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FOREIGN OPERATIONS APPROPRIATIONS FOR 1963

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GOVERNMENT

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HEARINGS

BEFORE A

**SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES**

EIGHTY-SEVENTH CONGRESS

SECOND SESSION

**SUBCOMMITTEE ON DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE,
THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS**

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ROBERT L. F. SIKES, Florida
DON MAGNUSON, Washington
FRED MARSHALL, Minnesota

FRANK T. BOW, Ohio
GLENARD P. LIPSCOMB, California
ELFORD A. CEDERBERG, Michigan

JAY B. HOWE, *Staff Assistant to the Subcommittee*

PART 4

**FOREIGN CLAIMS SETTLEMENT COMMISSION
DEPARTMENT OF STATE
UNITED STATES INFORMATION AGENCY**

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FOREIGN OPERATIONS APPROPRIATIONS FOR 1963

MONDAY, SEPTEMBER 10, 1962.

FOREIGN CLAIMS SETTLEMENT COMMISSION

WITNESSES

EDWARD D. RE, CHAIRMAN
ANDREW T. McGUIRE, GENERAL COUNSEL
EDWARD DAWSON, EXECUTIVE DIRECTOR
LLOYD A. THOMAS, BUDGET OFFICER

Mr. ROONEY. The committee will please now come to order. This morning we shall commence consideration of certain supplemental requests, the first of which is for the Foreign Claims Settlement Commission in the amount of \$73,560,000 as proposed in House Document No. 535; \$73 million of this estimate is for the payment of Philippine War Damage Claims, and \$560,000 is for salaries and expenses. Do you have a general statement, Chairman Re?

Mr. RE. Yes, Mr. Chairman.

Mr. ROONEY. Will you please proceed?

GENERAL STATEMENT

Mr. RE. Thank you very much, Mr. Chairman. I do have a statement, which has been distributed, and with your permission I would like simply to summarize it in view of the fact that I am quite certain the committee—

Mr. ROONEY. Please do not assume anything.

Mr. RE. I am sure the committee knows the Philippine bill and the fact that \$73 million is required to make the balance of payments. The other item consists of \$560,000, which is the administrative expense item, for the purpose of administering three bills.

The first is the Philippine bill, the Philippine war damage program, Public Law 87-616. Another is the bill that we have called the Lake Ontario claims program, which is Public Law 87-587. The third is the Guamanian program, which is Public Law 87-617.

We are asking for \$560,000; \$500,000 to administer the Philippine program and \$60,000 to administer the Lake Ontario program. We are making no request for the Guamanian program, since we believe that it can be absorbed into our normal operation.

Mr. Chairman, I am certain that you are familiar with our needs as far as the Philippine program is concerned.

Mr. ROONEY. Please do not assume anything. Tell us about them.

PROCESSING OF PHILIPPINE WAR DAMAGE CLAIMS

Mr. RE. We have approximately 100,000 claims to process under the Philippine program. It is true that most of them will not require any of the adjudicatory processes or functions of the Commission. However, we do believe that 15,000 claims will require readjudication because we must determine who are the proper heirs.

Two other things have happened in connection with the passage of this bill that have considerably increased the functions and responsibilities of the Commission. The first is that what was initially a 3-year program became a 2-year program.

Mr. ROONEY. What do you mean when you say a 2-year program?

Mr. RE. Originally we thought that 3 years was going to be the period of time within which we were to administer this program. When the act was finally passed, only 2 years were given to the Commission to administer the program. So, as you can see, the program has been telescoped.

In addition to that, a new clause was placed in the act which requires us to make a finding in all awards in excess of 25,000 pesos that the moneys have actually been or will be reinvested in the Philippines for the purpose of furthering the Philippine economy. This reinvestment provision also applies to all nonresidents of the Philippines.

Mr. ROONEY. How will that be effectuated?

Mr. RE. We will have to make a finding of fact based upon evidence submitted to us that this money actually was used to rebuild, repair, or restore the buildings that were destroyed, for example, or that the money has been used in such a way as to further the Philippine economy. This is a finding of fact we have to make based upon evidence that will be introduced. So this is truly an adjudicatory function that we will have to perform.

So the fact that we now must make this finding on the reinvestment provision, the fact that we will have approximately 15,000 claims to reinvestigate, to determine that the payments are made to the proper next of kin or heirs of the deceased awardees, and the fact that the program is now a 2-year program instead of a 3-year program—these are facts that have increased the responsibility and, may I say, the difficulties facing the Commission.

It is in the light of these considerations that we are asking for \$500,000 for administrative expenses to administer the Philippine program.

DAMAGES TO AMERICANS BY CONSTRUCTION AND OPERATION OF GUT DAM
IN THE ST. LAWRENCE RIVER

As far as the Lake Ontario program is concerned, under the act the Commission must determine the validity and amount of damages to properties of Americans on the shores of Lake Ontario resulting from the construction and operation by the Canadian Government of the so-called Gut Dam in the St. Lawrence River in 1903. May I say here that the function of the Commission is solely to adjudicate the claims and to report the findings to the President. The Commission has no authority to certify any awards for payment.

As far as we know, complaints arose in 1951 on the part of Americans who maintained that as a result of the construction of this dam,

the water level of Lake Ontario was raised, flooding their properties on the American shores and otherwise causing damage to their property.

Our function would be to ascertain whether Canada is responsible for this act and, secondly, how much are the damages sustained. We will have to make a detailed report to the President, who will then determine what he may wish to do about it. I repeat, we have no authority to certify any awards. However, this is a program that involves many technical considerations. We do not presently have with the Commission the kind of personnel that will be able to go into the various technical, engineering, and other factors that are extremely important in passing upon the questions of liability. For this we are asking for \$60,000 for the fiscal year 1963.

COMPENSATION FOR INTERNMENT OF GUAMANIANIS DURING WORLD WAR II

The other bill, which is the Guamanian bill, is designed to compensate a group of Guamanians who were detained as civilian internees as a result of their employment on Wake Island in the construction of Pacific naval airbases during World War II. Under section 5 of the War Claims Act of 1954, all American citizens detained by the Japanese as civilian internees were entitled to compensation for their internment. However, when the War Claims Commission started to process the claims, the Commission discovered that this group of Guamanians, although nationals of the United States, were not citizens and, therefore, were inadvertently excluded from its beneficial provisions.

This act takes care of these people that were inadvertently omitted. As I have stated previously, we feel that this function can be accomplished without making any request for additional funds since it can be absorbed by the Commission with the existing staff.

Therefore, Mr. Chairman, this is the summary of the statement I have submitted that I believe sets forth our needs. An amount of \$73 million is required to pay the actual awards on the Philippine program, and \$500,000 is being requested to administer the Philippine program, which will also take care of the Manila office that we will require. The sum of \$60,000 is for the Lake Ontario program, and no request is being made for the Guamanian program. This gives the total request of \$73,560,000 before the committee this morning.

(Mr. Re's prepared statement follows:)

STATEMENT OF DR. EDWARD D. RE, CHAIRMAN, FOREIGN CLAIMS SETTLEMENT COMMISSION

Mr. Chairman and members of the subcommittee, it is a distinct pleasure to appear before you in justification of the supplemental request which you are considering. I do, however, wish to apologize for the necessity of doing so at this later hour in the session. Unfortunately, it has often been necessary for the Commission to have amendatory legislation enacted toward the close of congressional business.

Mr. Chairman, within recent days three bills have been enacted by the Congress which affect the functions of the Commission. They provide, respectively, for (1) Lake Ontario damage claims; (2) Philippine war damage claims; and (3) Guamanian detention claims. Our total request to administer these three bills is for \$73,560,000.

Of this amount, \$560,000 is requested for salaries and expenses—\$500,000 necessary to finance and administer the Philippine war damage program, and

\$60,000 necessary to administer what we have termed the Lake Ontario claims program authorized by Public Law 87-587.

The remaining amount of \$73 million specified in Public Law 87-616 is necessary to cover payments on awards under the Philippine war damage program.

LAKE ONTARIO CLAIMS PROGRAM

Mr. Chairman, the first of these bills is Public Law 87-587, which authorizes the Commission to investigate claims of citizens of the United States who suffered property damage as the result of the artificial raising of the water level of Lake Ontario.

Under this act the Commission must determine the validity and amount of damages to properties of Americans on the shores of Lake Ontario resulting from the construction by the Canadian Government of the so-called Gut Dam in the St. Lawrence River in 1903. This construction was engaged in pursuant to an agreement between the United States and Canadian Governments which included a provision that American properties would be saved free from harm, or, failing that, Canada would pay appropriate compensation.

The function of the Commission under the act is solely to adjudicate the claims and report its findings to the President. There is no provision for payment by the U.S. Government, and the matter is to be referred to the President for such action as he may deem appropriate.

As far as is known, no complaints arose until 1951, at which time claims of substantial property damage were made. Thereafter, in 1952 and 1953 several persons brought suits against Canada in the U.S. courts but these were dismissed for lack of jurisdiction.

The Canadian Government then removed the dam in 1953 and there followed endeavors to reach a negotiated settlement without success.

In 1958, the International Joint Commission completed an engineering investigation to determine the effect of Gut Dam on the water level of Lake Ontario. However, this report, which has been made available to the Commission, made no findings or recommendations as to liability for or amounts of damages attributable to Gut Dam and the Canadian Government.

The Commission understands that since 1959 the State Department has unsuccessfully pressed the Canadian Government for settlement of the claims or their submission to a tribunal for adjudication.

Twelve years have elapsed since these claims arose. Therefore, when the respective bills were introduced in the House and Senate, the State Department apparently felt that this would provide an appropriate vehicle for reaching a settlement and suggested certain modifications. The principal modification was that if, during the course of Commission deliberations, the Canadian Government should enter into an agreement to arbitrate, the Commission would terminate its functions and turn over its records to the Department of State for appropriate action.

The Commission is advised that there are some 1,300 claims involved in this program and that the claims will run into several millions of dollars. I might add that even a preliminary perusal of the material now before the Commission indicates that these claims will involve highly technical considerations which will require the services of skilled engineers and other technical personnel not currently employed by the Commission.

For this Lake Ontario claims program, Mr. Chairman, the Commission is requesting the sum of \$60,000 for the balance of fiscal year 1963.

PHILIPPINE WAR DAMAGE BILL

The second bill with which we are concerned, Mr. Chairman, is the Philippine war damage bill, Public Law 87-616, which was signed by the President on August 30, 1962.

I am certain you will recall the passage of this bill in the House of Representatives. It is designed to authorize an appropriation of \$73 million to pay the remaining unpaid balance of awards which were made to claimants under the terms of title I of the Philippine Rehabilitation Act of 1946.

Basically, these claimants received initial payments on awards up to \$500 plus 52.5 percent of amounts payable above \$500. The intent of the Philippine Rehabilitation Act of 1946 was to pay a maximum of 75 percent of the awards granted by the Philippine War Damage Commission. However, the original sum of \$400 million provided by the Congress proved to be inadequate for this purpose.

The act does not provide for the assessment of any new claims either individually or by way of amendment. Moreover, assignments are limited to those cases in which there has been a transfer of all assets of a business in connection with the sale of a firm.

Payments under the act are limited in the aggregate to 75 percent of the amounts awarded by the Philippine War Damage Commission. In addition, in those instances in which the amounts to be paid under the act exceed 25,000 pesos, as well as those in which payments are to be made outside the Philippines, payees must demonstrate to the satisfaction of the Commission that the lost or damaged property has been rebuilt, replaced, or repaired, or that the amount of the payment has been or will be reinvested in the rehabilitation or economic development of the Philippines.

The act directs the Commission to give public notice of the time within which claims may be filed, which period may be up to 1 year from the date of publication. Such publication must occur within 60 days after enactment or the making available of appropriations to enable the Commission to carry out its functions under the act.

The Commission is required to give maximum publicity concerning the program in the Philippines and to attempt to notify all potential claimants individually.

Where necessary, aggrieved claimants are afforded a statutory hearing conforming to previous statutes administered by the Commission.

The Commission is required to complete its administration of the act within 1 year after the final date for filing claims.

The act contains a reverter clause which provides that any portion of the \$73 million fund not expended in payments on claims shall revert to the U.S. Treasury.

Mr. Chairman, because of the fact that the program time was reduced from 3 to 2 years when the bill passed the House of Representatives, the Commission, upon reassessment, had to increase its estimates for administrative expenses. You will note that in our regular request for fiscal year 1963 appropriations, we estimated that the Commission would have required a proposed \$250,000 for future submission. However, the telescoping of the program has caused us to review our estimate. This has been thoroughly considered with the executive branch and we have arrived at the present estimate in order to carry out most effectively the mandate of the Congress.

We have learned that the Veterans' Administration will release in Manila next month a number of trained Filipino investigators with some legal background, and we are investigating the possibility of acquiring their services in the interest of economy.

Moreover, we are now communicating with the Veterans' Administration and the State Department to ascertain the support and assistance each will be able to render to the Commission to enable us to initiate the program rapidly and economically. To make full use of every possible means of expediting this program, we are also seeking the cooperation of the Philippine Embassy here, as well as our Embassy in Manila.

Mr. Chairman, with full realization of the necessity of this late but important request, I have carefully considered the many aspects of our presentation. In view of the purpose of the act and the extent to which it will improve and cement the relations between the peoples and Governments of the United States and the Republic of the Philippines, I feel that our request for \$500,000 to initiate a program of this nature is a reasonable one.

My belief is strengthened by my experience in the Polish claims program which we are currently administering. In the initial stages of these programs we have the burden of sustaining expenses of leasing foreign office and housing quarters and staffing our office abroad. For example, we will have to acquire Jeeps for use by our investigators, and other expenses of a similar nature. A year from now we will be able to present an even more detailed analysis of our needs in the Philippine program. In view of the time limitations, however, it is imperative that we begin our operations as quickly and efficiently as possible. Mr. Chairman, I therefore strongly urge favorable consideration of this item.

GUAMANIAN PROGRAM

Now, for the third bill to which I have made reference. This bill, Public Law 87-617, approved August 31, 1962, is designed to compensate a group of Guamanians who were detained as civilian internees as a result of their employ-

ment on Wake Island in the construction of Pacific naval air bases during World War II.

The problem, Mr. Chairman, is this. Under section 5 of the War Claims Act of 1948, as amended, all American citizens detained by the Japanese as civilian internees were entitled to compensation for their internment. However, when the War Claims Commission started to process the claims, it was discovered that this group of Guamanians, although nationals of the United States, were not citizens, and therefore, were inadvertently excluded from its beneficial provisions. The Commission has expressed sympathy in this matter for several years. However, bills to accommodate the situation have invariably passed one body of the Congress but not the other.

In this Congress, the bill has passed both Houses and has been signed by the President.

Mr. Chairman, I am very pleased to advise you and your subcommittee that the Commission is fully prepared to absorb this claims program and that the War Claims Fund is adequate to provide the benefits. Accordingly, I am happy to report to you that we require no appropriation for this program.

In conclusion, Mr. Chairman, may I apologize once again for the inconvenience and lateness of this request. At the same time, in light of its extreme importance and the critical nature of the time element involved, I strongly urge its favorable consideration.

BASIS FOR ESTIMATE OF AMOUNT OF PHILIPPINE WAR DAMAGE CLAIMS

Mr. ROONEY. With regard to the Philippine war damage claims program, how was the \$73 million figure arrived at?

Mr. RE. As I understand it, Mr. Chairman, originally the amount seemed to be \$130 million. It then became \$73 million and, frankly, I have never heard of any other figure.

Mr. ROONEY. The answer is, you do not know.

Mr. RE. I do not know.

Mr. ROONEY. Will you please see that you get that information and insert it in the record?

Mr. THOMAS. Yes, sir.

(The information follows:)

FOREIGN CLAIMS SETTLEMENT COMMISSION OF THE UNITED STATES, Washington, D.C., September 11, 1962.

Hon. JOHN J. ROONEY,
Chairman, Subcommittee on Departments of State, Justice, Commerce, the Judiciary, and Related Agencies, Appropriations Committee, House of Representatives, Washington, D.C.

DEAR MR. ROONEY: Pursuant to the request made by you during the course of the appearance of the Foreign Claims Settlement Commission before the House of Representatives Appropriations Subcommittee on Departments of State, Justice, Commerce, the Judiciary, and Other Related Agencies, on September 10, 1962, there follows a statement concerning the reconciliation of \$73 million requested to pay the balances of claims as specified in Public Law 87-616 and the amount of \$68 million unpaid balances according to a machine run made from punchcards by the Treasury.

It should be noted that the data presented herein to reconcile the two amounts given above have been extracted from a Department of the Treasury internal memorandum dated September 8, 1960. This memorandum was prepared to present facts that would support a bill submitted before Congress by Representative Zablocki requesting an appropriation of \$73 million to pay subject remaining balances.

The first payment under the Philippine Rehabilitation Act of 1946 amounted to ₱1,000 (all claims up to ₱1,000 were paid in full) plus 30 percent of the remaining amount; the second payment amounted to an additional 22½ percent, which totals 52½ percent, leaving an additional 22½ to be paid, should Congress appropriate money. Since the amount remaining to be paid is identical to the amount of the second payment, the determination of the amount of the second payment will identify the amount required to pay the balances of awards pursuant to Public Law 87-616.

The amount of the second payment was ₱145,625,010.74 (\$72,812,505.37) as reported on page 57 of the final and ninth semiannual report, dated March 31, 1951, by the Philippine War Damage Commission. However, in an attempt to verify this figure, the Department of the Treasury prepared a machine listing from supporting punchcards. This listing reflected a total of \$67,597,780.54 in payments—a variance of over \$5 million from the figure reported in its final report by the Philippine War Damage Commission.

Apparently, an intensive study was made of this variance by the Department of the Treasury. The factors causing this variance are listed below. Before proceeding, however, it should be noted that the items listed below are additional second payments over and above the total of the machine listing of \$67,597,780. Since the amount of the remaining balance to be paid is identical to the second payment, these additional payments must be repeated in the third and final payment. It is felt that the above explanation is necessary to understand these additional payments since, ordinarily, payments would reduce any outstanding amount due.

RECONCILIATION

2d payment as reported by PWDC in its final report.....	\$72,812,505.37
(See p. 57, table 1 of final report.)	
Add: Payments on claims adjudicated in Washington after closing of the Commission in Manila.....	660,425.39
(See p. 5, table 1 and p. 61, table 1.)	
<hr/>	
Total of 2d payments as reported in final report.....	73,472,930.76
Less: 2d payments as determined on machine run from punched cards.....	67,597,780.54
<hr/>	
Variance to be reconciled.....	5,875,150.22
<hr/>	
Supplemental payments not included in machine run.....	19,237.95
Upon appeal, some claimants had received supplemental awards which were not reflected in the accounting registers.	
Additional payments not included in machine run.....	766,339.99
Claims adjudicated in Washington subsequent to the closing of the Commission in Manila.	
Adjusted payments not included in machine run.....	530,804.96
A thorough search of files revealed 198 vouchers not included in the original punchcards or registers. These vouchers represented claims on which overpayments were made on the 1st payment. These overpayments were deducted from the 2d payments.	
Payments on reopened claims not included in machine run.....	4,644,598.12
A thorough search of files revealed 204 vouchers on which the 1st and 2d payments were made in 1 payment. These vouchers represented claims which were originally disallowed in their entirety but were reexamined at the claimants' requests and allowances granted.	
Certificates of indebtedness.....	(107,203.72)
A thorough search of files revealed 72 claims for which certificates of indebtedness were issued by the General Accounting Office. Both the 1st and 2d payments had been made on these claims. Reexamination of the claims revealed that allowances had been made for standing sugarcane on which the Philippine National Bank held mortgages. Since the mortgagees were not entitled to these amounts, they were disallowed by the General Accounting Office. In 45 of these cases a future 22½-percent payment will more than cover the existing indebtedness, so additional payments will have to be made; but, the remaining 27 claimants are indebted beyond a future payment. Of the amount awarded for these claims, \$188,639.08 is included in the machine run. The balance due the 45 claimants is \$81,435.35 which must be subtracted from the overpayment. This leaves a net reduction of \$107,203.73.	
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Total adjustments to machine run.....	5,853,777.30
<hr/>	
Remaining variance.....	21,372.92

From the reconciliation above, it is apparent that the machine run made by the Department of the Treasury did not include the many payments which were discovered at a later date when that Department reconciled the \$73 million and the \$68 million figures. Therefore, \$73 million is required to pay the balances of claims as specified in Public Law 87-616 and is in accord with the supplemental budget, dated September 5, 1962, presented to the House of Representatives. Based on accounting records, the actual balance to be paid is \$73,472,930.76; however, the Foreign Claims Settlement Commission believes that \$73 million will be adequate because some prospective claimants may not be located due to death and change of address and because others may be deemed ineligible due to the reinvestment provision. In conclusion, a complete reconciliation has not been attempted since this would entail analyzing in detail approximately 90,000 individual file folders. For the purposes of your request, it is felt that the remaining variance of \$21,372.92 need not be further researched.

Sincerely yours,

EDWARD D. RE, *Chairman.*

SALARIES AND EXPENSES

Mr. ROONEY. With regard to the salaries and expenses request, \$560,000, we shall insert pages 1, 2, and 12 through 20 of the justifications at this point in the record.

(The pages follow :)

Salaries and Expenses

[In thousands]

1. Present appropriation or estimate.....		\$700
2. Additional amounts available.....		30
3. Total amount available.....		<u>730</u>
4. Apportionments:		
1st quarter.....		---
2d quarter.....		---
3d quarter.....		---
4th quarter.....		---
Budgetary reserves.....		---
5. Total apportionments and reserves.....		---
6. Obligations:		
1st quarter (estimated).....		---
2d quarter (estimated).....		---
3d quarter (estimated).....		---
4th quarter (estimated).....		---
7. Total actual and estimated obligations.....		1,290
8. Less total amount available.....		730
9. Estimated supplemental required.....		560
10. Estimated supplemental included in latest budget.....		<u>250</u>
11. Date needed:		
For obligation, Sept. 15, 1962.		
For expenditure, Sept. 30, 1962.		
12. Estimated expenditures from supplemental:		
In current fiscal year.....	<i>In budget</i>	<i>Revised</i>
In next fiscal year.....	\$220	\$540
After next fiscal year.....	30	20
Total.....	<u>250</u>	<u>560</u>
13. Actual obligations last three months:		
May.....		---
June.....		---
July.....		---

INDEPENDENT OFFICES

FOREIGN CLAIMS SETTLEMENT COMMISSION

SALARIES AND EXPENSES

"For an additional amount for 'Salaries and expenses', including an additional amount of not to exceed \$28,000 for expenses of travel, \$560,000."

INTERNATIONAL CLAIMS

Philippine program, \$500,000

The Philippine program is considered vital by the administration to continuous, harmonious relations with the Philippines. Five hundred thousand dollars is requested to support this program during fiscal year 1963.

It is estimated that payments will be made to more than 100,000 claimants. In accordance with law, the Commission shall attempt to notify individual claimants of their right to file application for payment, and shall notify all applicants of approval or denial. From experience in previous Philippine programs, a minimum of 1,250,000 pieces of correspondence and claims will be received. This was the number of claims filed under the former program under the Philippine Rehabilitation Act of 1946. Therefore, the clerical workload involved in receiving and answering mail will be great.

Due to the lapse of time since the last payment was made and the extremely high death rate in the Philippines, it is anticipated that more than 15,000 prospective payees will have to be reinvestigated for survivorship and inheritance.

Philippine Claims Division

This Division will be required to provide central direction of the program. The responsibility for planning, development of objectives and establishment of basic functions with which to accomplish these objectives, and programing will rest with this Division. All final legal decisions will be prepared by this Division. Also, this staff will be responsible for ascertaining compliance with the reinvestment provision of the proposed legislation. This Division must also review the system of computing payments to insure conformity with legal requirements. These functions will require a technical staff of eight and four secretaries. The field office will be an important part of this unit of organization.

Field office

The public of the Philippines will be requested to submit all claims and correspondence to the Manila office. The objectives of the clerical force will be to notify individual claimants of their right to file, to segregate the obviously invalid claims from other claims and to notify the claimants of denial. A staff of 22 mail and file clerks and typists will be recruited by December to conduct this function. This function will be conducted in the Manila office because costs of postage and labor will be less and because less time will be involved in communications.

The reinvestigation of 15,000 claimants in the Philippines will require 20 investigators who will be permanently located in various cities throughout the Philippines according to workload factors. Actual investigations will begin by January 1, 1963. Providing a means of transportation, local travel, and communications will be expensive in this investigative function.

Key supervision and direction will be provided by three U.S. citizens. They are required to formulate and supervise the implementation of methods and procedures for both the investigative function and the screening of claims. Other workload to be assumed by the U.S. citizens will be all legal considerations and negotiations with other U.S. agencies and the Philippine Government.

All administrative support services, including fiscal, personnel, security, and janitorial, will be obtained from either the State Department or the Veterans' Administration on a reimbursable basis.

Office of Executive Director

An increase of 13 personnel will be required in this Division. This staff will be required to receive and process, to the point of technical consideration, over 150,000 pieces of correspondence and claims. The bulk of the clerical workload in the Washington office will be handled by this staff, including typing, filing, and docketing. This required staff includes three accounting clerks to compute and maintain accounting records of all payments.

FOREIGN CLAIMS SETTLEMENT COMMISSION, PHILIPPINE PROGRAM

Justification by object class

[In thousands]

	Original estimate, fiscal year 1963	Revised estimate, fiscal year 1963	Increase
11 Other personnel compensation (only)----- This increase is requested to cover salary differential, temporary lodging, quarters allowance, and transfer allowance for U.S. citizens and their families who will be permanently located in Manila.	3	13	10
12 Personnel benefits----- This increase is required to cover the cost of fringe benefits related to the increase in basic labor. The current rate is 7½ percent. Also included are educational allowances in the amount of \$1,386.	46	60	14
21 Travel----- The bulk of increased travel requirements is related to the Manila office. The travel cost, including per diem, of 3 U.S. citizens and their families (total of 12 persons) to Manila will be \$12,372. Travel costs of U.S. citizens to permanent sites of investigators are estimated to be \$1,920. 2 round trips to Manila, including per diem, by the Chairman and the Assistant General Counsel for Philippine Claims will cost \$3,930. Local travel costs between islands by investigators, including ferry fares, will cost \$4,014. Per diem costs of investigators will be \$3,840 based on a rate of \$3.69 for 2 days a week during the last half of fiscal year 1963.	12	38	26
22 Transportation of things----- The cost of transporting the personal effects of 3 U.S. citizens to be employed in Manila will be \$15,000. This cost includes transportation of 3 automobiles. Transportation of jeeps to Manila will be \$13,000; office machines will cost \$1,125. It will be necessary to ship records of the former Philippine program from San Francisco to Washington. At a full railroad car rate of \$6.25 a hundred for a minimum of 30,000 pounds, the cost will be \$1,875.		30	31
23 Rent, communications----- Telephone calls and other communication services required to conduct investigations in the Philippines will amount to \$5,200. Contracts by investigators to the Manila Office and between Manila and Washington are estimated to cost \$2,000. Rental of office space in Manila will cost \$11,250. The estimated cost of postage to the Manila office will cost \$24,900 for replies to the initial influx of mail during fiscal year 1963. Additional postage charges to the Washington Office for domestic and foreign mail, parcel post, penalty matter, and certified mail are estimated to be \$10,640. Rental of a copying machine in Washington will be \$700. Additional office space will be needed for records shipped from San Francisco. Estimated cost will be \$17,500 based on 3,900 square feet at \$6 a square foot.	8	80	72
24 Printing and reproduction----- The printing and reproduction of application forms and various form letters is estimated to cost \$21,000.	8	29	21
25 Other services----- Due to the poor roads in the Philippines, \$4,000 has been included in this request for repairs to vehicles. The establishment of a register from Treasury records has been estimated at \$17,273 by IBM. Drayage costs related to the movement of records from San Francisco to Washington will be \$1,025.		30	22
25 Services of other agencies----- All administrative support services for the Manila office including fiscal, personnel, security, and janitorial will be obtained from either the Veterans' Administration or the State Department. Based on support costs paid for other field offices, a conservative estimate of \$56,000 was included in this request.	15	71	56
26 Supplies and materials----- The initial outfitting of the Manila office with office supplies will cost \$4,806. Based on the current rate of obligations in Washington, an increase of \$2,100 is estimated. Investigators in the Philippines will be traveling 90 percent of the time. Gas, oil, lubrication, and all other general vehicle expenses are estimated at \$22,000. This estimate is based on 100 miles per day travel for each investigator.	5	34	29

FOREIGN CLAIMS SETTLEMENT COMMISSION, PHILIPPINE PROGRAM—Continued

Justification by object class—Continued

[In thousands]

	Original estimate, fiscal year 1963	Revised estimate, fiscal year 1963	Increase
31 Equipment	10	62	52
<p>Because means of transportation is limited in the Philippines and because of the poor road conditions, each investigator will need a jeep. Since the investigators will need a vehicle full time at permanent duty stations far removed from Manila, this quantity of vehicle service is not available from other U.S. agencies. At \$1,950 each, 20 jeeps will cost \$39,000. No replacement of vehicles is planned.</p> <p>13 typewriters, 1 adding machine, and 1 calculator will be required in the Manila office. This quantity of machines service will not be available from other U.S. agencies. The estimated cost is \$6,225. The estimated cost of legal books is \$1,000.</p> <p>11 typewriters and 3 adding machines will be required in Washington at a cost of \$6,000. This requirement is for both the Philippine Division and the Office of Executive Director.</p>			

INTERNATIONAL CLAIMS

Lake Ontario program

Under the provisions of Public Law 87-587, approved August 15, 1962, the filing deadline must be published in the Federal Register within 60 days after enactment. Because many of these claims have previously been filed before a judicial body, it is anticipated that many such claims will be received shortly after the filing date is published. Therefore, personnel recruitment will be phased from October 1962 through January 1963. Cost of general supplies and services for this program will be absorbed.

Workload under this program is estimated to be 1,000 claims. A staff of 10 will be required in the Lake Ontario Division to perform adjudication necessary to determine the validity and amounts of these claims. Due to the heavy workload remaining to be accomplished within a deadline date in the Polish program, existing legal personnel are not available for utilization in this new program.

Three additional clerical personnel will be required in the Office of Executive Director to receive, file, and docket claims and to perform related typing. Since it is planned for existing personnel to perform some of the addition workload of this program, this conservative personnel requirement is considered adequate.

FOREIGN CLAIMS SETTLEMENT COMMISSION, LAKE ONTARIO PROGRAM

Justification by object class

[In thousands]

	Original estimate, fiscal year 1963	Revised estimate, fiscal year 1963	Increase
12 Personnel benefits	46	50	4
<p>This increase is required to cover the cost of fringe benefits related to the increase in basic labor. The current rate is 7½ percent.</p>			
21 Travel	12	14	2
<p>Travel including per diem, to the Gut Dam area will be necessary to inspect damaged property.</p>			
24 Printing and reproduction	8	9	1
<p>The printing and reproduction of application forms and various form letters will cost \$1,000.</p>			
31 Equipment	10	12	2
<p>The cost of 5 additional typewriters required by this program will be \$2,000.</p>			

COMPLETION OF CLAIM PROGRAM

Mr. ROONEY. When will the work with regard to the Philippine war damage program be completed?

Mr. RE. It will be completed in 2 years.

Mr. ROONEY. The date?

Mr. RE. Two years and sixty days from the date that the appropriation is made available under the terms of the statute.

Mr. ROONEY. When will the work with regard to the Lake Ontario claims program be completed?

Mr. RE. That does not have a time limit. So really I cannot answer that.

Mr. ROONEY. The question is when.

Mr. RE. I do not have a date.

Mr. ROONEY. You mean we might continue people on the payroll for the next 10 years in order to dispose of these Lake Ontario claims?

Mr. RE. That is unlikely, of course, but the statute does not provide for a terminal point.

Mr. ROONEY. When will you have the claim adjudications completed?

Mr. RE. I do not know the answer to that, Mr. Chairman.

Mr. ROONEY. Do you think that if you had permission to insert that information in the record, you might be able to ascertain when? Do you not think we ought to know, if we put people on the payroll, how long they will be employed?

Mr. RE. I am informed we would hope to complete our work within 2 years.

Mr. ROONEY. With regard to the Guamanian claims, when will that work be completed?

Mr. RE. Probably in a maximum of 3 months. That can be done expeditiously. Probably 3 months is all that is required.

ADMINISTRATIVE COSTS OF PROGRAM

Mr. ROONEY. What will the total cost be in salaries and expenses to complete the administration of the \$73 million program, the Philippine war damage program?

Mr. RE. Our request is for \$500,000 for fiscal year 1963, Mr. Chairman.

Mr. ROONEY. The question was: What will the total cost be in salaries and expenses to complete the administration of the \$73 million program?

Mr. RE. You mean for the following year also? We will not know until all the claims are in.

Mr. ROONEY. Do you not already know how many claims there are?

Mr. McGUIRE. From the committee records we understand that there are some 88,000 claimants. However, when you get into the inheritance type claims, we understand that the Treasury Department, when they made the last payment in 1951, issued over 100,000 checks. I think present Treasury Department estimates run about 125,000 actual payees.

Mr. ROONEY. To administer a program with that number of payees and \$73 million, what is your best estimate of the cost?

Mr. RE. I would hope it would not be any more for next year than it is for this year.

Mr. ROONEY. How was the \$60,000 arrived at?

Mr. RE. The \$60,000 in the Lake Ontario program was arrived at by ascertaining the number of new technical people that we will require that we do not already have working with the Commission. It is on page 19 of our budget presentation.

Mr. ROONEY. It is discussed on page 19, but it does not answer the question. How was the \$60,000 arrived at?

Mr. RE. It is our best estimate as to what we believe we require.

Mr. ROONEY. How did you estimate it?

Mr. THOMAS. We used a productivity rate of 28 decisions, final decisions, per year, per man-year, which is the way we arrived at it. We estimate the total program will take something like 35 man-years.

Mr. ROONEY. How much per man-year?

Mr. THOMAS. You mean in price or productivity?

Mr. ROONEY. Money.

Mr. THOMAS. We got 7.5 man-years this year, \$51,000. Roughly \$7,000 per man-year.

Mr. ROONEY. What is the breakdown of the \$500,000 in connection with the Philippine war damage program?

Mr. RE. We have estimated that \$300,000 of that will be used for the Manila office and \$200,000 for the office here in Washington.

Mr. ROONEY. How did you arrive at the \$300,000 figure? These seem like real round fat sums.

Mr. THOMAS. First of all, we estimated on a productivity basis how many we would need of investigators and how many clerical type we would need. On the basis of the clerical type, we think we will need something like 25 people to take care of the some 1,250,000 pieces of correspondence that will be received in the next 2 years.

Mr. ROONEY. That is 25 people who will do what?

Mr. THOMAS. These people will be required to give notice, to type and send out notices and applications to the prospective claimants, to receive all such correspondence coming in, perform such necessary mail-and-file operations, to notify obvious claimants who are invalid claimants really, to notify them that their claims are not received with favor.

The big influx of the tremendous clerical operation will be handled in the Manila office because it is cheaper there because of the manpower and also because of the mail costs.

ADMINISTRATION OF PHILIPPINE WAR DAMAGE PROGRAM

AVAILABILITY OF PHILIPPINE PESOS

Mr. ROONEY. How much is available in the Treasury in foreign credits, to wit, Philippine pesos, to be used in connection with this \$500,000 program?

Mr. THOMAS. We do not know how much is available to the disbursing officer in Manila. This would vary at any one time, but we do not know right now how much he has available to him in pesos. We would assume that if there is an excess of pesos, he will spend the pesos.

Mr. ROONEY. But you cannot tell us how much?

Mr. THOMAS. No, I do not know how many pesos he has available to him.

Mr. ROONEY. How could this budget be properly made up without making inquiry into that?

Mr. THOMAS. Sir, the requirements that will be required to support the operations in the Philippines were figured on the basis of 3.8 pesos per dollar. Our requirements are going to be the same. The pesos that will be required to pay over there, the disbursing officer himself will make the exchange, but our requirements will not change.

Mr. ROONEY. Is it possible that there are not any Philippine pesos available, so that this actually becomes academic?

Mr. THOMAS. No. It really will not make any difference because all we do anyway is reimburse the State Department, and they in turn make the exchange for the pesos.

TRAVEL

Mr. ROONEY. At page 15 you have an item of \$26,000 for travel. Is that not quite extravagant?

Mr. RE. As that indicates, the travel cost, including per diem, includes the three U.S. citizens that will supervise the Manila office. This is based upon an estimate of 12 persons.

Then it also takes into account the necessity for seeing to it that there is overall supervision of the entire office to make sure it is operating properly.

Mr. ROONEY. Where are the records right now of all these claims? Who has them?

Mr. MCGUIRE. They are here in Franconia, Va.

Mr. ROONEY. In whose custody?

Mr. RE. In the custody of the Treasury, Mr. Chairman.

Mr. ROONEY. Have you been through these records?

Mr. RE. Yes, sir; we have just reviewed them.

Mr. MCGUIRE. We have looked at them physically but we have not reviewed them or gone through them. It is a tremendous job. That is what this job consists of.

Mr. ROONEY. You mean, you looked at the folders and ascertained the number of folders there are?

Mr. MCGUIRE. Just to see what the bulk of the situation is from a storage standpoint, and so forth, but we have not examined them.

Mr. ROONEY. It might turn out that they are all pretty easy?

Mr. MCGUIRE. It could very well be; yes, sir.

TRANSPORTATION OF THINGS

Mr. ROONEY. You have an item of \$31,000 for transportation of things. How did you figure that out?

Mr. THOMAS. We contacted both the State Department and the Veterans' Administration, and they have told us that the average cost of transporting a man and his family to Manila is about \$5,000 apiece, including an automobile for each one. This is roughly around \$4,300 for household goods at \$38 per hundred pounds uncrated, and around \$690 for an automobile.

LOCATION OF RECORDS

Mr. ROONEY. What records are in Franconia?

Mr. THOMAS. These are records of the Treasury Department also. The difference between the records held here in Franconia and those held in San Francisco is that the ones in San Francisco are for all claims that were filed under the old Philippine War Damage Commission. This means 1,250,000 claimants. These are cards, and they have several files, a multitude of files, in fact, and they are spread different ways—by alphabetical order, by claim number order, et cetera.

Mr. ROONEY. In whose custody are they in San Francisco?

Mr. THOMAS. These are in custody of the Treasury.

Mr. ROONEY. Are these cards the indexes to the material in Franconia?

Mr. THOMAS. These in Franconia are only the 88,000 as I understand it, the actual files on the cases. Here in the Treasury at the departmental level they also have cards on the 88,000, but the only set of full cards for all of the claimants under the whole program is in San Francisco.

Mr. ROONEY. Have you any idea how it is that the files are in Virginia and the cards in San Francisco?

Mr. MCGUIRE. That is merely the way they were transported back here from Manila, Mr. Chairman.

PENALTY MAIL, PARCEL POST AND POSTAGE

Mr. ROONEY. How did you arrive at the figure \$10,640 at page 16 of these justifications with regard to penalty mail, parcel post, and postage?

Mr. THOMAS. We figured 150,000 pieces of mail that we expect to receive here in the Washington office, of which some 60,000 claims will be received by then, and probably another 90,000 pieces of mail. This is figured at 7 cents an item.

The regular rate is around 11 cents, I understand, to mail a letter from here to the Philippines, but if we use bulk facilities and also get some of the stamps through the Embassy, we think we can get it at approximately 7 cents an item, which is \$10,640.

PURCHASE AND MAINTENANCE OF JEEPS

Mr. ROONEY. At page 18 of these justifications it appears that you propose to buy 20 brand new jeeps at \$1,950 each. Right?

Mr. RE. That is correct, Mr. Chairman.

Mr. ROONEY. How did you arrive at the number 20?

Mr. RE. It is the number of investigators that would require them.

Mr. ROONEY. Is every investigator going to have a jeep?

Mr. RE. Yes, Mr. Chairman.

Mr. ROONEY. You would not need a jeep to go over to the San Miguel brewery in Manila, would you, to settle their claim? You could take a taxicab.

Mr. RE. I am not familiar with that.

Mr. MCGUIRE. He could walk to it.

Mr. ROONEY. A short walk.



Mr. ROONEY. At page 17 you have \$4,000 to repair the brand new jeeps; is that right?

Mr. McGUIRE. That is correct.

Mr. ROONEY. \$200 per jeep?

Mr. McGUIRE. We made that estimate based upon what we were told and what we believe is the condition of the poor roads where some of these investigations will take our investigators. We have received information on all of this from the Veterans' Administration, and this is based upon the information we obtained from them. They are actually out there and have been doing some investigative work, which is comparable in some respects to the kind of work we will be doing.

Mr. ROONEY. When would the jeeps actually get to the Philippines?

Mr. THOMAS. I would assume they would be there by December 31 or the 1st of January, by the time we wanted to start investigatory operations.

Mr. ROONEY. Will these jeeps not have a year's guarantee?

Mr. RE. I really do not know that, Mr. Chairman.

Mr. ROONEY. Mr. Bow?

ESTIMATED SCHEDULE FOR PAYMENT OF PHILIPPINE CLAIMS

Mr. Bow. When do you expect to start making payment on claims?

Mr. RE. The actual payment function is a Treasury function, Congressman Bow, but I would think that we can start certifying awards very soon. We certify the awards and then, based upon our certification, the Treasury actually makes payment.

Mr. Bow. When do you think that will start?

Mr. RE. I would say within a matter of months. I would say expeditiously—it would have to be very quickly.

Mr. Bow. When would that be?

Mr. THOMAS. I would say the first of January.

Mr. RE. I would say no later than the first of January.

Mr. Bow. What amounts do you anticipate you may pay out in January?

Mr. RE. I could not answer that question. I really do not know, sir.

Mr. Bow. How much do you expect to pay out by the end of this fiscal year?

Mr. RE. About \$20 million, sir.

Mr. Bow. How did you arrive at that figure?

Mr. THOMAS. We think that \$20 million will be spent in 1963, and in 1964 it will be \$40 million, and in 1965 it will be \$13 million. This is based upon the number of claims that we would be receiving, 60,000 probably the first year and 40,000 next year. With the number of claims received and number of people available to make these payments, this is our best estimate.

Mr. Bow. You expect that the cost will run about \$500,000 a year for the next 3 years; is that right?

Mr. RE. That is our best estimate.

Mr. Bow. Each year?

Mr. RE. Each year. I think Congressman Rooney asked that previously.

Mr. Bow. Do you expect that to last 3 years or 2 years?

Mr. RE. Two years.

Mr. Bow. From the date of the availability of the appropriation?

Mr. RE. Sixty days from the date of appropriation. That is when the 2-year period commences.

PAYMENTS OF PHILIPPINE CLAIMS TO DATE

Mr. Bow. In the consideration of the claims under the previous payment, were all paid the same proportionate share or have some been paid in full and some partial payments?

Mr. RE. Those under \$500 were paid in full. As to the balance above that, all received 52½ cents on the dollar. It was the original intent of Congress that they receive 75 cents on the dollar, and the request for the \$73 million this morning is to make up the difference between the 52½ cents on the dollar and the 75 cents on the dollar.

Mr. Bow. All of the approved claims that you had were paid 52 percent?

Mr. RE. Yes.

Mr. Bow. None paid any more or any less?

Mr. RE. That is correct, sir.

Mr. Bow. On the claims that have received the 52 percent that were approved, what action are you going to take on those?

Mr. RE. We are going to make the balance of payments.

Mr. Bow. How are you going to determine where the payment should be made on those where you have had a 52 percent payment?

Mr. RE. We are not going to readjudicate the merits. There is no provision here for any new claims. We are going to certify the difference between the original amount and the 75 percent Congress intended these awardees to receive.

Mr. Bow. Did I not understand you to say you were going to determine whether or not the funds are to be used in the economy of the Philippines?

Mr. RE. Yes, there is a provision in the bill that if the award is more than 25,000 pesos, we will have to make the finding that the funds are actually used in the rehabilitation of the Philippine economy. That finding will have to be made not only with the awardees in excess of 25,000 pesos but also with those that are nonresidents of the Philippines. So as to those amounts we do have that finding of fact to make, based upon evidence that will be submitted by the awardees themselves.

PERSONNEL IN WASHINGTON FOR PHILIPPINE PROGRAM

Mr. Bow. How many people do you expect to have in Washington backstopping this operation?

Mr. RE. Twenty-five people in all.

Mr. Bow. What are their levels?

Mr. RE. The levels are these.

Mr. Bow. The Washington office?

Mr. RE. Yes, sir. One GS-15, one GS-14, two GS-13's, four GS-11's, and four secretaries. The balance will be 13 additional clerical and administrative personnel.

Mr. BOW. Where are you going to get these people?

Mr. RE. We are going to recruit them right here in Washington.

Mr. BOW. Are you going to transfer people from existing positions?

Mr. RE. Oh, yes.

Mr. SIKES. Will you yield at that point?

Mr. BOW. Yes.

EMPLOYMENT OF PERSONNEL IN THE PHILIPPINES

Mr. SIKES. Had you given consideration to employment of people already in the Philippines in order to avoid that very high cost of transportation of people and things?

Mr. RE. Yes. As a matter of fact, the staff of that office is all going to be from the Philippines with the exception of three. We would require, we think, at least three people familiar with our operations who would be our own personnel, but all the others in the Philippine office will be right from the Philippines. We have been having conferences with both the State Department and Veterans' Administration for the purpose of putting on board some of their personnel that, we understand, they are about to separate. From that standpoint, I think it will work out very well.

Mr. SIKES. Thank you, Mr. Bow.

Mr. BOW. Are those Americans or Filipinos?

Mr. RE. Filipinos. There will be three Americans, our own people that we plan to send over to supervise, but all the rest will be Filipinos.

Mr. BOW. With previous service with the U.S. Government?

Mr. RE. It would appear so.

Mr. BOW. What have they been doing?

Mr. RE. Many of them have been doing claims investigation work for the Veterans' Administration. We hope to obtain the bulk of the force that way.

TRANSPORTATION OF RECORDS FROM SAN FRANCISCO

Mr. BOW. What are the records at San Francisco that you have to move here?

Mr. THOMAS. Those are Treasury Department records that were shipped from Manila, as I understand it, from the last claims program, the old program. It is the full 1,250,000 cards, IBM cards, that have about 3 or 4 different distributions, 1 by alphabetical order, 1 by claim number, 1 by voucher payment, et cetera.

Mr. BOW. What is the weight of the material you are going to ship from San Francisco to Washington? What is the drayage cost?

Mr. THOMAS. That is the charge that will be by trucking firms to load the files, take them to the loading docks, and load them.

Mr. BOW. What sort of files are those?

Mr. THOMAS. Those are the ones I was just referring to, sir.

Mr. BOW. How about the ones on page 16 where you have freight cars? What is the difference between what you are shipping by freight and those that you are bringing in by drayage?

Mr. THOMAS. By "drayage" we meant loading, the loading costs attached to loading the files on the railroad cars.

Mr. BOW. I see. Those are separate charges?

Mr. THOMAS. Right.

Mr. BOW. The investigators from the Philippines, these Filipinos who make these investigations, do they refer their findings to Washington and the judgment will be made in Washington on the question of payment of claims?

Mr. RE. Yes.

Mr. BOW. There will be no adjudication made in the Philippines?

Mr. RE. The adjudication will be made here. The Philippine office will be investigatory and it will forward the information and findings to us.

Mr. BOW. Will the three Americans you send them review your investigating report of the investigators?

Mr. RE. Yes, they will supervise, review, and make recommendations on the findings that have been made by the investigators there.

Mr. BOW. That is all, Mr. Chairman.

Mr. ROONEY. Mr. Lipscomb?

WORKLOAD OF INVESTIGATORS IN THE PHILIPPINES

Mr. LIPSCOMB. How many investigators will be in the Philippines?

Mr. RE. Twenty.

Mr. LIPSCOMB. How many claims do you estimate they will have to investigate?

Mr. RE. We estimate that, as far as heirship is concerned, we will have about 15,000. That is the figure we have been given. About 15,000 claims will have to be reinvestigated because the original awardees have died, and we have to make sure that the people to whom we are going to certify the awards are the proper heirs and next of kin.

Mr. LIPSCOMB. Can 20 investigators complete this job on 15,000 in 2 years if they are going to travel 100 miles per day?

Mr. RE. We hope so. These will be people who are familiar with the area. In other words, they will have an advantage. If we were to send 20 Americans over, they would not do as well because they would not have the familiarity with the place or the people. They would not be able to obtain the information quite as expeditiously. We hope that that number will be adequate. It was precisely on this item, you may remember, sir, that we were discussing the requirement as to jeeps. We want to equip them properly to allow them to do this job as quickly as possible.

Mr. LIPSCOMB. What does an investigation of a claim by an investigator entail?

Mr. RE. He would have to ascertain either through court records or personally, by going to the various places, who are the heirs of, for example, John Smith.

Mr. BOW. Jose Gonzalez.

Mr. RE. That would be more likely. It is interesting because when Congressman Bow talks about Jose Gonzalez, there is a serious problem of identifying the particular Jose Gonzalez involved. I notice from the way he shakes his head that he is familiar with the problem.

That is an additional reason we thought the right thing would be to use locals to do this type of work. They surely could do the job better, quite apart from the element of transportation in sending our own personnel. But you can appreciate that supervision is required, and we had to send some of our own people over. We thought three was the smallest team that could do the job adequately. By using locals as well, there is a lesser cost, since the salaries are not the same.

Mr. LIPSCOMB. Did you in your estimate attempt to determine how many claims an investigator could make per day?

Mr. RE. Yes; we were aided in that by the work of the prior Commission. This was done, was it not, Mr. Thomas?

Mr. THOMAS. Yes.

Mr. RE. What were your findings?

Mr. THOMAS. Our estimate found that, based on the previous program, if an investigator completed approximately two complete claims a day plus making his reports and traveling, he was doing well. This was adequate.

Mr. RE. This was the basis that was used for the request.

Mr. LIPSCOMB. Thank you, Mr. Chairman.

Mr. ROONEY. Why should not all these claimants be required to go into your office in the Philippines and submit to questioning and investigation rather than have 20 jeeps and 20 investigators going out into the hinterland?

Mr. RE. Quite apart from the widespread geography of these islands, some of them will have to come into the office.

Mr. ROONEY. You have a number of people with claims of \$100,000 and over, do you not? How many claims do you have of \$100,000 and over?

Mr. MCGUIRE. That is reported in the House committee report.

Mr. ROONEY. That is what I am looking at. I wondered if you had read it.

Mr. MCGUIRE. Yes, sir.

Mr. ROONEY. How many?

Mr. MCGUIRE. The figure contained in the report totals 83 of \$100,000 and over.

Mr. ROONEY. As long as we have referred to this report, would you be so kind as to reconcile the figure in the very summary that you are looking at of \$67,830,200 with the \$73 million?

Mr. RE. If you are asking me, Mr. Chairman, I cannot do it. I do not know the answer to that, presently.

Mr. ROONEY. Then you have a certain number of claims between \$50,000 and \$100,000; right?

Mr. RE. That is correct.

Mr. ROONEY. As a matter of fact, 46.2 percent of the total claims would be over \$25,000; correct?

Mr. MCGUIRE. I believe you are correct.

Mr. ROONEY. Why should not these claimants to such an amount be required to come in to your office and subject themselves to investigation rather than have everybody out in jeeps soliciting claims all over the Philippines?

Mr. RE. These claimants probably will be asked to come in, where the amounts are large.

Mr. McGUIRE. That involves about 280 claims.

Mr. RE. The number of claims actually is small. It is only about 280 claims out of 88,000.

Mr. ROONEY. Very well. If there are no further questions, gentlemen, we thank you very much.

MONDAY, SEPTEMBER 10, 1962.

DEPARTMENT OF STATE

INTERNATIONAL CONFERENCES AND CONTINGENCIES

WITNESSES

W. AVERELL HARRIMAN, ASSISTANT SECRETARY FOR FAR EASTERN AFFAIRS

HARLAN CLEVELAND, ASSISTANT SECRETARY FOR INTERNATIONAL ORGANIZATION AFFAIRS

FRANK K. HEFNER, DIRECTOR, OFFICE OF INTERNATIONAL ADMINISTRATION

EUGENE B. BRUNS, BUREAU OF FAR EASTERN AFFAIRS

CARTER H. HILLS, OFFICE OF INTERNATIONAL ADMINISTRATION

VERNE B. LEWIS, DEPUTY ASSISTANT SECRETARY FOR BUDGET AND FINANCE

INTERNATIONAL COMMISSION FOR SUPERVISION AND CONTROL OF THE PEACE IN LAOS

Mr. ROONEY. The next item is contained in House Document 537 and is the request of the Department of State, International Conferences and Contingencies, an additional amount of \$1,019,000 in connection with the International Commission for Supervision and Control of the Peace in Laos.

We shall insert at this point in the record pages 1 through 6 of the justifications.

(The justifications follow:)

International conferences and contingencies, State

Request (for 12 months from July 1, 1962)-----	\$1,019,000
Budget estimate, fiscal year 1963-----	2,270,000
Employment-----	None

PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

Additional funds are requested to provide for the United States contribution of \$1,019,000 in support of the Laos International Control Commission. This amount represents the United States share, 17.6 percent of a total budget of \$5,792,000.

Program and financing

[In thousands of dollars]

	1963 original estimate	1963 revised estimate	1963 increase
Program by activities:			
1. Participation in international conferences:			
(a) Meetings of international organizations.....	1,850	1,850	
(b) Other international conferences.....	25	25	
Total participation in international conferences.....	1,875	1,875	
2. U.S. missions on special assignment:			
United States-Italian Conciliation Commission.....	1	1	
United States-Japanese Property Commission.....			
Total participation in U.S. missions on special assignment.....	1	1	
3. Contributions to new or provisional organizations:			
Central Treaty Organization.....	110	110	
Central Commission for the Rhine River.....	14	14	
Coffee study group.....	15	15	
General Agreement on Tariffs and Trade.....	221	221	
International Cotton Advisory Committee.....	20	20	
International Rubber Study Group.....	6	6	
International Seed Testing Association.....	1	1	
Lead and zinc study group.....	7	7	
International Control Commission, Laos.....		1,019	1,019
Total, contributions to new or provisional organizations.....	394	1,413	1,019
Total obligations.....	2,270	3,289	1,019
Financing:			
Unobligated balance lapsing.....			
New obligational authority (appropriation).....	2,270	3,289	1,019

PROGRAM AND PERFORMANCE

This appropriation provides for U.S. participation in international activities which arise from time to time in the conduct of foreign affairs and for which specific appropriations have not been provided. It is used to finance participation in international conferences; and contributions to new or provisional organizations.

Additional funds are required since it has been determined that the U.S. contribution of \$1,019,000, in support of the International Commission for Supervision and Control of the Peace in Laos, will be financed from the "International conferences and contingencies" appropriation during fiscal year 1963.

Object classification

[In thousands of dollars]

	1963 original estimate	1963 revised estimate	1963 increase
11 Personnel compensation:			
Permanent positions.....			
Positions other than permanent.....	49	49	
Other personnel compensation.....	46	46	
Total personnel compensation.....	95	95	
12 Personnel benefits.....	3	3	
21 Travel and transportation of persons.....	1,284	1,284	
22 Transportation of things.....	22	22	
23 Rent, communications, and utilities.....	103	103	
24 Printing and reproduction.....	14	14	
25 Other services.....	223	223	
Representation and entertainment.....	86	86	
26 Supplies and materials.....	37	37	
31 Equipment.....	9	9	
41 Grants, subsidies, and contributions.....	394	1,413	1,019
Total obligations.....	2,270	3,289	1,019

JUSTIFICATION

(a) Reason for supplemental

The U.S. delegation to the Geneva Conference on the Settlement of the Lao Question has signed a protocol reactivating a fully operating International Commission for Supervision and Control of the Peace in Laos in order to promote U.S. foreign policy and national security objectives in Laos. This protocol prescribes an assessment by the Governments of the United States, the United Kingdom, the U.S.S.R., France and the Peoples' Republic of China of 17.6 percent of the capital and operating costs of the Commission. The Governments of Burma, Cambodia, the Democratic Republic of Vietnam, Laos, the Republic of Vietnam, and Thailand are assessed at the rate of 1.5 percent each and the Governments of Canada, India, and Poland as members of the Commission are assessed at the rate of 1 percent each.

It is estimated that the operating expenses of the Commission, which due to the fluidity of the military and political situation have not yet been precisely determined, will amount to \$5,031,000. It is further estimated that capital costs of equipping the Commission, which it is anticipated will be incurred before June 30, 1963, will amount to an additional \$761,000.

There is general agreement among the participants at the Geneva Conference that the International Commission's activities in Laos should continue for at least 3 years and that a determination should be made at the end of the 3 years regarding the continuation or termination of its activities.

With the formation of a coalition government in Laos an established fact, withdrawal of troops and advisers should commence almost at once and there will be an urgent need for cash to meet the costs of supervision and control undertaken by the International Commission. The protocol was signed on July 23, 1962.

(b) Basis of estimate

On the basis of a U.S. assessment of 17.6 percent, the U.S. share of the assessment budget of the Commission will be \$1,019,000 in fiscal year 1963.

Mr. ROONEY. Governor, do you have a prepared statement?

Mr. HARRIMAN. Yes, I have a brief statement. Do you care to have me read it or shall I summarize it?

GENERAL STATEMENT

Mr. ROONEY. If you would summarize it, it would help. We shall insert your formal statement at this point in the record.

(The prepared statement follows:)

STATEMENT OF HON. W. AVERELL HARRIMAN, ASSISTANT SECRETARY OF STATE FOR FAR EASTERN AFFAIRS

Mr. Chairman, on July 23 of this year, the United States and 13 other nations signed the Geneva agreements for Laos. President Kennedy hailed this signing as "a significant milestone in our efforts to maintain and further world peace." The President went on to point out that if the agreements were to achieve their objective of insuring "a free, independent and neutral Laos" there must be "full and continued observance of the agreements by all the signatories."

A significant means to help insure the observance of the agreements is the responsibility placed upon the cochairmen to exercise supervision over the observance of the agreements by the parties. No such provision appeared in the 1954 Geneva accords. Another of the important means to achieve observance of the agreements is the International Control Commission (ICC). Created as a result of hard and detailed bargaining, the Control Commission is not a perfect instrument, but utilized fully and effectively, it can play a major role in our effort to assure Lao independence.

The purpose of this request is to enable the U.S. Government to contribute to the capital and operating expenses of the Control Commission for Laos as a signatory to the 1962 Geneva agreements. Under this protocol the expenses of the ICC will be met from a central fund to which the U.S. regular assessment will be 17.6 percent. Preliminary estimates indicate the budget for the first

year will amount to approximately \$5,792,000 of which the U.S. share would be \$1,019,392.

OBJECTIVE OF THE INTERNATIONAL CONTROL COMMISSION

The International Control Commission for Laos is assigned a number of functions under the 1962 Geneva agreements. Its principal tasks are: (1) to supervise and control the withdrawal of foreign military personnel from Laos; (2) to supervise and control the cease-fire in Laos; (3) to investigate cases of illegal introduction of foreign military personnel into Laos; (4) to assist the Government of Laos in cases of illegal introduction of armaments into Laos; and (5) to investigate other possible violations of the provisions of the protocol and the declaration, the most important perhaps being the undertaking by the signatories not to use the territory of Laos as a corridor for interference in the internal affairs of other countries. This article was designed specifically to prohibit North Vietnamese infiltration through Laos into South Vietnam. The Commission is to report these violations to the cochairmen of the Conference, as well as to report any other information which might assist the cochairmen in carrying out their functions under the protocol.

We believe that if it is able effectively and efficiently to perform these functions, the Commission will be able to play a significant role in safeguarding the sovereignty, independence, neutrality, unity, and territorial integrity of Laos.

HISTORY AND BACKGROUND OF THE INTERNATIONAL CONTROL COMMISSION

The International Commission for Supervision and Control in Laos was originally established by the 1954 Geneva accords. It consisted of representatives of three countries: Canada, Poland, and India, the latter acting as Chairman.

You may perhaps recall that Laos, although not a major theater of war during the Indochina hostilities of 1946-54, was invaded in that period by Vietnamese Communist forces who allied themselves with the Communist-indoctrinated dissident Lao group known as the Pathet Lao. The Geneva accords of 1954 provided for a cessation of hostilities in Laos and established an International Control Commission to supervise and control the execution by the parties of the provisions of the accords relating to Laos. For 3 years after the signature of the Geneva accords of 1954, the Royal Lao Government sought to comply with the terms of the accords, by integrating the Pathet Lao into the national community. The Pathet Lao, however, entrenched in two northern provinces of the country, retaining their armed forces intact, and guided and supported by North Vietnam, rejected the Government's efforts until December 1957, when agreements were concluded at Vientiane between the then Prime Minister, Prince Souvanna Phouma, and the Pathet Lao leader, Prince Souphanouvong. Under these agreements the two provinces occupied by the Pathet Lao were transferred to central government control, and the Pathet Lao were permitted to form a legitimate political party. Pursuant to the Vientiane agreements Prince Souphanouvong entered the Souvanna government, and a start was made toward integrating the Pathet Lao military units into the royal army. It then appeared that the Geneva accords as they applied to Laos were well on their way to fulfillment, and in July 1958, at the request of the Royal Lao Government, the International Control Commission set up under the accords adjourned and departed from Laos.

The settlement was short lived, however. In less than a year, that Pathet Lao once again resorted to military action. Aided by growing divisions among non-Communist elements and support from North Vietnam the Pathet Lao embarked upon full-scale civil war. By January 1961, the situation in Laos had become truly explosive and there were widespread fears in the international community that the conflict might soon spread outside Laos. It was under these circumstances that steps were taken by the British and Soviet Cochairmen of the 1954 Geneva Conference calling for a cease-fire in Laos, reconvening the old ICC to supervise and control the cease-fire, and convoking the Fourteen-Nation Conference at Geneva for the Settlement of the Laotian Question in May 1961.

The International Control Commission was reconvened in April 1961 on instructions from the Cochairmen of the Geneva Conference for the specific purpose of supervising and controlling a cease-fire in Laos. It remained on the ground in Laos for this purpose during the entire course of the negotiations at Geneva. Although its activities were limited because of its restrictive terms of reference, it exercised a generally conciliatory and moderating effect on the situation in Laos.

At the Geneva Conference, new terms of reference were worked out for the Commission. These are embodied in the so-called protocol to the declaration on the neutrality of Laos. They provide for the Commission to perform the various functions which I outlined to you earlier in my statement.

In carrying out these functions, the Commission is given certain powers and authority. It can, as necessary, set up inspection teams to carry out various tasks. It is, in fact in the process of establishing inspection teams to supervise and control the withdrawal of foreign military personnel from Laos through check points which have already been established by the Royal Lao Government in consultation with the Commission. In the exercise of its specific functions the Commission can conduct investigations either directly or through its inspection teams. In such cases, decisions on the initiation and carrying out of investigations are to be taken in the Commission by majority vote. The Commission and its inspection teams can go to any part of Laos and remain there for as long as necessary to carry out their investigatory functions.

FINANCIAL REQUIREMENTS

For the performance of these duties, the Commission will, of course, need suitable accommodations and adequate means of communication and transport. The communication and transport equipment must be such as to guarantee the Commission's ability to move quickly around Laos, much of which is almost inaccessible.

Funds for the acquisition of necessary equipment and operating expenses of the Commission and its inspection teams are planned to be met from a central fund. All members of the conference will contribute to this fund in percentages specified in article 18 of the protocol. The United States along with the United Kingdom, the Soviet Union, France, and Communist China are to contribute 17.6 percent to the fund. The Governments of Canada, India, and Poland will pay the personal salaries and allowances of their nationals who are members of the Commission, as well as 1 percent of the budgeted costs of the ICC's operations. The remaining members, each of whom will be assessed at the rate of 1.5 percent, are Burma, Cambodia, the Democratic Republic of Vietnam, Laos, the Republic of Vietnam and Thailand. As indicated above preliminary estimates for the first year's budget amount to approximately \$5,792,000, of which the U.S. share at 17.6 percent would be \$1,019,392.

The International Control Commission for Laos, equipped with more extensive powers than its predecessor, can play an effective role in maintaining peace and independence in Laos if it receives the full financial and political support of the 14 nations. However, financial support is crucial to the success of the operation, and without adequate funds, it will be impossible to create an effective Commission.

GENEVA AGREEMENT ON LAOS

Mr. HARRIMAN. On July 23 the United States and 13 other countries meeting in Geneva regarding Laos signed an agreement that President Kennedy hailed as "a significant milestone in our efforts to maintain and further world peace." The President went on to say that this agreement was intended to achieve the objective of insuring a free, independent, neutral Laos and there must be full and continued observance of all agreements by all the signatories if we are to obtain our objectives.

It is an interesting fact that this new agreement contains a provision that the Cochairmen—the United Kingdom and the Soviet Union—shall supervise the implementation of the observance of the agreements by all parties. In conversations with the Soviets it was made very plain they would be responsible for the agreement being fulfilled by the bloc—by the Russian and Communist countries.

ESTABLISHMENT OF INTERNATIONAL CONTROL COMMISSION

The International Control Commission that has been established by the agreement is somewhat similar to the one established in 1954, but it has certain additional powers, and we believe that if it is able to function it will be a very important instrument in enforcing the agreement.

All of the signatories to the protocol except the United States have agreed to participate in the expenses of the Commission; by letter we advised the Cochairmen that our signature to the agreement was subject to Congress appropriating the necessary funds. Our share under the agreement is 17.6 percent, of which a similar percentage is to be paid by Britain, France, the Soviet Union, and Communist China.

OBJECTIVES AND RESPONSIBILITIES OF COMMISSION

Now the objectives and responsibilities of the International Control Commission are: (1) to supervise and control the withdrawal of foreign military personnel from Laos; (2) to supervise and control the cease-fire in Laos; (3) to investigate cases of illegal introduction of foreign military personnel into Laos; (4) to assist the Government of Laos in cases of illegal introduction of armaments into Laos; and (5) to investigate other possible violations of the provisions of the protocol and the declaration. I might say the most important of these undertakings is not to use the territory of Laos as a corridor for interference in the internal affairs of other countries. That has significance, as you undoubtedly know, because Laos has been used as a corridor by North Vietnam for infiltrating supplies and personnel into South Vietnam.

The Commission is to report on these violations to the Cochairmen as well as to report any other information which may assist the Cochairmen in carrying out their functions under the agreement.

We believe that if it is able effectively and efficiently to perform these functions the Commission can play an important role in safeguarding the objectives which the United States has in protecting the sovereignty, independence, neutrality, and integrity of Laos.

BACKGROUND OF COMMISSION

The background and the history of the Control Commission is brief. The Commission was originally established in 1954. Members of the Commission are Canada, Poland, and India, the latter being the Chairman. It functioned until 1958 when it appeared as if its functions had been completed, and at the request of the Royal Lao Government, the International Control Commission adjourned and departed from Laos. It was called back to Laos in the spring of 1961 by the Cochairmen who called for a cease-fire, there having been civil war raging; and a cease-fire was established. From its return to Laos until the signing of the agreement its functions were largely moral, in effect. It attempted to supervise and control the cease-fire, but the cease-fire was never sufficiently formalized to be able to speak of specific violations.

FINANCING OF COMMISSION

Now, the finances, as you have said, are a total of \$5 million—estimated close to \$5,792,000 per annum—of which our share is 17.6 percent which would be \$1,019,392. These are, of course, our estimates, but they have been made with the best information that we were able to obtain. It is obvious that the Control Commission cannot function unless it has the necessary equipment, particularly of transport and communication to carry on its activities. It has the right to send out teams. Helicopters and light aircraft are very important in getting around in Laos because of difficulties of travel and communication. The ability to get to places rapidly is, of course, important. I hope, sir, that the committee will in its wisdom see fit to support this expenditure, which is relatively small compared to the gains to be achieved by the proper functioning of this Committee.

FINANCING PRIOR TO AGREEMENT

Mr. ROONEY. The agreement on Laos I believe you said was signed last July 23?

Mr. HARRIMAN. That is correct.

Mr. ROONEY. And this is now September 10. How was the activity financed in the interim?

Mr. HARRIMAN. I believe Mr. Cleveland will be able to give us those figures up to now. There have been some advances made in which a number of countries have participated. Mr. Cleveland has the figures.

Mr. CLEVELAND. We have put up since May 1961 when the ICC resumed operations on an interim basis, \$300,000. These expenses of the interim ICC have been funded from the AID appropriation; \$300,000 is the total amount the United States has put up and similar amounts have been put up by the other four major powers.

Mr. ROONEY. What part of the AID money appropriation was used for that?

Mr. CLEVELAND. It was funded in fiscal year 1962 out of savings in the contributions to international organizations appropriation. That is chapter 3 of the AID appropriation.

Mr. ROONEY. To the extent of how much?

Mr. CLEVELAND. To the extent of \$300,000.

REQUIREMENTS FOR 1963

Mr. ROONEY. And in 1963 since the agreement was reached? That was in fiscal 1962?

Mr. CLEVELAND. There have been no payments in this fiscal year.

Mr. ROONEY. Do you know the details of the budget of the Commission?

Mr. CLEVELAND. Preliminary budget estimates of the Commission as it now stands is for the period September 1962 to September 1963 are the figure Governor Harriman mentioned—\$5,792,000.

Mr. ROONEY. How was that arrived at?

Mr. CLEVELAND. Well, this is an estimate prepared on the ground by personnel of the ICC and supported by our own people in Laos.

Mr. ROONEY. Do you have a statement with regard to the amounts of salaries to be paid and other such detail?

Mr. CLEVELAND. We have a summary estimate including an estimate of personnel costs but I think that it is fair to say—

Mr. ROONEY. Do you have it broken down?

Mr. CLEVELAND. Yes, sir.

Mr. ROONEY. May we have it please?

We shall insert this statement of the total budget at this point in the record.

(The document follows:)

Laos International Control Commission budget estimates for period Sept. 1, 1962 to Sept. 1, 1963

CAPITAL COSTS

1. Communications equipment.....	\$356,000
2. Automotive transport.....	150,000
3. Official equipment.....	150,000
4. Automotive workshop installation.....	105,000
Total.....	<u>761,000</u>

ANNUAL COSTS

1. Personnel costs.....	1,036,000
(a) Salaries of ICC Secretariat (approximately 100 signal, medical, postal, and administrative personnel).....	(200,000)
(b) Salaries of drivers (approximately 50).....	(56,000)
(c) Salaries of local recruited staff (interpreters, clerks, typists, laborers, etc.).....	(200,000)
(d) Board (for 100 members of Secretariate plus 200 members of three delegations).....	(550,000)
(e) Laundry (for entire establishment).....	(30,000)
2. Supplies.....	316,000
(a) Medical.....	(30,000)
(b) Office and administrative.....	(100,000)
(c) POL for road transport.....	(116,000)
(d) Spare parts and replacement for communications equipment.....	(70,000)
3. Services.....	157,000
(a) Maintenance of road transport.....	(21,000)
(b) Insurance for road transport.....	(29,000)
(c) Miscellaneous costs for road transport.....	(24,000)
(d) Maintenance of signed equipment.....	(83,000)
4. Travel.....	350,000
(a) International (for transfer of personnel between Laos and country of origin).....	(300,000)
(b) Local.....	(50,000)
5. Contracts.....	2,872,000
(a) Lease of helicopters.....	(271,000)
(b) Heavy maintenance of helicopters.....	(200,000)
(c) Operation and light maintenance of helicopters.....	(400,000)
(d) Lease of 1 DC-3 transport and 2 light reconnaissance aircraft.....	(1,501,000)
(e) Portion of contract for ICC/Laos of Aigle Azur contract for Saigon-Hanoi-Vientiane-Phnom Penh milk run.....	(200,000)
(f) Lease of housing and office space (for 16 buildings used by Secretariat and personnel of 3 delegations).....	(300,000)

Laos International Control Commission budget estimates for period Sept. 1, 1962 to Sept. 1, 1963—Continued

6. Miscellaneous and contingencies-----	300,000
(Includes \$200,000 in deposits and advances for which reimbursement will be requested of RIG).	
Total annual costs-----	4,856,000
Capital costs-----	761,000
Annual costs-----	5,031,000
Total-----	5,792,000
U.S. share at 17.6 percent-----	1,019,392

Mr. ROONEY. What is the breakdown of \$200,000 in the title "Salaries of ICC Secretariat"? Do you have that information?

Mr. CLEVELAND. I don't believe we have a breakdown of that, Mr. Chairman.

Mr. ROONEY. You have an item in here of "Board, \$550,000." What do you mean by "board"?

Mr. CLEVELAND. That is subsistence for the staff.

Mr. ROONEY. How did you arrive at that?

Mr. CLEVELAND. Again, Mr. Chairman, these are estimates from the field. We have not had a full go-round with the other countries and with the field in these figures.

Mr. ROONEY. You have an item here "Lease of Helicopters, \$271,000." How did you arrive at that?

Mr. CLEVELAND. This is an estimate by the military people on the ground of what it would cost to lease the four helicopters that are estimated to be required. This was the estimate by our Military Assistance people in Laos as to how much it would cost to lease four helicopters during this period. They are now talking about the possibility of purchase rather than lease of helicopters, so the figures might be somewhat shifted in practice.

Mr. ROONEY. You have an item "Lease of Housing and Office Space, \$300,000." Do you have the detail on that?

Mr. CLEVELAND. No; I don't have the detail on that.

Mr. ROONEY. You have a nice fat one here, "\$300,000 Miscellaneous and Contingencies." How was that arrived at? When you get all the diplomats together, money is no object.

Mr. CLEVELAND. I think that we should say about this budget and about the program of this Commission that the Commission is only now being established. It doesn't yet have an adequate staff and we have not been able to get from the Commission a firm estimate with all of the detail that we want to have as a basis for our decision to recommend this appropriation and that you need to have as a basis for your consideration.

APPROPRIATION FUNDING PLANS FOR 1964

Mr. ROONEY. In view of that why couldn't this continue to be funded out of contingencies?

Mr. CLEVELAND. Our hope is to get this on the track so that by next January or February we can come up here with an authorization that will regularize this program as a part of the contribution to Inter-

national Organizations Chapter in the State Department appropriation. As you know, in a number of other cases we have used the Conferences and Contingencies item for funding for the first year, until the authorization bill can be presented and considered by the Congress.

I think by next January or February we will be able by a detailed field survey of requirements to get a reputable set of figures with the necessary breakdowns, but we simply don't have those at the present time.

MR. HARRIMAN. I believe, Mr. Chairman, you can be quite sure that this will be scrutinized very carefully because each one of these countries are not keen to put up substantial sums of money and some of them are not too keen to see this Commission operate; but I think you can be sure these items will be very carefully scrutinized. On the other hand, this is the best estimate we could come up with, based on the discussions which have taken place between the Commission and our personnel, both military and civilian in the capital of Laos.

ASSESSMENT BUDGET FOR COMMISSION

MR. ROONEY. You have told us the U.S. share is to 17.6 percent.

MR. HARRIMAN. That is correct.

MR. ROONEY. Will you please give us the names of the other countries who are signatories to the agreement and the amounts of their shares? Do you have such a statement?

MR. HARRIMAN. Yes.

MR. ROONEY. We shall insert it in the record and save some time.

At this point please insert in the record the estimated scale of assessments, September 1, 1962 to September 1, 1963, indicating the countries which have signed the agreement and the percentage of their payments.

(The document follows:)

INTERNATIONAL CONTROL COMMISSION FOR LAOS

Estimated scale of assessments, Sept. 1, 1962 to Sept. 1, 1963

Country (14)	Percentage	Amounts	Country (14)	Percentage	Amounts
Burma.....	1.5	\$86,880	Thailand.....	1.5	\$86,880
Cambodia.....	1.5	86,880	U.S.S.R.....	17.6	1,019,392
Canada.....	1.0	57,920	United Kingdom.....	17.6	1,019,392
China, Peoples Republic of.....	17.6	1,019,392	United States.....	17.6	1,019,392
France.....	17.6	1,019,392	Vietnam, Democratic Re- public of.....	1.5	86,880
India.....	1.0	57,920	Vietnam, Republic of.....	1.5	86,880
Laos.....	1.5	86,880			
Poland.....	1.0	57,920	Total.....	100.00	5,792,000

MR. CLEVELAND. I would say, Mr. Chairman, this is the first time in my knowledge we have ever had an assesment scale where the Soviets put up the same amount we do.

MAKE UP OF SECRETARIAT

MR. ROONEY. In view of what the Secretary says, how many Americans are there going to be in this secretariat?

MR. HARRIMAN. I don't think there will be any of Soviets or British or United States nationals.

Mr. CLEVELAND. It will be essentially Indians, Poles, and Canadians.

Mr. HARRIMAN. May I say this also: The Indians and the Canadians propose to pay for their own personnel, their salaries and their allowances, and, therefore that explains why these three countries pay only 1 percent.

Mr. LIPSCOMB. Mr. Chairman?

Mr. ROONEY. Yes, Mr. Lipscomb.

Mr. LIPSCOMB. I understood when you read from the budget you gave the salaries and living allowances as one of the items in the budget.

Mr. ROONEY. That is true.

Mr. LIPSCOMB. And then I just understood the Secretary to say that Poland, India, and Canada were going to pay personnel salaries and allowances.

Mr. HARRIMAN. That is for the members of the Commission. There are three commissioners, an Indian chairman, a Pole, and a Canadian and they supply the three commissioners at no expense to the Commission.

Mr. ROONEY. But the secretariat will be paid out of these sums in the budget; is that correct?

Mr. HARRIMAN. That is correct, sir.

Mr. ROONEY. How many of those are going to be Americans?

Mr. HARRIMAN. I don't believe any of them will be American.

LEGAL AUTHORITY FOR APPROPRIATION

Mr. ROONEY. What is the legal authority for all this?

Mr. HARRIMAN. The legal authority?

Mr. ROONEY. Yes.

Mr. HARRIMAN. For what?

Mr. ROONEY. For the requested appropriation of \$1,019,000?

Mr. CLEVELAND. The authority is contained under section 5 of Public Law 885 of 1956 under which the Secretary of State is authorized to provide for participation by the United States in international activities which arise from time to time in the conduct of foreign affairs for which provision has not been made by the terms of any treaty, convention or special act of Congress; provided that this subsection shall not be construed as granting authority to accept membership for the United States in any international organization, nor to participate in the activities of any international organization for more than 1 year without approval by the Congress. We do that under this—

Mr. ROONEY. Do you think that gives you the authority for this \$1,019,000?

Mr. CLEVELAND. Yes, sir. This would be comparable to the arrangements that have been made in the past on other provisional organizations before they were taken over as regular assessments. This is how provisional assessment arrangements have historically been funded since World War II.

Mr. ROONEY. Is it distinctly understood that if there are additional funds provided in connection with this request that these funds will be used solely for the purpose of this Laos agreement and not be diverted to any other conferences or contingencies?

Mr. HARRIMAN. That is correct, sir.
Mr. ROONEY. Mr. Sikes?

REPORT OF OPERATIONS OF THE COMMISSION

Mr. SIKES. How will the information on the operations of the Commission and the findings of the Commission be available to us?

Mr. HARRIMAN. They will be submitted to the Cochairmen and they will be published.

Mr. SIKES. You say as far as you can determine there is to be no U.S. personnel directly connected with the operations of the International Control Commission?

Mr. HARRIMAN. That is correct. In order that there can be no question as to the neutrality of the Commission's determinations and there will be no Russian member either.

Mr. SIKES. It is very important that we have a very through examination of what is happening in Laos and that this country receive a complete report of what is happening in Laos.

Do you feel that the Commission is so constituted that this will be the case?

Mr. HARRIMAN. I think the Commission will contribute considerably to facts and information. I hope there will be other ways of getting facts and information which will supplement the Commission's activity. I think it is only by getting the maximum amount of information that we can hope to have this agreement lived up to, and I think a very important aspect of this agreement is the fact that the Cochairmen have assumed responsibility for its implementation. You will recall Laos was the one area in which there was agreement between Mr. Khrushchev and President Kennedy and Mr. Khrushchev's reputation is at stake in the fulfillment of this agreement. The President, of course, has every intention to see that the United States lives up to its part of the agreement, and if there is a breakdown it will be due to the Communist side and therefore a direct responsibility of the Soviet Union and Mr. Khrushchev. Therefore this Commission can be a very important factor in bringing to light the facts. It is difficult to get facts in that country; there are very poor communications, a very limited number of roads, and endless trails. That is the reason for the expensive transportation, the helicopters and planes.

CURRENT OPERATIONS OF COMMISSION

Mr. SIKES. Is the Commission now in operation?

Mr. HARRIMAN. The Commission is in operation now. It has a limited staff so far.

Mr. SIKES. Is any information coming to us from the Commission now which would indicate how it is functioning?

Mr. HARRIMAN. It has made several trips. It is getting up now to the points of exit for supervising withdrawal of foreign military personnel which now are in Laos and they are establishing three points—

Mr. SIKES. Are there indications that foreign military personnel are being withdrawn?

Mr. HARRIMAN. The Pathet Lao, of course, are local Communist-led forces. The North Vietnam forces are the ones that have been most active in the fighting and we have had some information they were withdrawing. There have been a few supervisory personnel and instructors and technicians that have withdrawn through the ICC's point of egress.

Mr. ROONEY. Mr. Bow?

REPRESENTATIVES TO COMMISSION

Mr. Bow. Governor, is the setup of this Commission, having representatives from Canada, Poland, and India, permanent under the agreement?

Mr. HARRIMAN. That is correct. They were selected and this Commission is under agreement to last a period of 3 years unless there is a general agreement to abandon it.

Mr. Bow. There is no chance, then, of a change of countries on the Commission?

Mr. HARRIMAN. No.

LOCATION OF COMMISSION

Mr. Bow. Where is the base of the Commission? Will they be in Geneva or in Laos?

Mr. HARRIMAN. In Laos.

Mr. Bow. The Commissioners will actually be there?

Mr. HARRIMAN. That is right, the headquarters is in the capital of Laos. The Commission is allowed to establish certain bases and send out inspection teams from members of its staff.

UNDERSTANDING UNDER AGREEMENT REGARDING RECOGNITION OF CERTAIN COUNTRIES

Mr. Bow. Now, the 17.6 percent being paid by the United States along with the United Kingdom, the Soviet Union, France, and Communist China, is the fact that we are participating in this, a recognition by the United States of the sovereignty of Communist China?

Mr. HARRIMAN. No, that was made very plain. It was made legally plain all through the conference, and the Secretary of State made a special statement to that effect, making plain that our being signatory to this agreement, as well as Communist China, did in no sense mean recognition of Communist China. In fact he said it changed none of our diplomatic relations with any country. Nor do we recognize North Vietnam.

Mr. Bow. I noted we referred to the Democratic Republic and the other as the Republic of Vietnam. Which is which?

Mr. HARRIMAN. The so-called Democratic is the North Vietnam Communist Republic. You know, they have absorbed our words. They use "democracy" to signify their type of dictatorial government.

Mr. Bow. The 17.6 percent that we are to pay, is that also a permanent agreement for the period of the life of this Commission?

Mr. HARRIMAN. Yes. And all the others have signed an agreement to pay their share.

POSSIBILITY OF DEFAULT BY SIGNATORIES

Mr. Bow. Assuming that one of the signatories didn't pay their 17.6 percent, is there any anticipation that we could be called upon to pay the delinquent payment?

Mr. HARRIMAN. I wouldn't think so. We hadn't assumed that any of these governments would be delinquent for such relatively small sums. But, in any event, we have no intention of making good any deficiency.

REPRESENTATIVE PARTICIPATION

Mr. Bow. We have indicated on the record there will be no U.S. citizens or citizens of the Soviet Union in this.

Mr. HARRIMAN. That is correct.

Mr. Bow. How about the other countries, the United Kingdom, France, and Communist China?

Mr. HARRIMAN. I don't think there will be any Chinese or North Vietnamese so far as I know. There may be other countries who are signatories because they are neutral.

Mr. Bow. I was speaking of those particularly on the 17.6 percent.

Mr. HARRIMAN. I think there may be some French. I think the French are going to supply some helicopter pilots. It is very difficult to get trained personnel, and under the agreement the French are the only ones who are permitted to retain military personnel in the country. I think this is the reason they have been selected as pilots, crews for the helicopters. None of the other four countries will be involved.

Mr. Bow. I believe that is all. Thank you, Mr. Chairman.

Mr. ROONEY. Mr. Lipscomb?

PERIOD OF AGREEMENT

Mr. LIPSCOMB. Governor, what are the actual dates of the agreement?

Mr. HARRIMAN. As far as this function of the ICC is concerned, the agreement is contained in the protocol of the agreement that was signed July 23, 1962. That provides for the operations of this Commission. This protocol states that the Cochairman shall, at any time if the Royal Lao Government so requests, and in any case not later than 3 years after entering into force of this protocol, present a report to the members containing appropriate recommendations on the termination of the Commission. Short of a prior agreement, it is for a maximum of 3 years; but, as I said, it may terminate before.

Mr. LIPSCOMB. July 23, 1965?

Mr. HARRIMAN. That is correct.

ESTABLISHED BUDGETS

Mr. LIPSCOMB. When do you anticipate a firm estimated budget will be ready?

Mr. CLEVELAND. We would hope by early in the next calendar year, in time for us to include it as a part of the justification for an authorization for this purpose. My inclination would be not to come up here for an authorization until we had gotten adequate figures from

the International Control Commission. We may have to send somebody out there to help them develop it before we get through.

Mr. LIPSCOMB. Upon what budget are the other nations basing their percentage at the present time?

Mr. CLEVELAND. The same budget.

Mr. LIPSCOMB. All countries are using the budget of \$5,792,000?

Mr. CLEVELAND. Yes.

CONTRIBUTIONS IN CONVERTIBLE CURRENCIES

Mr. LIPSCOMB. Are all countries contributing dollars?

Mr. HARRIMAN. As far as I know they are contributing convertible currencies.

Mr. CLEVELAND. They are not all contributing dollars in cash. Sometimes it is the transfer of a piece of equipment or something else.

Mr. LIPSCOMB. So the contribution to this budget can be either in convertible currency or equipment in kind?

Mr. HARRIMAN. I don't believe there is any equipment, except from the Royal Lao Government. Therefore most contributions will be cash in convertible currencies.

Mr. LIPSCOMB. Are rubles convertible currency?

Mr. HARRIMAN. No. Pound sterling would be, or dollars or French francs.

Mr. LIPSCOMB. Can the Communist countries contribute as their share anything in kind other than convertible currency?

Mr. HARRIMAN. They can contribute in whatever currency they wish.

Mr. LIPSCOMB. Anything in kind? Equipment? Services?

Mr. HARRIMAN. No, this a cash budget.

CONTRIBUTIONS TO DATE

Mr. LIPSCOMB. Has any country at the present time paid their percentage share to the Commission?

Mr. HARRIMAN. I haven't got detailed figures for the current budget but the \$300,000 we have contributed for the earlier interim operation has been matched by the other countries and I have heard of no default on the part of any country.

Mr. LIPSCOMB. The budget that is before us now is for the period September 1, 1962, to September 1, 1963?

Mr. HARRIMAN. That is correct.

Mr. LIPSCOMB. Is there any reason that our contribution shouldn't be on our own fiscal year basis? As I understand it we have made at the present time a \$300,000 advance to the operation of the Commission.

Mr. CLEVELAND. Yes, over the past year.

Mr. HARRIMAN. The Commission has been operating—it was reconvened by the Cochairmen just before the cease-fire went into existence in April 1961, so the Commission has been in Laos since that time—with a very small staff, of course, and we have contributed along with other countries. So far as I know, no one has failed to contribute. The best information we have is that France, the United Kingdom, the Soviet Union, and the Chicoms have each made interim contributions.

Mr. CLEVELAND. The interim budget is contributed to only by the Big Five of that group. They each put up \$300,000. It is a figure of \$1.5 million split among the five.

Mr. LIPSCOMB. You have made no contribution since July 23, 1962?

Mr. HARRIMAN. That is correct.

FUTURE CONTRIBUTIONS

Mr. LIPSCOMB. When are all the contributions of the participants due?

Mr. HARRIMAN. When they are called, I presume. The call has not gone out yet.

Mr. LIPSCOMB. When do you anticipate the call?

Mr. BRUNS. There might well be a call this fall for sort of a permanent interim contribution to keep the committee going since they need money now. I suspect the first call will go out pretty soon, as soon as they can get a better estimate of their requirements.

Mr. LIPSCOMB. Do you anticipate any other country paying any contribution into the Commission at the present time?

Mr. HARRIMAN. Yes.

Mr. LIPSCOMB. The United States isn't the only one getting ready to make their contribution?

Mr. BRUNS. The United Kingdom and France have in the past made their contributions very rapidly.

Mr. HARRIMAN. May I say, Congressman, all the other countries have made a firm agreement to pay their share in accordance with these provisions.

Mr. LIPSCOMB. A firm agreement of the Russians doesn't mean a thing any more than it does in the United Nations, does it?

Mr. HARRIMAN. Well, I would think so. This is only an agreement to do a certain thing, which is to supply the Commission, and we can be pretty sure the other nations will pay their share.

PROCEDURE IN CASE OF DEFAULT

Mr. LIPSCOMB. Suppose a country doesn't make its contribution?

Mr. HARRIMAN. There is no machinery for that, as yet. It is not contemplated they would not pay.

Mr. LIPSCOMB. If one or more countries do not pay their contribution has there been any decision made as to how you will cut back the operation of the Commission?

Mr. HARRIMAN. No. It is assumed that all these countries would pay.

Mr. LIPSCOMB. Is there any contingency in the event they don't, in your mind?

Mr. HARRIMAN. No.

Mr. LIPSCOMB. We will cross that bridge when we get there.

Mr. HARRIMAN. I doubt we will ever get to that bridge, sir. These percentages are relatively small and they were approved for a specific purpose. Each country knew the obligation for the specific purpose it was undertaking and agreed to it.

Mr. LIPSCOMB. The sums are small, Governor, but the principle is great here.

Mr. HARRIMAN. They have approved this transaction. They have signed the agreement and the agreement provides for the establishment of this Commission. The agreement also has been made to divide expenses in accordance with this formula.

Mr. LIPSCOMB. And you have every reason to believe they will honor this agreement where they have not honored past agreements?

Mr. HARRIMAN. I think the United Nations is a different proposition. Perhaps Mr. Cleveland could explain that.

Mr. CLEVELAND. Well, in the case of the U.N. the Soviet bloc members, as you know, have made a legal objection, which we hope has been cleared up by the action of the World Court. There is no comparable bloc here.

They didn't raise, either policy or legal objections to this program as they did in the case of the peacekeeping operations of the U.N. at the time things were being discussed. They said, "We won't pay anything for this."

Here they said they would pay. There is quite a different state of affairs here.

We obviously can't be sure of it until we see the check, and the skepticism is well founded on other grounds, but this looks like about as good a bet as you can get in this difficult problem. In any event, there is no provision for our picking up any tab that the other members don't pay. They have paid in these interim amounts during the past year, which is some evidence of good faith.

Mr. LIPSCOMB. So the present policy is that we will adhere strictly to the 17.6 percent and no more?

Mr. HARRIMAN. That is correct.

Mr. LIPSCOMB. And the budget when it is firmed up—and I hope it will be smaller—our 17.6 percent, if it comes to less than the \$1,019,000 that that will be returned unspent.

Mr. HARRIMAN. That is correct. In fact we are the ones most anxious to have this Commission function. We are the ones who are anxious to have the necessary transport and the pressures of the other countries will be rather to minimize its activities than to maximize it, so I think your pressure of other countries will be to cut it back.

Mr. LIPSCOMB. Thank you, Mr. Chairman.

SUMMARY OF FUNDING

Mr. ROONEY. Now, this may be repetitive but it is merely preliminary to what I am getting at: This proposed budget which you say hasn't yet been fully firmed up and which when firmed up we hope will be below the present amount, is in the amount of \$5,792,000; is that right?

Mr. HARRIMAN. That is correct.

Mr. ROONEY. And this covers the period from September 1, 1962, to September 1, 1963; is that right?

Mr. HARRIMAN. That is right.

Mr. ROONEY. Our share of this budget is 17.6 percent?

Mr. HARRIMAN. That is right.

Mr. ROONEY. And the 17.6 percent in fiscal year 1963, up to July 1, 1963 would be \$170,000 less than \$1,019,000; is that right?

Mr. HARRIMAN. I am sure your mathematics are correct. I am not a comptometer.

Mr. ROONEY. Somebody please say "Yes."

Mr. HARRIMAN. Yes.

Mr. ROONEY. Thank you very much. We have just saved \$170,000 in this year's budget.

U.S. INFORMATION AGENCY

MONDAY, SEPTEMBER 10, 1962.

WITNESSES

EDWARD R. MURROW, DIRECTOR

HENRY LOOMIS, DIRECTOR, BROADCASTING SERVICE

ACQUISITION AND CONSTRUCTION OF RADIO FACILITIES

Mr. ROONEY. The next item is for the U.S. Information Agency and is contained in House Document No. 537. The request is in the amount of \$7,375,000, to remain available until expended, to construct a megawatt medium-wave transmitter in Thailand. The general heading of this requested appropriation is "Acquisition and construction of radio facilities, U.S. Information Agency."

We shall insert at this point in the record pages 1 through 4 of the justifications.

(The pages referred to follow:)

Acquisition and construction of radio facilities

Additional request (for 9 months from Oct. 1, 1962).....	\$7, 375, 000
Fiscal year 1962 appropriation.....	10, 750, 000
Fiscal year 1963 budget estimate.....	10, 750, 000
Employment:	
Average number current appropriation estimate.....	None
Average number involved this estimate.....	None

PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

Medium-wave broadcasts reach a mass audience that in most situations is not accessible to shortwave. In southeast Asia, Communist domination of the medium-wave band constitutes one of their most potent weapons in exerting relentless pressure on the population. Hanoi has the best medium-wave signals throughout the area. Communist China also is easily heard. Saigon and Thai transmitters are either of low power or the broadcasts are so commercial in character that they are of little political use.

The megawatt medium-wave VOA transmitter in the Philippines now gives some coverage of southeast Asia but the distance is so great that coverage does not extend much beyond Vietnam with a usable signal.

For the United States to achieve the greatest possible impact in the area, a large medium-wave transmitter should be built in Thailand to supplement the the shortwave coverage which will be obtained from Project Bamboo in the Far East area. The medium-wave megawatt in Thailand is not a replacement for Bamboo, which should be built in any case, but rather a unique and most valuable addition to the overall U.S. capability in this critical area.

The Thai Government advised the Agency on August 28 that it is prepared to negotiate on the specific details of an agreement to permit construction of a megawatt medium-wave transmitting station. Negotiations to reach a formal agreement will begin the first week of September.

The estimate of \$7,835,722 required to build the medium-wave plant includes \$834,722, representing the value of a megawatt transmitter currently held in reserve for future construction for which no funds will be required. The estimate of \$374,000 for the 50-kilowatt auxiliary station represents the Agency's estimate of the quid pro quo required by the Thais in exchange for permission to construct the megawatt station. This cost will not be precisely known until the final agreement is reached.

Statement of obligations

Project or activity	Total planned obligations	Cumulative obligations June 30, 1961	Estimated obligations 1962	Estimated 1963 requirement		
				Prior year funds	Current budget	Supplemental request
A. APPROVED PROJECTS OR ACTIVITIES						
East coast facilities:						
Greenville plant.....	\$23,272,992	\$21,691,819	\$1,381,173	\$200,000	-----	-----
Communication facilities at Bethany, Dixon, and Delano.....	1,472,591	629,206	793,385	50,000	-----	-----
Subtotal, east coast facilities.....	24,745,583	22,321,025	2,174,558	250,000	-----	-----
Liberia relay station:						
Site construction.....	12,827,068	4,525,254	7,851,814	450,000	-----	-----
Housing.....	1,240,000	-----	1,140,000	100,000	-----	-----
Subtotal, Liberia relay station.....	14,067,068	4,525,254	8,991,814	550,000	-----	-----
Project North.....	3,910,000	-----	3,910,000	-----	-----	-----
Transportable relay station.....	1,775,000	-----	1,700,000	75,000	-----	-----
Rhodes relay station.....	3,694,081	¹ 444,081	3,100,000	150,000	-----	-----
Equipment reserved for future construction.....	725,022	¹ 725,022	-----	-----	-----	-----
Major improvements, replacements, and repairs.....	4,521,675	2,324,692	1,150,983	-----	² \$1,046,000	-----
Engineering research.....	1,233,073	302,588	427,485	-----	503,000	-----
Okinawa land acquisition.....	298,082	272,229	25,853	-----	-----	-----
Total.....	54,969,584	30,914,891	21,480,693	1,025,000	1,549,000	-----
B. PROPOSED PROJECTS						
1. Modernization of facilities at Dixon, Delano, and Bethany.....						
	³ 9,201,000	-----	-----	-----	³ 9,201,000	-----
2. Project Bamboo.....						
	22,659,000	-----	-----	-----	-----	\$22,659,000
3. Project Teak.....						
	8,209,722	¹ 834,722	-----	-----	-----	7,375,000
Total, proposed projects.....	40,069,722	834,722	-----	-----	9,201,000	30,034,000
Grand total.....	95,039,306	31,749,613	⁴ 21,480,693	⁴ 1,025,000	10,750,000	30,034,000

¹ Transferred from equipment reserved for future construction.

² In the initial submission to Congress, the 1963 request for major improvements, replacements, and repairs was \$1,157,000. This amount included \$111,000 to provide for cost incident to discontinuance and removal of Bound Brook. It has been determined that this station will be continued in use, and the \$1,157,000 reflected in the initial budget schedules is therefore reduced by \$111,000 to \$1,046,000.

³ Original estimate, \$9,600,000 reduced by \$399,000 in accordance with H.R. 12580.

⁴ Printed budget schedules reflect \$22,056,000 for estimated 1962 obligations and \$450,000 planned obligations in 1963 from prior year funds. The variation from those amounts shown on this table reflect the latest planned rate of obligation. The change in plan was made after completion of the printed schedules.

Summary of cost estimates

	Available equipment	Fund requirement	Total
MEGAWATT MEDIUM WAVE FACILITY			
1. Site acquisition.....		\$110,000	\$110,000
2. A & E services.....		420,000	420,000
3. Administrative services and supplies.....		105,000	105,000
4. Equipment.....	\$834,722	1,631,000	2,465,722
5. Antenna systems.....		1,314,000	1,314,000
6. Construction and installation contracts.....		3,045,000	3,045,000
7. Material transport and shipping.....		375,000	375,000
Subtotal, medium wave.....	834,722	7,001,000	7,835,722
50-KILOWATT AUXILIARY STATION			
1. A & E services.....		20,000	20,000
2. Equipment.....		112,000	112,000
3. Antenna system.....		97,000	97,000
4. Construction and installation contracts.....		125,000	125,000
5. Material transport and overseas shipping.....		20,000	20,000
Subtotal, 50-kilowatt station.....		374,000	374,000
Grand total, Project Teak.....	834,722	7,375,000	8,209,722

Mr. ROONEY. Do you have a general statement with regard to this, Mr. MURROW?

Mr. MURROW. Yes, sir.

Mr. ROONEY. Please proceed, Mr. MURROW.

GENERAL STATEMENT

Mr. MURROW. Mr. Chairman and members of the committee, the project for which I am asking funds in this budget request is to provide a medium-wave transmitter in Thailand which will permit radio coverage of the highly critical area of southeast Asia. Medium-wave broadcasting in this area is dominated by the Communist and is not being effectively countered either by the Thai or other free world broadcasters. There is insufficient competition to meet what the Thai's themselves describe as the "incidious" Communist radio propaganda threat. A recent field survey in northeast Thailand indicated that Radio Peiping is putting a very powerful medium-wave signal into the country—a signal 6 times stronger than VOA at its best and 12 times better than any Bangkok station monitored. Radio Hanoi also produces a strong signal over much of the area. The proposed VOA medium-wave installation will assure us of as strong or stronger signal throughout the area.

The importance of medium wave in this area cannot be overestimated. The potential radio audience is growing rapidly as cheap transistor radios spread to areas previously isolated. This is demonstrated by the roughly 80 percent increase over the past 3 years in the number of sets in the area. Although we cannot state the exact numbers of radios equipped to receive either short- or medium-wave broadcasts, estimates of people who have served in the area for many years put the medium-wave capability at about two-thirds of the growth. Many of these radios have the capability of receiving both medium- and short-wave signals. As a result of this growth and the fact that Western programming, in the technical sense, has not kept up with the

Communists, large segments of the population listen to the hostile broadcasts covering many more available hours of air time with good reception because they are there now.

The construction of a megawatt medium-wave transmitter in Thailand will supplement the excellent short-wave coverage which will be obtained from Project Bamboo in the Far East area. It will achieve the greatest possible impact in the area for the United States and give us a signal that is competitive with the Communist radio. This station will also supplement the megawatts in the Philippines and Okinawa and give the U.S. a reliable and strong medium-wave signal from Korea down through Indonesia and westward to East Pakistan.

When I appeared before the Deficiencies Appropriation Subcommittee 2 week ago, I stated that the Thai Government indicated it was prepared to begin negotiations on an agreement. We do not have the agreement at this time. However, both negotiating teams have been named and our team is standing by awaiting word from Ambassador Young that preliminaries are completed and active negotiations can proceed.

The Agency is, therefore, urgently requesting \$7,375,000 in funds and authorization now, so that this project can commence immediately after the agreement is concluded.

AMOUNT PREVIOUSLY REQUESTED

Mr. ROONEY. How much did you request for acquisition and construction of radio facilities in your regular 1963 budget submission?

Mr. LOOMIS. \$11,149,000.

Mr. ROONEY. Then you subsequently had a request for a supplemental amount for the same purpose; is that right?

Mr. LOOMIS. That is correct.

Mr. ROONEY. That was how much?

Mr. LOOMIS. In the amount of \$22,659,000.

Mr. ROONEY. What was the date of this previous supplemental budget request?

Mr. LOOMIS. August 6.

Mr. ROONEY. Do you expect to have any more before this Congress is adjourned?

Mr. MURROW. No, sir.

Mr. ROONEY. It would be to the advantage of the taxpayer for us to get out of here fast, would it not?

Has an agreement been reached with Thailand?

Mr. MURROW. No, sir.

Mr. ROONEY. At page 1 of your justifications somebody thought up this sentence:

The estimate of \$374,000 for the 50-kilowatt auxiliary station represents the Agency's estimate of the quid pro quo required by the Thai in exchange for permission to construct the megawatt station.

Do you know how much foreign aid is proposed for Thailand in 1963?

Mr. MURROW. I do not know the figures, no, sir.

Mr. ROONEY. I will tell you off the record.

(Discussion off the record.)

SITE ACQUISITION

Mr. ROONEY. What is the breakdown of this \$110,000 at page 4 of these justifications, entitled "Site acquisition"?

Mr. LOOMIS. It will be 500 acres of land at an average cost of \$220 per acre. Two hundred acres will be used for the transmitting site and 300 acres—

Mr. ROONEY. Where did you get the \$220 figure?

Mr. LOOMIS. This is an estimate which we use generally in computing land which experience has shown to be as good an average as you can strike for land that is cleared and ready to use. Sometimes the land is cheaper but you pay for clearing. Sometimes the land is more expensive if you do not have to pay for clearing it.

A. & E. SERVICES

Mr. ROONEY. What is the breakdown of the \$420,000 at page 4, entitled "A. & E. Services?" I take it that is architectural and engineering services.

Mr. LOOMIS. Yes, sir. I have no further breakdown of the figure. That is our estimate of what the contract will be with a firm to do the design, detailed design.

Mr. ROONEY. These are all pretty loose estimates, are they?

Mr. LOOMIS. They are done in round figures; yes, sir. They are based on comparison with similar work done on other projects.

CONSTRUCTION AND INSTALLATION CONTRACTS

Mr. ROONEY. With regard to the item of \$3,046,000, entitled "Construction and installation contracts," do you have the breakdown of that?

Mr. LOOMIS. Yes, sir. Would you like me to read that, sir?

Mr. ROONEY. How many items are there?

Mr. LOOMIS. Two and one-half pages of items. I can summarize it in four big groups.

Mr. ROONEY. Very well.

Mr. LOOMIS. The buildings would be \$1,543,500. The mechanical work is \$597,500. The electrical work is \$380,000. The site preparation is \$525,000.

ESTIMATED OBLIGATION IN 1963

Mr. ROONEY. How much of the requested \$7,375,000 would be obligated in fiscal year 1963?

Mr. LOOMIS. About \$1,700,000.

Mr. ROONEY. Mr. Sikes?

STATUS OF AUTHORIZATION

Mr. SIKES. What is the state of the authorization, Mr. Murrow?

Mr. MURROW. No additional authorization is required from the Congress.

Mr. SIKES. You do need approval from the Thai?

Mr. MURROW. That is correct.

PERIOD OF CONSTRUCTION

Mr. SIKES. When is it proposed that this facility would be operational?

Mr. MURROW. The period of construction would be about 3 years.

ADDITIONAL EMPLOYEES

Mr. SIKES. How many additional employees would be required for your organization as a result?

Mr. LOOMIS. Ten Americans and 70 locals.

AREA COVERAGE

Mr. SIKES. What broadcast services or facilities are now available for the area? You say we do not have facilities that are equivalent to those of the Communists. What ones do we have available?

Mr. LOOMIS. Our major coverage of the area now comes from the existing facilities in the Philippine Islands. This is one-megawatt medium wave transmitter similar to the one we would hope to construct, which gives good coverage of the coastal area of China and covers northern Vietnam, but then runs out of juice.

Then we have six shortwave transmitters, only two of which have much power, in the Philippines for this area.

The first supplemental, Project Bamboo, would give us 10 powerful shortwave transmitters and will allow us to give good shortwave coverage into the area. There is no other possible way of getting a medium-wave coverage.

Mr. SIKES. To what countries will this service be directed?

Mr. LOOMIS. It will cover Burma, Cambodia, Laos, North and South Vietnam, Malaya, parts of Indonesia and parts of southwestern China as far north as Chungking.

Mr. SIKES. In what languages?

Mr. LOOMIS. We will broadcast probably in the languages of those countries.

Mr. SIKES. You say "probably." The broadcast would be meaningless unless it were in the language of the country, would it not?

Mr. LOOMIS. That is correct. The problem will be the relative priorities that we give to any one language so that at some particular time we may not be broadcasting in all those languages, we may increase broadcasting in one at the sacrifice of another. I have a map here, sir, which might interest you. This is coverage. The red line would be the area of coverage of this transmitter and the black line is the coverage of the megawatt in Okinawa, and the megawatt in the Philippines.

Mr. SIKES. Mr. Bow?

TRANSMITTER LOCATION

Mr. Bow. Have you any idea now as to where the transmitter would be located?

Mr. LOOMIS. We have been looking at several possible sites. Our present thinking, assuming that there is no power station available

and that we would have to build our own power, would be on the coast south of Bangkok. Logistic reasons would probably be controlling.

HOUSING REQUIREMENT

Mr. Bow. If we went ahead with this, would this later require housing?

Mr. LOOMIS. Our present plan is that if we are able to locate this on the coast, there would be adequate housing. On the other hand, there will be a hydroelectric power station up country and if that is far enough along, we might move close to it. We would then save \$1.9 million, the cost of the power station for this project. We would then request authorization from Congress to use a portion of this saving for housing. It would be more than adequate for the housing.

Mr. Bow. No further questions.

Mr. SIKES. Mr. Lipscomb?

Mr. LIPSCOMB. No questions.

Mr. SIKES. Thank you very much, gentlemen.



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