Public Schools in order to improve the quality of Philippine general education.	do	do	1,039
71-090	Police improvement. This project supports the development of the National Bureau of Investigation as the central service and coordinating law enforcement agency of the Philippines.	do	Technical cooperation.	403

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PHILIPPINES—Continued

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1959
73-075	Civil service improvement. Provides technical assistance to the Bureau of Civil Service in its organizational, staffing, technical, and administrative procedures in order to strengthen the civil service system.	Manila	Technical cooperation	<i>Thousands</i> \$176
75-010	Revenue administration improvement. Provides technical advisory assistance to the Bureau of Customs and the Bureau of Internal Revenue which are the tax collection and revenue administration agencies of the Department of Finance.	do	do	516
75-066	Budgeting and accounting adviser. This project aims toward the modernization of budgeting, accounting, and auditing in order to form a basis for the development of a national fiscal policy and the related cyclical national budget.	do	do	1,401
78-052	Statistical survey. Provides technical assistance and participant training to Philippine agencies in support of statistical surveys designed to supply accurate data on demographic and economic characteristics.	do	do	212
78-106	Census project. Provides business machines and equipment to the Bureau of Census and Statistics for the undertaking of the 1960 census of population and agriculture.	do	Defense support	100
79-079	Public administration improvement. This project aims at improving the administration and operation of the Philippine Government by providing support commodities and technical advice and assistance to appropriate Philippine Government agencies and by developing the local administrative resources conducive to improved government management.	do	Technical cooperation	1,385
92-042	National Media Production Center. This project provides support to the National Media Production Center in its efforts to disseminate information concerning economic and social development.	do	do	375
98-074	Atomic energy training. Provides training in the use of atomic energy tools under the program to develop peaceful uses of atomic energy sponsored by the United States.	do	do	104

INDONESIA

Total economic and military aid through fiscal year 1959

[In thousands of dollars]

Economic (since beginning of ICA and predecessor programs) ----- \$51,785  
 Military (programed since 1950) -----

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1959	Accomplishments
23-089	Gresik cement plant training..... To provide technical and management guidance as well as oversea and on-the-job training for the operation of the Gresik cement plant. The construction of the plant was financed by an Export-Import Bank loan.	Surabaya.....	Technical cooperation.	<i>Thousands</i> 3783	This project was recently completed and the Indonesians are now in control and able effectively to manage the cement factory, equipped with American machinery, which supplies 40 percent of Indonesian cement requirements. With the help of the ICA-financed training, the Indonesians have now advanced to the point where the Export-Import Bank was able to approve a loan application to finance a 3d kiln for this factory.
46-024	Railroad workers' welfare services..... To demonstrate advantages of producers cooperatives and productivity of labor in expanding output; to help non-Communist unions in raising workers' standards of living.	Java.....	do.....	307	Under the guidance of American technicians and with the help of American equipment, the supplies of food and clothing distributed through the railway cooperatives has been vastly increased. 2 rice mills have been established and the output at existing clothing and shoe factories has been considerably increased.
54-029	Medical education..... Through means of a college contract and training of Indonesians in the United States, assistance was provided to improve teaching methods, curriculums, administration, and laboratory techniques at the leading Indonesian medical school.	Djakarta.....	do.....	2,351	As a result of this project an institution has been established in Indonesia which is capable of making a noteworthy contribution to the pool of doctors in that country. It is also better able to train instructors who can be used, in turn, to train additional doctors in other medical schools of the country. One measure of the success of the project lies in the increase of the number of doctors graduated, which was raised from 30 in the year preceding the start of the project to about 100 in 1959.

MUTUAL SECURITY ACT OF 1960



INDONESIA—Continued

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1959
11-112	Agricultural extension, research, and education. The purposes are (1) to improve the already established agencies and institutions in the field of agriculture so as to improve skills, stimulate production, and contribute to a higher standard of living, and (2) to establish a complete agricultural college, with teaching and research facilities.	Djakarta, Bogor, various islands.	Technical cooperation and special assistance.	Thousands \$3,313
12-113	Land development and conservation. The purpose is to devise and apply land use and conservation measures for obtaining optimum sustained production from better land management. It includes training in the management, operation, and maintenance of machinery for clearing, preparation of new land, and providing essential commodities for establishing demonstration and training programs.	Pasar Minggu, various islands.	Technical cooperation.	1,034
18-001	Expansion and modernization of marine and inland fisheries. The object is to increase fish catches by means of improved vessels and equipment, most of which are manufactured locally; improve distribution and preservation by means of assistance in processing techniques; and train administrators and technicians for key positions.	Kota Baru, Moluccas, North Sumatra, Java.	do	558
21-043	Mining operations. This project was designed to assist in the long-range effort to develop sources of minerals for Indonesia, both for domestic consumption and export, and to insure that adequate production facilities are available, including the technical manpower needed to staff the facilities and administrative organization concerned.	Various islands.	do	560
22-106	Diesel electrification. This is a program to install 99 diesel generators in 66 different localities throughout the islands.	do	Development assistance.	7,000
23-017	Industrial development techniques. This project is largely in support of technical institutes organized by the Ministry of Industry and of the Ministry itself, the institutes to provide basic engineering facilities, services, and trained personnel in implementing the Government's industrial program.	Djakarta, Bandung, Djojakarta, and other localities.	Technical assistance.	1,492
25-102	Engineering survey contracts. This general project has provided contract engineering services for surveys to test the feasibility of specific projects proposed by the Government of Indonesia for development of the country.	Sumatra, Java.	do	522
28-073	Training within industry. This project was designed to train supervisors for Indonesian industry in order to improve productivity and utilization of labor.	Djakarta, Bandung, Semarang, Surabaya, and other localities.	do	145
31-105	Highway construction and rehabilitation. This project finances the rehabilitation, partial relocation, and construction of roads in Sumatra and Java.	Djakarta, Sumatra.	Special assistance. Development assistance.	7,455 545
39-103	Development of transportation facilities. This project, largely consisting of participant training, is designed to improve the skills of operational, administrative, and executive personnel of transport facilities.	Djakarta.	Technical cooperation.	567
41-063	Labor leadership training. This project is designed to train qualified labor leaders for Indonesian trade unions and for the Labor Ministry of the Republic of Indonesia.	Various islands.	do	386

54-109	Public health education and administration. Provides assistance to the Ministry of Health in the establishment of a rural health demonstration area which will provide the staffing and training pattern for development of local health services in rural Indonesia.	Bekasi in West Java	.do	347
54-121	Medical education (Airlangga). To assist Indonesia in raising health standards and medical practices by means of the development of a medical faculty at the University of Airlangga, Surabaya.	Surabaya	.do	1,287
61-020	Vocational education teacher training. Through a contract with Tuskegee Institute and through training of Indonesians in United States, this project assists in the reorganization and expansion of vocational education on the junior high school level, the upgrading of vocational teacher trainers, and demonstration of shop techniques.	Various islands	.do	1,711
66-114	Development university level staff. To provide consultative advice to Indonesian University authorities, specialized training for selected members of the university staff, and assistance in the development of staff at 2 universities. In addition, assistance is included to provide a technical library on higher education for the Ministry of Education and basic textbooks in English for institutions of higher education.	Djakarta, Bandung, Djojakarta.	.do	4,683
71-117	Public safety administration. Dedicated to the improvement, modernization, reorganization, and streamlining of the R.I. National Police Force administration and operation.	Various islands	.do	2,968
72-035	Government administration training. Training officials at all levels of the Indonesian Government and the establishment of an Institute for Public Administration to enable Indonesia to conduct its own inservice training.	Djakarta, Djojakarta, Malang.	Technical cooperation.	1,387
92-059	Audio-visual technical support. To assist the Indonesians in the development of the techniques necessary for the conduct of information and education programs.	Djakarta	.do	231
92-110	USOM office building. This project involves the construction of an office building for USOM personnel.	.do	Special assistance	400
92-115	Communications media training. This project assists the Ministry of Information in the development of techniques for the planning, programing, production, distribution, and evaluation of communications media.	.do	Technical cooperation.	634
98-098	Atoms for peace. To help train personnel needed to develop and staff atomic research center.	University of Indonesia at Bandung; Gadjah Mada University in Djojakarta.	.do	53

**THAILAND**

*Total economic and military aid through fiscal year 1959*

[In thousands of dollars]

Economic (since beginning of ICA and predecessor programs)----- \$158, 031  
 Military (programed since 1950)----- 304, 718

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1959	Accomplishments
31-066	Friendship Highway..... This 93-mile stretch of highway completed in July 1958 runs from Saraburi to Korat and forms a basic link in the important north-south road system from Thailand's capital city of Bangkok to Nongkai on the Lao border. The road was built to American engineering standards under the supervision of private U.S. contractors.	Northeast.....	Defense support.....	<i>Thousands</i> \$14, 360	The highway has opened up the underdeveloped and economically depressed northeast section of Thailand to economic development by making the markets and port of Bangkok accessible to the northeast at lower cost and in less time. More than 1,000 vehicles travel over the highway daily compared with the few oxcarts that formerly used the rough, dry-weather road. Many acres of new land are being cleared and cultivated with rice, corn, sugarcane, kapok, tobacco, and bananas.
13-033	Livestock development..... To improve breeding stock, control livestock disease, improve forage crops, and improve marketing facilities.	Thailand.....	Technical cooperation..	865	Through this project the livestock industry of Thailand has developed to a position of economic importance. 292 purebred breeding cattle and 263 swine have been imported to upgrade the stock and their offspring are now being distributed. From a deficiency, livestock has risen sufficiently to permit the export in 1957 of \$1,300,000 of livestock and livestock products. The 1957 export earnings were more than the total U.S. contribution in dollars. In addition the development of a sound livestock industry is of great significance to the economically depressed northeast area of Thailand (approximately a third of the nation). Also, as a result of the greater number of cattle, and hogs, a modern slaughterhouse and meat processing plant is being constructed by a private company.

THAILAND—Continued

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1959
11-029	Agriculture extension To assist the Government of Thailand to improve the economic status and living conditions of farm families through the establishment of an Agricultural Extension Service.	Thailand	Technical cooperation	Thousands \$1,083
11-130	Improvement of Kasetsart University Through a contract with Oregon State University to strengthen the research and extension program of Kasetsart University.	Northeast	do	998
12-191	Agricultural resources use and conservation To teach proper land use, improve conservation practices and improve productivity of arable land.	do	do	110
13-032	Crop improvement To increase productivity in Thailand through the development of improved crop management practices and utilization of marginal lands.	Thailand	do	1,628
13-033	Livestock industry development To develop a comprehensive livestock improvement and disease control program through training in production methods, and development of feed concentrates and marketing facilities.	do	do	865
14-034	Agriculture credit and marketing To improve the existing credit program and to establish diversification of marketing services.	do	do	1,211
21-038	Mining development To evaluate exploitable mineral deposits, discover new mines, encourage private investment through the Department of Mines.	Northwest	do	368
21-153	Airborne Geophysical Survey To provide for a survey to pinpoint areas to be prospected and explored for mineral deposits. Survey will provide maps, cross-sections, and profiles of promising areas.	Thailand	Defense support	160
22-155	Bangkok interim power To provide Bangkok with a 10,000 kilowatt diesel electric powerplant to meet power requirements until permanent power is available in 1963 through Yan Hee Dam.	Bangkok	do	1,981
22-187	Power services and training To provide electrical consulting, engineering services; to provide "on the job" and academic training; to provide U.S. technical advice to improve Bangkok distribution services.	do	Technical cooperation	2,085
29-139	Industrial technical advisory services To provide technical assistance in the establishment of the Industrial Finance Corporation.	Thailand	do	18
31-089	General highway improvement equipment pool This project, a subproject of the general highway improvement project, provides for the establishment of a pool of major items of heavy construction equipment for lease or rental to privately owned local contracting firms and proposes future funding for maintenance and replacements.	do	Defense support	3,000
	Korat-Nongkai Highway This project, a subproject of general highway improvement, proposes reconstruction of approximately 360 kilometers of highway from Korat, northern terminus of the recently completed northeast highway, to Nongkai on the Lao border in extreme northeastern Thailand. Funds spent to date have been utilized for preliminary engineering and for construction of an access road from the highway to the new Thai-Laos ferry slip and railhead facilities on the outskirts of Nongkai. No commitment has been made on future years funding shown proposed below. If and when construction of this project is approved, it will be written as a separate and distinct project under a separate project number.	Northeast	do	25

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THAILAND—Continued

Project No.	Project title and description	Location	Function	Cost, cumulative through fiscal year 1959
31-184	East-West Highway Engineering and construction of approximately 142 kilometers of highway between Pitsanuloke and Lomsak in north central Thailand which will form a principal link in the development of an east-west road system across the country.	North central	Defense support	Thousands \$11,337
31-185	Bangkok-Saraburi Highway Engineering and construction of 107 kilometers of highway between Bangkok and Saraburi, the latter city being the starting point of northeast highway.	Northeast	do	765
37-050	Aeronautical ground services improvement. To develop an efficient system of domestic and international ground facilities to support air transport within, to, and from Thailand.	Bangkok	Technical cooperation Defense support	357 3,226
37-117	Meteorological services improvement. To improve Thailand's National Weather Service System, to modernize weather facilities and scientific equipment, to develop meteorological services required for safe operation of aviation.	Thailand	Technical cooperation Defense support	41 419
37-152	Aviation overhaul and maintenance facility. To provide an aircraft repair facility at Bangkok Airport for commercial and military use.	Bangkok	Technical cooperation Defense support	30 3,530
53-053	Local health development. To develop and demonstrate techniques for adequate public health services in rural Thailand through self-help programs and promotion of sanitation practices.	Thailand	Technical cooperation	3,203
54-016	Medical education. To aid in the establishment of a medical and nursing school in Chiangmai; to set standards of hospital operation and medical care; to train nurses and doctors.	Chiangmai	do	2,044
61-057	Technical institute. To provide a sound functional organization for the Thailand Technical Institute in order to help increase Thailand's supply of skilled workers and technicians.	Bangkok	do	1,237
61-162	Improvement of vocational education (agriculture). To assist vocational agricultural schools, to produce well-qualified teachers, community farm repair shops and improve farm practices.	Thailand	do	1,338
64-186	General education development. To establish 12 educational centers in Thailand to raise levels of teaching and develop local education support and control.	do	do	530
66-021	University teacher training. Development of a teacher training program to produce capable teachers, supervisors, and school administrators.	Bangkok	do	2,831
66-124	Improvement of science at Chulalongkorn University. Endeavors to improve the quality of engineering and science faculty members and to improve the staff in organization, administration, and teaching methods.	do	do	875
71-160	Civil police administration. To strengthen the police force to develop capacity to maintain law and order and preserve internal security of Thailand.	Thailand	Defense support	1,306

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MUTUAL SECURITY ACT OF 1960

72-119	Bangkok-Thonburi city planning. To develop a plan for the metropolitan area and institutionalize city planning in Thailand through land use and planning legislation.	Bangkok	Technical cooperation. Defense support.	520 923
75-098	Modernization of government fiscal management. To improve fiscal and management practices of the government covering training of personnel in budgeting, accounting, revenue management, and planning.	do.	Technical cooperation.	814
75-146	Economic policy and planning. Provides advice to government officials in matters of policy in economic development and financial affairs.	do.	do.	245
77-063	Public Administration Institute at Thammasat University. Through academic and in-service training to improve quality and skills of government personnel.	do.	do.	1,657
78-156	Government statistical service. To institute improved government statistical practices on which economic policy and planning can be based.	do.	do.	104
81-157	Community development. Provides a technician and training programs to help develop an inter-ministerial program in community development.	Thailand	do.	60
92-065	Audiovisual services and training. Development and operation of centralized communications media service and facilities to demonstrate uses and values of media as instruments of public service.	Bangkok	do.	313
98-085	Peaceful uses of atomic energy. To train personnel in the operation of a nuclear reactor which Thailand intends to procure with U.S. financial assistance.	do.	do.	281
99-108	Ground water exploration. Provides for basic geological and ground water studies essential for the preparation of plans for the development of ground water resources in northeast Thailand.	Thailand	do. Defense support.	47 2,104
99-188	General training. To provide training for participants in the fields of agriculture administration, program planning, and procurement, who will assist the Thai Government in the effective administration of the aid program to Thailand.	do.	Technical cooperation.	110

INDIA

Total economic and military aid through fiscal year 1959

[In thousands of dollars]

Economic (since beginning of ICA and predecessor programs)----- \$380,769  
 Military (programed since 1950)-----

1. *Project*.—Home science education and research (386-63-060).
2. *Location*.—New Delhi, Bombay, Madras, and Calcutta.
3. *Purpose and description*.—Provides assistance for strengthening and developing home science education in four selected institutions, the Lady Irwin College, New Delhi; Viharilal Mitra Institute, Calcutta; South India Educational Trust, Madras; and Indian Women's University, Bombay, India.
4. *Project accomplishments*.—Contract services being performed by the University of Tennessee have provided eight professors to the four regional demonstration centers, strengthening the university staffs in home science. U.S. participant training for 11 Indian home science educators has been provided and 9 major workshops for inservice training of Indian home science faculty members have been held.
- Dr. Myra Bishop, chief of party, and Dr. Dorothy Lyon are presently stationed at Lady Irwin College, New Delhi.
5. *Cost (cumulative through end fiscal year 1959)*.—

Technical cooperation-----  
 Development assistance-----  
 Total-----

Thousands  
 \$346  
 683  
 1,029

1. *Project*.—Modern storage of food grains, 386-15-031.
2. *Location*.—Hapur, Avadi, Cochin, and Calcutta.
3. *Purpose and description*.—Provides services of a U.S. agricultural engineer (farm structure), assigned to the Ministry of Food and Agriculture at New Delhi, advising on construction of grain storage facilities. As facilities are erected, the technician assists on storage problems including drying, cleaning, and fumigating.
4. *Project accomplishments*.—This project has provided technical advice and commodities for construction and testing of grain storage facilities and testing of grain in storage. A 10,000-ton elevator with auxiliary facilities was completed in fiscal year 1958 at Hapur (near New Delhi). This is the first modern storage facility of its kind for bulk storage in India. The other silo (at Calcutta) is under construction. Forty-five of the 50 prefab buildings have been erected in other parts of the country. Construction is underway on the remaining five prefabs at Cochin.
5. *Cost (cumulative through end fiscal year 1959)*.—Technical cooperation, \$1,426,000.
1. *Project*.—Malaria eradication, 386-51-135.
2. *Location*.—Headquarters: National Malaria Institute, New Delhi (program countrywide).
3. *Purpose and description*.—Prior to World War II an estimated 100 million cases of malaria and 2 million deaths from malaria occurred in India each year. Assistance is being provided the Indian Government to achieve its goal of malaria eradication by the end of fiscal year 1963 by providing U.S. specialized consultants, training for key personnel, and the bulk of insecticides and commodities not available in India.
4. *Project accomplishments*.—This project is a direct outgrowth of the national malaria control project begun in fiscal year 1953 and ended in fiscal year 1957. When the original malaria control project was terminated, both the number of cases and of deaths had declined to less than one-fifth of the pre-World War II number. Highest priority is assigned to the new project, which must be completed before mosquitoes develop resistance to the insecticides. There are now 390 control units to protect more than 230 million people in hyper-mass-endemic regions. DDT consumption in fiscal year 1959 increased to 22,000 tons in contrast to 4,500 tons in 1953.
5. *Cost (cumulative through end of fiscal year 1959)*.—

Special assistance-----  
 Development assistance-----  
 Technical cooperation-----  
 Total-----

Thousands  
 \$16,695  
 4,847  
 650  
 22,192

INDIA—Continued

*Cumulative obligations through fiscal year 1959 by projects*

AGRICULTURE AND NATURAL RESOURCES		<i>Thousands</i>
86-11-004	Determination of soil fertility and fertilizer use----- Advisory services to Ministry of Food and Agriculture in problems related to fertilizer use and soil testing.	\$914
86-11-007	Agriculture and home science extension and training----- Includes across-the-board advisory services in extension methods and home science to Government of India and States.	1, 752
86-11-028	Agriculture education and research----- Finance contracts with 5 land grant universities for assistance to institutions in the 5 regions of India, to expand and improve agricultural and veterinary education and research and extension.	7, 814
86-11-042	Agricultural information----- Assistance to Indian Council on Agricultural Research in dissemination of agricultural information.	400
86-11-147	Uttar Pradesh Agricultural University----- Assist with establishment and development of an agricultural university, along the lines of a U.S. land grant university, which will emphasize integration of education, research and extension.	600
86-12-156	Soil and water conservation----- To assist in initiating and developing an effective program of technical assistance to cultivators in field of soil and water conservation.	134
86-13-041	Livestock improvement----- Establishment of a laboratory for veterinary biological standardization and production; cattle improvement, swine improvement, poultry improvement.	544
86-13-061	Crop production and development----- Production and demonstration of hybrid maize; instruction in operation of cereal quality testing; advice on potato culture; advice on seed certification and methods of weed control; assistance to Terai State Farm U.P. on drainage and use of farm machinery.	482
86-13-069	Dairy development----- Increase quantity and supply of milk and milk products through training Indian personnel in dairy plant management.	862
86-13-100	Calcutta milk scheme----- Assist in developing a dairy to permit an extension of outlets for milk and the management of a 6,000-acre fodder farm where over 28,000 milk animals are maintained.	450
86-14-043	Agricultural economic research----- Assistance on methods of gathering and analyzing agricultural outlook data, concerning production, consumption, process, and production credit.	235
86-14-067	Farmers' organization----- Participant training to help develop farmers' organization and farm leadership.	216
86-14-149	Cooperative membership education----- To assist all Indian Cooperative Unions popularizing co-ops and educating membership re opportunities and responsibilities; test effectiveness of simple educational aids.	45
86-15-031	Modern storage of foodgrains----- Comparison of indigenous types of storage with metal buildings and elevators; experimentation in bulk handling, artificial drying and other modern techniques.	1, 426
86-15-093	Cooperative marketing and warehousing of agriculture----- Technicians assigned to Central Warehousing Board will advise on standards, grades, and ways and means of facilitating movement of bulk storage. Also participant training will be provided.	450
86-18-005	Expansion and modernization of marine and inland fisheries----- Training to determine location, types, and amounts of fish available in Indian waters; demonstration of marine and inland fishing methods; assists establishment of demonstration fisheries extension center and school of fisheries.	2, 912



## INDIA—Continued

## AGRICULTURE AND NATURAL RESOURCES—continued

	<i>Thousands</i>
86-19-022 Training in agriculture machinery utilization.....	\$188
The training center at Budni, equipped in part from prior year funds and partly by Government of India, trains farmers and government agency employees in maintenance and use of farm machines.	

## INDUSTRY AND MINING

86-21-016 Exploratory lignite excavation and development.....	609
Participant training in subjects related to exploitation of lignite mines.	
86-21-128 Geological survey of India.....	413
To assist through advisory services and participant training in development skills needed for India's mineral program.	
86-21-132 Oil and Gas Commission.....	55
Participant training in oil and gas exploration.	
86-21-148 Coal industry.....	37
Participant training in operation and maintenance of coal mining.	
86-22-045 Electrical distribution system "hot line" maintenance....	355
To establish two training centers in new techniques of maintenance and repair of energized high voltage transmission and distribution lines.	
86-25-020 Rihand Valley Development.....	6,024
Advisory services on proper utilization of construction equipment and the employment of modern concrete dam building techniques.	
86-25-059 Technical services in water resources and power.....	811
Advisory services and participant training in aspects of river valley development and power projects.	
86-27-115 National productivity council.....	871
Assistance in newly established program to increase productivity of Indian industry.	

## COMMUNITY DEVELOPMENT, SOCIAL WELFARE AND HOUSING

86-81-008 Community development program.....	13,716
Provides assistance at the national and state levels by a concentrated participant training program in the techniques of training villagers to take over more activities connected with the program.	
86-82-058 Social welfare education.....	629
Provides assistance in the field of social welfare and social work education by providing advisors to social work educational institutions and participant training in the United States.	

## GENERAL AND MISCELLANEOUS

86-91-142 Banking and investment.....	79
Provide assistance to Indian banking executives by setting up training opportunities in banks to enable them to observe and study American banking practices, particularly in the field of industrial finance.	
86-98-076 Nuclear engineering.....	228
Provides training in the United States of participants from the Department of Atomic Energy in the field of nuclear engineering.	
86-99-000 Technical support.....	3,741

## PAKISTAN

*Total economic and military aid through fiscal year 1959*

[In thousands of dollars]

Economic (since beginning of ICA and predecessor \$362, 924 programs).

Military (programed since 1950)----- (1)

Classified.

*Project title and number.*—Construction of fertilizer factory, 91-23-007.*Location.*—Mari-Indus Daud Khel.*Purpose and description.*—Under this project engineering services and equipment were supplied for the construction of a fertilizer plant with a scheduled production capacity of 50,000 tons of ammonium sulphate per annum.*Accomplishments.*—The first fertilizer was produced at this plant on January 30, 1958. The plant is now being operated at design capacity by the Pakistan Industrial Development Corporation.*Cost through fiscal year 1958, completion.*—Obligated, \$12,910,000.*Project title and number.*—Railway diesel locomotive school, 91-33-032.*Location.*—Karachi.*Purpose and description.*—The objective of this project was to train Pakistani personnel in the operation and maintenance of diesel locomotives and other railway equipment, to permit effective utilization of the large amounts of modern railroad equipment supplied under IBRD loans and ICA project assistance.*Accomplishments.*—When the American advisor completed his assignment in fiscal year 1957, 862 Pakistanis had received instruction in diesel locomotive operation, electrical repairs, mechanical repairs and shop foreman techniques. The 10 Pakistanis who had received training in the United States were capably continuing the classes in the west Pakistan school and were establishing a similar school in east Pakistan. A report dated September 8, 1959, from the mission in Karachi states, "Another project that has been particularly successful in its impact is the diesel training school located in Karachi, which has been operated satisfactorily by the Government for several years. This project was initiated by the USOM and is now training approximately 400 men per year for the North Western Railway in Pakistan. Participants from nearby countries have made very good use of this school, and it is recommended for any countries desiring to train personnel in almost any phase of railway operation or maintenance. At the present time arrangements are in process to allow 5 Iranian railway personnel to obtain training here."*Cost through completion, fiscal year 1957.*—\$135,000.*Project title and number.*—Medical technical and nursing education (Postgraduate College of Nursing) 91-54-061.*Location.*—Karachi.*Purpose and description.*—The basic purpose of this project is to improve and expand nursing education by providing a corps of registered nurses trained for administrative and teaching positions in nursing colleges. A specific objective is to provide advanced clinical experience facilities for the postgraduate college students in demonstration areas (medicine, surgery, obstetrics and pediatrics) developed in the Government Civil Hospital in Karachi.*Accomplishments.*—In 1947 Pakistan had only 400 qualified nurses. The number had increased to 1,500 by 1958, but even this provided only 1 nurse for more than 50,000 people. More and better staffed schools of nursing are therefore essential in order to provide training for the nurses the country needs so badly. The Postgraduate College's first class of seven were graduated in 1957, and nine were graduated in 1958. All members of these two classes obtained teaching or administrative positions in schools of nursing or hospitals in Pakistan. There were 13 nurses in the graduating class of 1959.*Cost through fiscal year 1959.*—Obligated: \$442,000.

## PAKISTAN—Continued

Project title	Number	Location	Obligations through fiscal year 1969
Farm demonstration work Technicians, participants and demonstration equipment to introduce improved techniques and increase production, particularly of foods.	91-11-025	Pakistan.....	\$3, 613, 000
Soil mechanics and hydraulic laboratory Assistance in establishing a laboratory for the testing of soils for both government and commercial clients.	91-12-013	Karachi.....	168, 000
Soil and water conservation Technicians, participants and demonstration equipment to improve soil and water conservation practices.	91-12-027	West Pakistan..	558, 000
Punjab ground water survey Assistance in inventorying the ground water potential in selected areas of West Pakistan and in establishing a government organization to continue ground water exploration work.	91-12-035	do.....	4, 008, 000
East Pakistan Forest Research Laboratory U.S. Forest Service personnel have assisted in installing and teaching the operation of equipment in a laboratory designed to enable the Government of Pakistan to make more effective utilization of its forest resources.	91-17-003	Chittagong....	490, 000
Fisheries development, West Pakistan Technicians, participants and equipment for the development of the fishing industry in West Pakistan. This project now includes the Karachi fish harbor.	91-18-054	West Pakistan..	664, 000
Fisheries development, East Pakistan Technicians, participants and equipment for the development of the fishing industry in East Pakistan.	91-18-055	East Pakistan..	368, 000
Agricultural workshops Assistance in establishing and in training Pakistanis in the operation of workshops for the repair and maintenance of agricultural equipment in Khairpur, Khanpur, Dacca, Tando Jam, Peshawar, Jyallpur, and Quetta.	91-19-029	.....	1, 003, 000
Plant protection Insecticides and pesticides have been supplied and Pakistanis have been given on-the-spot and U.S. training in plant disease and insect control.	91-13-022	West Pakistan..	810, 000
Bureau of Mines and Geological Survey Under an agreement with the U.S. Geological Survey assistance is being given to the Pakistan Geological Survey in locating and appraising mineral resources.	91-21-073	do.....	460, 000
Karnafali multipurpose project Under contracts with the International Engineering Co. and Utah International, Inc., a multipurpose dam is being constructed. Further funding of the contracts is being provided under a Development Loan Fund loan.	91-23-023	East Pakistan..	19, 740, 000
Industrial Technical Assistance Center Under a contract with the Daco Machine Tool Co., an Industrial Research and Development Center has been established which provides technical services to Pakistani industries.	91-23-074	Lahore.....	532, 000
Engineering services for projects Under a contract with the Parsons Engineering Co., 20 engineering specialists are provided to advise and assist on various projects.	91-23-076	Pakistan.....	1, 599, 000
Rehabilitation of railroads Diesel-electric locomotives, railway carriages, and wagons have been provided under this project. Additional equipment is now being procured under a DLF loan.	91-33-100	do.....	14, 723, 000
Improvement and expansion of aviation ground facilities Aviation ground facilities equipment has been supplied and U.S. Federal Aviation Agency personnel are training Pakistani technicians in its proper installation, operation, and maintenance.	91-37-051	do.....	4, 415, 000
Development of civil air transportation Under a contract with Pan American World Airways, Pakistani technicians are receiving training in the repair, maintenance, and overhaul of aircraft, aircraft equipment, and communications facilities; also in airline management, processing of traffic, and other phases of airline operations.	91-37-082	Karachi.....	4, 283, 000
Labor relations training This project provides an American adviser in labor relations and U.S. training for Pakistanis.	91-49-105	Pakistan.....	127, 000
Karachi water supply Engineering services for this project have been provided under 91-23-076. Supplies and equipment have been furnished for the construction of a bulk water supply system for Karachi. Further funding is being provided under a DLF loan.	91-54-024	Karachi.....	5, 558, 000

PAKISTAN—Continued

Project title	Number	Location	Obligations through fiscal year 1969
<b>Basic Medical Science Institute.</b> Under a contract with Indiana University, technical assistance and equipment are being provided to this institute.	91-54-088	Karachi	\$398,000
<b>Public health advisory services.</b> This project provides doctors, nurses, and sanitarians, and U.S. training for Pakistanis.	91-59-012	Pakistan	974,000
<b>Intercolleage exchange.</b> Technical assistance and equipment are being provided to universities in Lahore, Peshawar, and Dacca through contracts with the State College of Washington, Colorado State University, and Texas A. & M. College.	91-66-009		6,548,000
<b>Teacher training institutes.</b> Contracts are being negotiated with Indiana University and the Teachers College in Greeley, Colo., for assistance to newly established teacher training institutes in Lahore and Dacca.	91-66-053		60,000
<b>Senior educational leaders training.</b> A U.S. study and observation tour for 3 senior educational leaders in Pakistan.	91-68-081	Pakistan	9,000
<b>Senior civil servants training.</b> Under a contract with the University of Southern California, groups of 20 Pakistani civil servants are given an intensive training program in the United States in public administration procedures.	91-72-105	do	840,000
<b>Institute of Public and Business Administration.</b> Assistance has been provided to this institute under a contract with the University of Pennsylvania. This university stressed business administration, and, because the GOP wants a shift in emphasis to public administration, the Pennsylvania contract has been terminated and a contractor well qualified to provide assistance in public administration is being sought.	91-77-111	Karachi	686,000
<b>Executive practices in public administration.</b> This project was to provide U.S. training or observation tours for high level Pakistani Government officials.	91-77-112	Pakistan	33,000
<b>Development of statistical services.</b> Under an agreement with the Bureau of Census, assistance is being given in developing an effective statistical service in Pakistan.	91-78-037	do	544,000
<b>Village aid.</b> American technicians teach Pakistani village aid workers methods through which villagers can improve their own standards of living. Youth and adult education clubs and classes are organized, health and sanitation techniques are introduced, improved agricultural methods are taught, etc.	91-81-001	do	5,442,000
<b>Audiovisual aid.</b> A film sound recording and processing laboratory has been provided under this project. This laboratory supplies educational films to various government agencies.	91-92-065	Karachi	345,000
<b>Atomic energy research and development.</b> Laboratory equipment has been supplied, U.S. training has been given to Pakistani participants, and an American engineer is being provided under the engineering services project to assist the Pakistani Government in its atomic energy research program.	91-98-104	Pakistan	526,000

ISRAEL<sup>1</sup>*Total economic and military aid through fiscal year 1959*

[In thousands of dollars]

Economic (since beginning of ICA and predecessor programs)-----	\$298,074
Military (programed since 1950) <sup>1</sup> -----	936

<sup>1</sup> All credit financing.*Project title and number.*—Animal husbandry (71-13-161).*Location.*—Countrywide.*Purpose and description.*—Assistance to the Ministry of Agriculture in achieving maximum sustained production of quality poultry and grazing animal products through an efficient utilization of livestock, manpower, water, land, and facilities.*Accomplishments.*—The beef cattle herd has increased from 1,000 in 1948 to 15,000 today; dairy cattle herd has increased from 18,800 to 44,000 head during the same period. Poultry production, in terms of eggs per laying hen per year, has increased from 134 to 200 since 1948; poultry diseases, except for the chronic respiratory types, are now under control. Assistance in improving livestock health, except for leptospirosis, is no longer needed. Work continues in expanding and improving the sheep population. The major continuing effort is in the field of dairy sanitation.*Cost (cumulative through fiscal year 1959).*—\$264,200.*Project title and number.*—Field and horticultural crops (71-13-127).*Location.*—Countrywide.*Purpose and description.*—Assistance in (1) the imparting of technical and organizational knowledge for effecting measures whereby farm management practices are improved and expanded, (2) the establishment of expanded and more effective use of plant protection measures, and (3) the improvement of cultivation methods, all toward the end of assuring an increased production of cereals, forage, vegetable, and fruit crops at lower per unit cost.*Accomplishments.*—Accomplishments include tremendous increases in field and horticultural crops production, the incidence of plant diseases and infestation has been reduced, a toxicology laboratory has been established, the use of mechanized farm implements has increased, and seedbed preparation and cultivation have improved.*Cost (cumulative through fiscal year 1959).*—\$198,200.*Project title and number.*—Industrial design (71-26-119).*Location.*—Tel Aviv and Haifa.*Purpose and description.*—To improve standards of industrial design through the introduction of modern design concepts as regards functional utility, esthetic appeal, packaging, etc., so as to increase the marketability of Israel commodities, particularly abroad. These complementary approaches to the problem are utilized: Academic courses at the Israel Institute of Technology; programs of public information, professional stimulation, and general design improvement; and the establishment of a practicing industrial design facility.*Accomplishments.*—Third- and fourth-year industrial design courses, supported by a first-year course in basic design and a second-year course in human engineering, have been established at the Israel Institute of Technology; also established at this institution are five or six specialized courses on the graduate level. An institution—the Israel Institute of Industrial Design—has been established for the purpose of carrying out a program of public information and design stimulation; a permanent exhibition center has been established as a part of this institution. The practicing industrial design facility—the Israel Products Design Office—has been established.*Cost (cumulative through fiscal year 1959).*—\$374,450.*Project title and number.*—Teacher training and vocational education (71-69-251).*Location.*—Countrywide.*Purpose and description.*—This project is a consolidation of three previous projects—vocational education, supervisory, and teacher training—and the emphasis is on vocational education. The specific objectives are the development<sup>1</sup> All project activity in Israel is restricted to technical cooperation financing.

ISRAEL—Continued

and implementation of an integrated plan for vocational education; to provide a continuous, adequate, and efficient manpower force to meet expanding production needs; and to provide more effective training for teachers of vocational education.

*Accomplishments.*—Vocational education centers have been established in five locations in Israel, and the establishment of a sixth is planned. A long-term master plan for vocational education is being developed by the Government of Israel. The selection of teachers and instructors has improved immensely.

*Cost (cumulative through fiscal year 1959).*—\$611,000.

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*Project title and number.*—Research, extension, and education (71-11-159).

*Location.*—Countrywide.

*Purpose and description.*—Assistance to the Government of Israel in improving and coordinating agricultural research, extension, and education toward the end of making it possible for Israeli agriculture to more adequately meet the requirements of an increasing population.

*Cost (cumulative through fiscal year 1959).*—\$2,121,800.

*Project title and number.*—Range and forestry (71-12-162).

*Location.*—Countrywide.

*Purpose and description.*—Assistance to the Ministry of Agriculture in formulating sound plans and implementation methods for the development, administration, and maximum utilization of forested areas and grazing lands. A former objective of this project was the development and efficient utilization of Israel's sea fisheries resources, an objective which has been realized.

*Cost (cumulative through fiscal year 1959).*—\$293,000.

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*Project title and number.*—Water resources (71-12-266).

*Location.*—Countrywide.

*Purpose and description.*—Assist in the development and maintenance of Israel's water resources, primarily for use in agricultural irrigation and drainage, but also industrial and domestic purposes.

*Cost (cumulative through fiscal year 1959).*—\$232,000.

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*Project title and number.*—Agricultural and water resources, supervisory (71-19-186).

*Location.*—Countrywide.

*Purpose and description.*—Formulate and execute a well conceived and integrated program of developmental activities in the field of agriculture and water resources, utilizing all of the various types of official U.S. assistance which are or may become available for the purpose (e.g., technical cooperation, special assistance, Development Loan Fund, Public Law 480 sales proceeds, mutual security program section 402 proceeds, etc.). The objective is to be achieved through (a) close working relationships between the supervisory staff in the USOM Agriculture and Water Resources Division and appropriate agencies and authorities in the Israeli Government, and (b) supervision, guidance, and assistance to the various U.S. technicians in the Division.

*Cost (cumulative through fiscal year 1959).*—\$83,000.

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*Project title and number.*—Minerals development (71-21-035).

*Location.*—Countrywide.

*Purpose and description.*—Assist in the exploration, development, exploitation, and beneficiation of Israel's mineral deposits. Implementation is effected through working relationships between U.S. technicians and the Ministry of Development, the Israel Mining Co., the Israel Geological Survey, the Israel Institute of Technology, and other agencies involved in various aspects of the minerals development program.

*Cost (cumulative through fiscal year 1959).*—\$572,800.

ISRAEL—Continued

*Project title and number.*—Oil field development (71-21-210).

*Location.*—Northern Negev.

*Purpose and description.*—Assistance in assuring the proper conservation techniques in the development of oilfields and strengthening the technical competence of the Petroleum Commissioner's Office and Oil Division of the Geological Survey, directed toward overcoming the present inadequacy of experience in the control of petroleum production and the regulation of an oil industry.

*Cost (cumulative through fiscal year 1959).*—\$58,650.

*Project title and number.*—Development of selected industries (71-23-222).

*Location.*—Countrywide.

*Purpose and description.*—Technical guidance to the Government of Israel and Israeli industry in the specific fields of chemicals, food processing, metals, textiles, tanning, and packaging. Efforts are directed toward facilitating development in these fields. The project, created in fiscal year 1957, combined five separate projects in existence theretofore.

*Cost (cumulative through fiscal year 1959).*—\$600,300.

*Project title and number.*—Export marketing (71-24-167).

*Location.*—Tel Aviv, Haifa, and Jerusalem.

*Purpose and description.*—Provide an improved basis for facilitating the entry of Israeli products into world markets by (1) establishing an Israel Export Institute to assist industry in analyzing, developing, and exploiting the possibilities of export sales, undertaking market research and evaluation studies, (3) assisting in the improvement of export promotional activities, and (4) assisting in improving pertinent governmental operations and services.

*Cost (cumulative through fiscal year 1959).*—\$60,000.

*Project title and number.*—Tourism (71-24-255).

*Location.*—Countrywide.

*Purpose and description.*—To provide assistance to the Government of Israel Tourist Corporation and other agencies, associations, etc., in the implementation of a broad tourism expansion program which includes (1) public relations, (2) improvement of efficiency in hotel operations, (3) planning and organization of tours, (4) organization and operation of various tourist services, and (5) improved food preparation in hotels and restaurants.

*Cost (cumulative through fiscal year 1959).*—\$85,350.

*Project title and number.*—Productivity (71-27-040).

*Location.*—Tel Aviv.

*Purpose and description.*—To strengthen the operations of the Israel Institute of Productivity, in order to permit it to better cope with the problems of industrial productivity.

*Cost (cumulative through fiscal year 1959).*—\$99,100.

*Project title and number.*—Management training (71-27-163).

*Location.*—Haifa and Jerusalem.

*Purpose and description.*—Provision of a broad approach to problems of raising levels of managerial skills, through a long-range educational program, for the purpose of improving industrial efficiency and providing a sounder basis for future industrial development. The objectives are to be attained through university-to-university contracts between (1) the Israel Institute of Technology and New York University, whereby a graduate school of industrial management engineering would be established at Israel Institute, and (2) the Hebrew University and New York University, whereby a department of business administration would be instituted within the Eliezer Kaplan School of Economics of that Israeli institution.

*Cost (cumulative through fiscal year 1959).*—\$906,050.

ISRAEL—Continued

*Project title and number.*—Executive development (71-27-262).

*Location.*—Countrywide.

*Purpose and description.*—Originally a part of the management training project, this project is designed to increase executive and managerial efficiency by developing programs of immediate impact, and utilizing seminars and other appropriate activities, directed toward the already existing managerial group in Israel. Implementation is to be effected in conjunction with the Israel Management Center, which was recently established as an association of managers for the purpose of improving managerial competence.

*Cost (cumulative through fiscal year 1959).*—\$126,000.

*Project title and number.*—Inspection, standards, and quality control (71-29-223).

*Location.*—Tel Aviv.

*Purpose and description.*—Assist in the development of an effective and properly equipped standards institute, capable of adequately servicing Israel's industry and trade by (1) preparing, publishing, and distributing appropriate standards, (2) conducting laboratory tests for compliance of industry with established standards, (3) engaging in pertinent research and development activities, and (4) maintaining an adequate field inspection staff. The ultimate objective is an overall improvement in the standards of materials and manufactures and the attainment of a consistency of quality, toward the end of achieving a greater marketability for Israeli products, particularly abroad.

*Cost (cumulative through fiscal year 1959).*—\$198,500.

*Project title and number.*—Transportation development (71-39-243).

*Location.*—Countrywide.

*Purpose and description.*—A consolidation in fiscal year 1958 of four previous projects—transportation planning, automotive requirements and maintenance, road construction and operation, and maintenance of Israeli railroads—this project is designed to provide assistance in the development of all transportation facilities commensurate with the expanding requirements of a rapidly developing economy.

*Cost (cumulative through fiscal year 1959).*—\$219,000.

*Project title and number.*—Nuclear sciences (71-98-180).

*Location.*—Countrywide.

*Purpose and description.*—Improve Israeli nuclear science competence by providing for the participation of Israeli physicists, chemists, and engineers in courses offered by the School of Nuclear Science and Engineering and special programs in the field of nuclear science in the United States.

*Cost (cumulative through fiscal year 1959).*—\$46,200.

*Project title and number.*—Economic and financial development (71-99-261).

*Location.*—Countrywide.

*Purpose and description.*—To facilitate, through programs of participant training in the United States and elsewhere, Israel's efforts to establish a comprehensive program for economic development. This project will, possibly, be expanded in fiscal year 1960 to include activities directed toward attracting private foreign investments. This project also embraces one of the primary aspects of another project—industrial development planning—which was terminated in fiscal year 1959; hence, all expenditures allocable to the terminated project are arbitrarily assigned to this project.

*Cost (cumulative through fiscal year 1959).*—\$94,050.



**ISRAEL—Continued**

*Project title and number.*—Industry, mining, and transportation, supervisory (71-29-187).

*Location.*—Countrywide.

*Purpose and description.*—Provide liaison with various Government of Israel agencies interested in and responsible for industrial, mining, and transportation development. Provide general supervision, guidance, and assistance to USOM technicians in the fields of industry, mining, and transportation. The goal is the development and execution of a well conceived and integrated program of developmental activities, in these three economic fields, utilizing all the various forms of assistance provided or generated by the United States, i.e., technical cooperation, Development Loan Fund, special assistance, and local currency.

*Cost (cumulative through fiscal year 1959).*—\$179,000.

**TURKEY**

*Total economic and military aid through fiscal year 1959*

[In thousands of dollars]

Economic (since beginning of ICA and predecessor programs).....	\$723, 966
Military (programed since 1950).....	1, 717, 231

*Project title and number.*—Vocational and trade schools (77-61-135).

*Location.*—Izmir, Ankara.

*Purpose and description.*—Development of automotive and electrical electronics training schools and programs. Emphasis is on teacher training so that the schools may continue to function effectively after U.S. support has been withdrawn.

*Accomplishments.*—The Turkish Ministry of Education has expanded the vocational school at Izmir, constructed a new school at Adana, and purchased land to expand the Vocational Teacher Training Institute in Ankara. More than 500 students have enrolled in the Izmir Vocational School. New texts and training aids are now in use in various schools. Plans are underway for a school in Istanbul.

*Cost.*—Cumulative obligations through June 30, 1959, \$1,096,000.

*Project title and number.*—Industrial Development Bank (77-23-285).

*Location.*—Istanbul.

*Purpose and description.*—A private Industrial Development Bank was established in 1950 for the purpose of stimulating new private enterprises, expanding existing industries, encouraging the participation of foreign and domestic private capital, and assisting in the development of a securities market in Turkey. ICA, the Development Loan Fund, and the International Bank have made foreign exchange available.

*Accomplishments.*—The bank has been operating for over 9 years, and has contributed substantially to the growth of private industrial development in fields considered to be most beneficial to the industrial development of the project.

*Cost.*—Cumulative obligations through June 30, 1959, \$7,991,000.

*Project title and number.*—Bosphorus aerial transmission line (77-22-245).

*Location.*—Istanbul.

*Purpose and description.*—Design and supervision of the construction of a 154 kilovolt transmission line across the Bosphorus.

*Accomplishments.*—Construction is in process and will increase the power supply of Istanbul. This transmission line is essential to industrial expansion.

*Cost.*—Cumulative obligations through June 30, 1959, \$1,546,000.

## MUTUAL SECURITY ACT OF 1960

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## TURKEY—Continued

Cumulative obligations through fiscal year 1959, by projects

AGRICULTURE AND NATURAL RESOURCES		<i>Thousands</i>
77-11-075	Farmer services institutions..... Provides specialists in various fields to train Turkish extension workers.	\$246
77-12-142	Water resources..... Water resources planning for irrigation and hydropower uses.	672
77-12-149	Land and water use..... Soil conservation and irrigation.	451
77-13-150	Livestock and poultry development..... Training in improvement and production. Breeding and proper feeding to improve stock.	564
77-13-151	Crops, grass and forage development..... Training in improvement for livestock use. Seed improvement; range management; etc.	317
77-17-252	Forestry development..... Development of national forestry program. To produce forest products to reduce imports; conserve and improve forest crops.	489
77-19-263	General agriculture administration..... Provides special high-level training for provincial governors.	19
77-15-306	Meat packing industry..... Improvement of packing operations and accounting procedures.	2, 805
INDUSTRY AND MINING		
77-22-251	Operation and maintenance of hydroelectric plants..... Participant training.	80
77-22-267	Hydrological data study and planning..... Collation of stream gaging, power reservoir, load estimating, and other power and hydrological statistics.	160
77-22-268	Electrical network analyzer study..... Analysis of power distribution and proposed power systems.	10
77-22-291	Utility directors training..... Training.	22
77-29-271	Industrial center..... Assist in establishment of a Turkish Industrial Center to foster industrial management development training and provide technical information and aids to private and state industries.	130
77-29-276	Industrial allocations system..... Development and installation of system of allocation of imports to Turkish industries.	35
77-21-288	Preventive maintenance..... Provides assistance to Turkish personnel in preventive maintenance for construction, mining, milling, and smelter machinery.	40
77-21-315	Institute of Applied Geology (Istanbul)..... To support institute in developing staff, organization, and administration to train practical geologists.	5
TRANSPORTATION		
77-31-175	Highway engineering advisers..... Advice and training in construction, improvement, and maintenance of national highway system for military and civilian use.	582
77-37-232	Airline operation training program (Ankara)..... Assist Turkish airlines to train Turkish civil aviation personnel in modern techniques of airline operations, including airline management, repair, maintenance and overhaul of aircraft, aircraft engines.	1, 640
77-37-264	Civil aviation training program (Ankara)..... Development, in Ministry of Communications, of a Department of Civil Aviation to operate and maintain existing civil aviation ground facilities and services.	598

## MUTUAL SECURITY ACT OF 1960

## TURKEY—Continued

	<i>Thousand</i>
LABOR	
77-41-180 Workers education.....	\$55
Development of free trade unions through workers' education in trade union administration.	
77-42-293 Industrial training (apprenticeship).....	85
Establish on-the-job training programs to produce skilled mechanics in selected plants and industries.	
77-44-235 Industrial relations research.....	14
Study of American industrial research centers as basis for establishment of such centers in Turkey.	
77-49-258. Ministry of labor trainees.....	45
Training in industrial safety, workers' health and conciliation and mediation.	
EDUCATION	
77-69-169 Georgetown English language program.....	430
Development of English language teaching program.	
77-66-211 Nebraska University, professional and higher (Ankara) education.....	1,760
Assisting ministries of education and agriculture and establishment of Ataturk University in eastern Turkey.	
77-69-294 General education services (Ankara).....	998
Assisting Ministry of Education in improvement of basic education system to develop better qualified candidates from elementary and secondary schools both for higher regular education and for military training.	
PUBLIC ADMINISTRATION	
77-71-287 Civil police administration.....	721
Development of modern civil police methods and practices.	
77-72-298 Public administration services (Ankara).....	202
Introduction of modern administrative methods in management, records, and organization into key Turkish Government offices and institutions.	
77-289 Health and sanitation.....	250
Help in setting up administration and advising on physical plant for school of nursing.	
77-77-212 New York University (Ankara).....	788
Help in improving public administration program at the University of Ankara.	
77-74-318 Etibank management improvement.....	100
COMMUNITY DEVELOPMENT, SOCIAL WELFARE AND HOUSING	
77-84-282 Aided self-help housing.....	26
To meet urgent need for simple techniques using indigenous materials to improve substandard conditions.	
GENERAL AND MISCELLANEOUS	
77-98-266 Atomic energy training program.....	312
Training of Turkish personnel to participate in future atomic energy programs in Turkey.	
77-99-000 Technical support.	

GREECE

*Total economic and military aid through fiscal year 1959*

[In thousands of dollars]

Economic (since beginning of ICA and predecessor programs)-----	\$916, 435
Military (programed since 1950)-----	980, 101

*Project title and number.*—Agricultural extension training and research assistance (40-11-008).

*Location.*—Nationwide.

*Purpose and description.*—To establish an effective and permanent extension service.

*Project accomplishments.*—Greece now has one of the best extension programs in the area.

*Cost.*—Cumulative obligations through June 30, 1959, \$303,000.

*NOTE.*—Several other projects contributed to the fulfillment of the program objectives.

*Project title and number.*—Air Transport Advisory Group (40-37-131).

*Location.*—In several parts of Greece, including Athens.

*Purpose and description.*—To provide training and technical assistance in connection with the installation of a modern navigational aid system.

*Project accomplishments.*—Project objectives largely achieved with operation of several VOR installations.

*Cost.*—Cumulative obligations through June 30, 1959, \$127,000.

*Project title and number.*—Production and marketing (40-14-010).

*Location.*—Athens and countrywide.

*Purpose and description.*—Primarily third country training in marketing, livestock, seed, credit, and construction techniques.

*Cost.*—Cumulative obligations through June 30, 1959, \$240,000.

*Project title and number.*—Agricultural credit advisers (40-14-133).

*Location.*—Athens and countrywide.

*Purpose and description.*—Improvements in the functioning of the agricultural bank are sought through U.S. consultants, advisers, and participant training.

*Cost.*—Cumulative obligations through June 30, 1959, \$27,000.

*Project title and number.*—Office of Food and Agriculture Adviser (40-19-137).

*Location.*—Athens.

*Purpose and description.*—Advisory services are provided both to the USOM Director and the Ministry of Agriculture.

*Cost.*—Cumulative obligations through June 30, 1959, \$33,000.

*Project title and number.*—Training in modern industrial methods and processes, wool textile industry (40-23-063).

*Location.*—Countrywide.

*Purpose and description.*—Participants are provided training in the United States in selected industrial fields to learn modern industrial techniques.

*Cost.*—Cumulative obligations through June 30, 1959, \$48,000.

*Project title and number.*—Office of the Industry Adviser (40-29-138).

*Location.*—Athens.

*Purpose and description.*—Advisory services are provided both to the USOM Director and several Greek ministries.

*Cost.*—Cumulative obligations through June 30, 1959, \$20,000.

GREECE—Continued

*Project title and number.*—Economic Development Financing Organization (40-29-140).

*Location.*—Athens.

*Purpose and description.*—American advisers will assist in the strengthening of the Economic Development and Financing Organization (EDFO) which provides credit to the private sector.

*Cost.*—Cumulative obligations through June 30, 1959, \$13,000.

*Project title and number.*—Labor and Trade Union Leadership (40-41-053).

*Location.*—Countrywide.

*Purpose and description.*—To strengthen attitudes favorable to democratic progress in trade unions, advisory services and participant training are provided in workers' education and trade union leadership.

*Cost.*—Cumulative obligations through June 30, 1959, \$141,000.

*Project title and number.*—Training of apprenticeship trainers (40-42-090).

*Location.*—Countrywide.

*Purpose and description.*—To complement efforts to provide vocational education, advisory services and participant training are provided in apprenticeship programs. Apprenticeship training will be inaugurated outside the Athens area where assistance has not been possible until this time.

*Cost.*—Cumulative obligations through June 30, 1959, \$23,000.

*Project title and number.*—Office of the Labor Adviser (40-49-139).

*Location.*—Athens.

*Purpose and description.*—Advisory services are provided both to the USOM Director and the Ministry of Labor.

*Cost.*—Cumulative obligations through June 30, 1959, \$23,000.

*Project title and number.*—Public Safety Advisory Group (40-71-089).

*Location.*—Athens and countrywide.

*Purpose and description.*—The United States is assisting in the strengthening of the internal security forces of Greece through training of Greek police officers in the latest U.S. organizational arrangements and techniques and through the provision of U.S. advisory services in the fields of organization and training.

*Cost.*—Cumulative obligations through June 30, 1959, \$913,000.

*Project title and number.*—Training in nuclear energy (40-98-064).

*Location.*—Athens.

*Purpose and description.*—Advanced training directed toward the effective utilization of an atomic reactor.

*Cost.*—Cumulative obligations through June 30, 1959, \$41,000.

*Project title and number.*—Technical support (40-99-000).

*Location.*—Athens.

*Purpose and description.*—Funds cover the USOM training officer who provides services to other parts of the mission in implementing the program.

3. ICA does not provide project assistance to Greece except in the small technical cooperation program.

SPAIN

Total economic and military aid through fiscal year 1959

[In thousands of dollars]

Economic (since beginning of ICA and predecessor programs)----- \$433, 731  
 Military (programed since 1950)----- 407, 018

Project No.	Title	Location	Purpose and description	Accomplishments	Cumulative cost through June 30, 1959	Functional breakdown <sup>1</sup>		
						Technical cooperation	Defense support	Discontinued accounts
52-76-048	Industrial management school.	Madrid-----	To assist establishment of a school of industrial management to teach post-graduate level industrial management and business administration methods.	More than 130 middle management level trainees from Spanish industry graduated from school to date.	Thous. \$148	Thous. \$44	Thous. \$46	Thous. \$58
52-37-034	Civil aviation-----	Madrid and other airports.	To provide air navigation equipment and instrument approach facilities for Spain's international airports and to furnish basic components of an air traffic control system. Supplements facilities installed by U.S. Air Force in connection with base construction program.	12 major airports out of target of 30 now adequately equipped; may also be used for emergency military landings.	279	178	15	86
52-23-133	Steel industry, cold rolling mill equipment.	Bilbao-----	To provide spare parts equipment for 2 private companies which had received basic equipment under nonproject aid in fiscal year 1954 defense support program (\$4,000,000). Purpose is to provide facilities for sheet steel production for railroads, rolling stock, tin plate, and other essential products imported heretofore.	Mill now in operation which permits import saving at a time when Spain's unencumbered foreign exchange holdings are practically nil.	592		402	190
52-21-140	Petroleum, oil, and lubricants (POL) laboratory equipment.	Madrid-----	To permit Spanish Aeronautical Institute to achieve proper testing standards of POL so that Spanish fuel supply will meet international standards for use in MAF-supplied equipment and to encourage civilian sector of POL industry to adopt improved testing methods.	More than 60 Spanish technicians working in POL laboratory. Proper POL testing has commenced.	190	14	71	105

See footnotes at end of table, p. 171.

**SPAIN—Continued**  
**ELECTRIC POWER INDUSTRY**

Project No.	Title	Location	Purpose and description	Accomplishments	Cumulative cost through June 30, 1959	Functional breakdown <sup>1</sup>		
						Technical cooperation	Defense support	Discontinued accounts
52-22-050 52-22-141	Thermal power boilers... Electric power.....	Southern Spain...	To increase thermal power capacity in order to eliminate electricity restrictions during dry periods.	Contributed to new thermal capacity of 631,000 kilowatts during 1957-58. Of more than 1 million kilowatts in new capacity from 1954 through 1958, 10 percent financed by ICA. No severe restrictions occurred since 1954-55 winters.	<i>Thous.</i> \$5,638 1,899	<i>Thous.</i> ----- -----	<i>Thous.</i> \$5,638 45	<i>Thous.</i> ----- \$1,854
52-22-127	Bottleneck items.....	Throughout Spain.	To help reduce electric power transmission line losses.	Contributed to reductions of transmission line loss from 25 to about 18 percent between 1953 and 1958.	3,587	-----	1,148	2,439

**AGRICULTURE AND NATURAL RESOURCES**

52-13-088	Crop improvement.....	Not available.....	Training in improvement of crop varieties, and strengthening staff of Ministry of Agriculture.	<i>Thous.</i> \$27	<i>Thous.</i> \$7	<i>Thous.</i> \$9	<i>Thous.</i> \$11
52-13-090	Livestock improvement.....	do.....	Development of technical knowledge in the improvement in quality and quantity of livestock.	46	30	3	13
52-12-094	Soil improvement.....	do.....	Development of a Soil and Water Conservation Service in Ministry of Agriculture.	41	3	28	10
52-17-109	Forestry demonstration.....	do.....	To develop improved methods of reforestation, increase forest products yield, and train adequate staff of foresters.	146	80	51	15
52-13-173	Dairy production, process, and distribution.	Madrid and several regions.	Training in the use of modern dairy machinery, and to increase quantity and quality of milk production.	540	22	502	16
52-19-201	Agricultural engineering.....	Not available.....	Training of engineers of the Ministry of Agriculture in operation and maintenance of modern farm machinery.	30	30	-----	-----
52-12-211	Irrigation and reclamation demonstration.	do.....	Training in use of modern equipment and techniques of drainage.	43	43	-----	-----
52-11-218	Agriculture extension demonstration.....	-----	Training to strengthen the Extension Service.....	76	76	-----	-----

INDUSTRY AND MINING

			Thous. \$73	Thous. \$33	Thous. \$25	Thous. \$15
52-29-047	Technical aid services.....	Not available.....	Technical literature, film, and aids in support of the technical cooperation program.	6	6	
52-29-075	Expansion of activities of Spanish NCIP.	do.....	Specialized training in various fields for middle management and foremen.	87	25	37
52-26-103	Marketing and distribution practices.....	do.....	Training in marketing and distribution practice of consumer products.	72	16	37
52-27-106	Industrial engineering studies.....	do.....	Training in industrial engineering and management techniques.	28	28	
52-27-136	Shoe industry consultant services.....	Madrid, Barcelona, Mallorca, Alicante.	Consultants to assist the National Commission for Industrial Productivity in presenting training courses for management and technical personnel, and organization of a pilot plant.	190	14	71
52-21-140	Petroleum, oil, and lubricant (POL) laboratory (INTA).	Madrid.....	Engineering services and laboratory equipment to assist the National Technical Aeronautical Institute in establishment of a petroleum products testing laboratory.	20	8	11
52-27-153	Industrial management seminar.....	Madrid, Barcelona, Bilbao.	Seminars for top management in aspects of management, marketing, production.	145	90	18
52-29-164	Industrial productivity studies.....	Not available.....	Studies of productivity of various industries.....	91	29	31
52-27-172	Executive management studies.....	Madrid and other industrial regions.	Study of American management practices; assignment of a personnel management adviser to assist NCIP in preparation of material for personnel management courses, to give lectures, and advise private firms on personnel management problems.	36	36	
52-27-175	Textile production.....	Madrid, Barcelona, Alicante, Salamanca.	Consultants to advise the NCIP on problems relating to textile factory organization.	17		12
52-27-179	Management techniques in defense production.	Not available.....	Training of senior officers of Spanish military forces and top management personnel of defense industries to improve management of plants.	92	71	11
52-23-180	Inplant training in military production.	do.....	Inplant training in manufacturing methods for Spanish industries which supply material and equipment to Spanish military forces.	44	26	18
52-24-185	Tourism promotion.....	Madrid and other regions.	Study by Spanish tourist officials of U.S. techniques and methods of promoting tourism; survey by a U.S. travel firm of tourist facilities in Spain; and assistance to the Director General of Tourism by U.S. architect in design and construction of small hotels.	18	18	
52-26-216	Export promotion consultant service..	Various regions.....	Study by an American consultant of Spanish industry and handicraft for purpose of stimulating increased exports.	4	4	
52-21-217	U.S. geographical survey school of photogeology.	Not available.....	Training in photogeology of participant from the Institute of Geology and Mining.	3	3	
52-27-220	Industrial consultant services.....	Madrid and industrial areas.	Adviser to the NCIP on operation of an industrial consulting service.	8		8
52-21-221	Oil exploration and production study..	Not available.....	Training of top level representatives of Government and private interests in field of exploration and production of oil.	7	7	
52-29-223	Ground water development for public water supplies.	do.....	Training of Spanish engineers at a short course in ground water as a source for public water supplies.			

MUTUAL SECURITY ACT OF 1950

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See footnotes at end of table, p. 171.



SPAIN—Continued  
TRANSPORTATION

Project No.	Title	Location	Purpose and description	Cumulative cost through June 30, 1959	Functional breakdown <sup>1</sup>		
					Technical cooperation	Defense support	Discontinued accounts
52-31-032	American highway practices.....	Not available.....	Training of engineers in highway construction methods....	Thous. \$33	Thous. \$22	Thous.	Thous. \$11
52-37-034	Civil Aviation Mission.....	Madrid.....	Advice on air navigation aids, operations and maintenance procedures for airway personnel; on-the-job training for control towers and communications personnel.	279	178	\$15	86
52-33-054	Railroad management studies.....	Not available.....	Training of RENFE (railroad) personnel in the maintenance of diesel locomotives.	34	20	14	
52-32-190	International road federation training program.	.....do.....	Training in highway engineering for graduate engineers....	10	9		10
52-31-193	Training highway construction operators mechanics.	.....do.....	Training of mechanics and operators in the use and maintenance of heavy construction equipment in the modernization program for Spanish highways, ports, and hydraulic projects.	92	91		1
EDUCATION							
52-61-115	Technical education study.....	Not available.....	Training for the reform of technical and vocational education in Spain.	Thous. -----	Thous. \$18	Thous. \$3	Thous. \$6
COMMUNITY DEVELOPMENT							
52-83-134	Housing studies.....	Not available.....	Training of architects in methods and practices of town and country planning.	Thous. \$88	Thous. \$31	Thous. \$10	Thous. \$47

GENERAL AND MISCELLANEOUS

			Thous. \$64	Thous. \$64	Thous.	Thous.
52-98-197	Training in nuclear energy.....	Not available.....				
52-98-219	Atomic energy in agriculture.....	Madrid.....	50	1 50		

PUBLIC ADMINISTRATION

			Thous. \$148	Thous. \$44	Thous. \$46	Thous. \$58
52-76-048	Industrial Management School.....	Madrid.....				
52-74-184	Public administration study.....	do.....	64	48	11	5
52-78-196	Spanish economic census.....	Not available.....	19	19		

<sup>1</sup> Source: D-8 Report, June 30, 1959. A complete subdivision of costs (obligations) according to appropriation cannot be given for each project since the field reports include "Discontinued accounts" which consolidate all expended funds. This report is available at the mission.  
<sup>2</sup> Funds for this project emanated from the "Atoms for Peace" appropriation.

MUTUAL SECURITY ACT OF 1960

MOROCCO

Total economic and military aid through fiscal year 1959

[In thousands of dollars]

Economic (since beginning of ICA and predecessor programs)..... \$44, 228  
 Military (programed since 1950)<sup>1</sup>..... 63

<sup>1</sup> Does not include \$287 million for airbases.

Project No.	Title	Location	Purpose and description	Accomplishments	Cost <sup>1</sup>	
					Cumulative June 1959	Type of funds
08-61-010	Vocational industrial educational center.	Casablanca.....	To assist Ministry of Education in developing vocational education program in trade schools of Morocco.	School building has been constructed. School will be in operation after installation of equipment.	<i>Thous.</i> \$847	Special assistance.
08-12-006	Irrigation development.....	Not available...	Participant training of land classification specialists and assistance to irrigation activities of Public Works Agency.		6	Technical cooperation.
08-12-004	Land classification.....	Rabat.....	Participant training and advice to Ministry of Agriculture on land use investigations.		33	Do.
08-19-013	Farmers' tour.....	Not available...	Participants to observe some of the techniques and methods used in the United States which may aid in agriculture problems in Morocco.		39	Do.
08-22-003	PTT training project.....	Rabat.....	Assistance to Ministry of Post, Telephone and Telegraph in establishing a training program for service and maintenance personnel.		160	Do.
08-64-021	Rural teacher training.....	Not available...	Participant training of teachers to staff rural education teacher training centers.		132	Do.
08-72-012	Governmentwide organization and management.	.....do.....	Participant training in administrative and management fields in order to correct the lack of qualified personnel that exists within the GOM.		103	Do.
08-92-007	Training of Radio Morocco personnel.	.....do.....	Participant training of a potential nucleus of the Moroccan radio network.		46	Do.

<sup>1</sup> Source: D-8 Report, June 30, 1959. A complete subdivision of costs (obligations) according to appropriation cannot be given for each project since the field reports include "Discontinued Accounts" which consolidate all expended funds. This report is available at the mission.